

PURCHASE AND SALE AGREEMENT

ENCORE EDUCATION CORPORATION DBA WESTERN ARTS UNIVERSITY

(Historic Structure - Post-Secondary Education Facility and Dinner Theater)

This Purchase and Sale Agreement ("Agreement") is entered into this ____ day of _____, 20_____, ("Effective Date"), by and between the **CITY OF RIVERSIDE**, a California charter city and municipal corporation ("Seller") and the **ENCORE EDUCATION CORPORATION, INC.**, a California non-profit public benefit corporation doing business as ("DBA") **WESTERN ARTS UNIVERSITY** ("Buyer"). In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

ARTICLE I AGREEMENT OF SALE

1.1 **Property.** Seller owns certain real property identified as APN: 213-281-005 located at 3466 Mission Inn Avenue, Riverside, California ("Property"), more particularly described and depicted in Exhibit "A" Legal Description and plat map, attached hereto and incorporated herein by reference. Property is located in the Downtown Specific Plan – Raincross District.

1.2 **Intention.** Buyer desires to purchase in fee the Property. Seller desires to sell and convey the Property to Buyer for the development of a post-secondary education facility and dinner theater ("Project"), subject to uses permitted by the City of Riverside Downtown Specific Plan – Raincross District and Riverside Municipal Code Title 20.

1.2.1 **Potential Sale of Parking Lot.** Seller acknowledges that during the term of the Agreement, the Buyer may enter into a separate agreement to sell the parking lot portion of the Property to the owner of the adjacent Assessor Parcel Number 213-281-006 for the development of a privately-owned parking garage.

1.3 **Incomplete Legal Description.** If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of the title company to issue a title policy hereinafter described.

1.4 **Due Diligence.** Buyer shall have sixty (60) days from the Effective Date ("Contingency Date") to perform, in its sole discretion, its due diligence review of the condition of Property and all other matters concerning the Property, including without limitation, condition of title, economic, financial, and accounting matters relating to or affecting the Property or its value, and the physical and environmental condition of the Property. Prior to the Contingency Date, Buyer shall have made such inquiries, communicated with local, state and federal government agencies as it sees fit, retained such consultants, and taken such actions as Buyer

deems necessary or appropriate to enter into this Agreement. Should Buyer, its contractors, consultants and agents require entry upon the Property for the purpose of surveying the same, making engineering and environmental tests and conducting such other investigations as approved by Seller, Buyer shall first obtain a Right of Entry from Seller and provide such insurance as Seller may require and hold Seller harmless from any liability which may arise due solely to such entry. Seller authorizes Buyer to make all inquiries of appropriate governmental authorities with respect to the Property, as Buyer, in its good faith and reasonable judgment deems necessary to satisfy itself as to the condition of title to the Property and the feasibility of any proposed development on the Property. On or before the Contingency Date, Buyer shall deliver written notice to Seller accepting the Property, or terminating this Agreement. If Buyer fails to give such notice on or before the Contingency Date, Buyer shall be deemed to have accepted the Property and proceed with this Agreement.

1.5 Right of Entry. Prior to the Close of Escrow, Seller agrees to grant to Buyer and its agents, employees, contractors or subcontractors, the right to enter into and upon the Property for the purpose of performing any work that may be required by the Buyer for the development of the Property. Buyer agrees to keep the Property free and clear of any liens or encumbrances that may arise out of Buyers inspection of and activities on the Property. All costs, expenses, liabilities or charges incurred in or related to the performance of any and all of such studies and work on the Property including the preparation by Buyer of any plans or maps for the development or use of the Property, and the cost of filing, recording reports, plans, maps or other documents related thereto shall be at the sole cost and expense of and shall be paid by Buyer. Buyer hereby agrees to repair any damage done to the Property by Buyer, its agents, employees, servants or nominees, and Buyer shall restore the Property to the same or similar condition as existed on the Effective Date. Buyer shall not have any such obligation if Escrow closes and title to the Property vests in Buyer.

1.6 Assumption of the Risk. Subject to the other provisions of this Agreement, Buyer agrees, that by its acceptance of the Property under Section 1.4, it assumes the risk that an adverse condition of the Property may not have been revealed by its own Due Diligence. On Buyer's acceptance, Seller shall have no obligation to repair, correct, or compensate Buyer for any condition of the Property, including defects in improvements, noncompliance with applicable laws and regulations, including without limitation zoning laws, building codes, and the Americans with Disabilities Act, whether or not such condition of the Property would have been disclosed by Buyer's Due Diligence.

1.7 Historical Significance. The building on the Property is defined as the Historic Former Fire Station No. 1, which was constructed in 1957 and is listed in the California State Register of Historic Places. Buyer shall preserve the historic and architecturally significant exterior features of the Historic Structure. Buyer further understands that improvements affecting the exterior and some interior features are subject to review by the City's Cultural Heritage Board pursuant to Title 20 of the Riverside Municipal Code and must also be in compliance with the Secretary of the Interior's Standards for Treatment of Historic Properties and shall execute a Historic Façade Easement Agreement and Use Restriction attached as Exhibit "B".

Restoration of the Historic Structure will be completed not later than two (2) years from the Close of Escrow.

ARTICLE II PURCHASE PRICE, ESCROW AND DEPOSIT

2.1 **Purchase Price.** The total purchase price to be paid by Buyer to Seller for the Property shall be the sum of One Million Six Hundred Fifty Thousand Dollars (\$1,650,000.00) ("Purchase Price") and in accordance with the provisions and requirements of this Agreement and the Promissory Note attached hereto as Exhibit "C" and incorporated herein. City shall carry a Promissory Note at four percent (4%) simple interest over 5-years with a balloon payment of One Million Six Hundred Fifty Three Thousand Seven Hundred Dollars (\$1,653,700). The Promissory Note for this transaction shall be secured by a Deed of Trust that will be recorded on the Property (Exhibit "D").

2.2 **Escrow.** Upon execution of this Agreement by the parties, Seller shall open an escrow ("Escrow") with an escrow company of Seller's choosing ("Escrow Holder"). The parties hereto shall execute and deliver to Escrow Holder such escrow instructions prepared by Escrow Holder as may be required to complete this transaction. Any such instructions shall not conflict with, amend, or supersede any provision of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control.

2.3 **Deposit/Down Payment.** Prior to Close of Escrow, Buyer shall deliver a deposit in the amount of Sixty Thousand Dollars (\$60,000) ("Deposit") to the Escrow Holder which will be applied to towards the Purchase Price, subject however to the Seller's right to liquidated damages as set forth in Section 7.5 in the event of Buyer's default. After ninety (90) days following the Effective Date, if Buyer has not terminated this Agreement as provided in Section 3.1 below, Buyer's Deposit shall become non-refundable but may still be applied towards the Purchase Price at the Close of Escrow. If this Agreement is terminated for any reason after ninety (90) days, the Deposit shall be released to Seller.

ARTICLE III CLOSING

3.1 **Closing Date.** Escrow shall close on or before ninety (90) days following the Effective Date ("Close of Escrow"). Close of escrow is subject to Buyer obtaining all project entitlements, building permits, and evidence of financing. If the Escrow is not in a condition to close by the Close of Escrow, any party who is not then in default, upon notice in writing to the Escrow Holder and the other party, may demand the return of their documents and/or money and cancellation of the Escrow. Unless objected to in writing within ten (10) days from the receipt of the notice of cancellation, the Escrow will automatically be canceled. If no demand for cancellation is made, then Escrow will close as soon as possible. Notwithstanding the foregoing, the Close of Escrow may be extended by mutual agreement if the parties are diligently attempting to resolve the issue(s) that may be preventing or delaying the Close of Escrow.

3.2 **Closing Documents.**

3.2.1 Seller, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Buyer of its obligations under this Agreement:

- (a) a grant deed sufficient for recording, conveying the Property; and
- (b) a Promissory Note; and
- (c) a Deed of Trust; and
- (d) all additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

3.2.2 Buyer, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Seller of its obligations under this Agreement:

- (a) the Purchase Price and other cash charges provided for in this Agreement;
- (b) Copies of Buyer's authority documents and/or such other documents evidencing Buyer's due existence and authority to enter into and consummate the transaction contemplated by this Agreement as Seller or Escrow Holder may require; and
- (c) all additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

3.3 **Taxes.** Buyer understands and acknowledges that Seller, as a municipal corporation, is not being assessed for any real property taxes or for any special assessments. However, upon the Close of Escrow, Buyer understands and acknowledges that real property taxes and special assessments will be assessed against the Property and Buyer will be responsible for the same. Buyer agrees to hold Seller harmless for any and all real property taxes and/or special assessments on the Property assessed on and after Close of Escrow.

3.4 **Condition of Title.** Seller shall convey fee simple merchantable and insurable title of the Property to Buyer free and clear of all liens, restrictions, delinquent taxes and assessments, and encumbrances as evidenced by a CLTA Title Insurance Policy ("Title Policy") issued by a title insurance company to be selected by Buyer in an amount equal to the purchase price. The Title Policy shall show as exceptions with respect to the Property only matters approved in writing by Buyer. Any exceptions to title representing monetary liens or

encumbrances may, at the discretion of Buyer, be disapproved by Buyer, and upon the direction of the Buyer, Escrow Holder is hereby authorized and instructed to cause the re-conveyance or partial re-conveyance, as the case may be, of any such monetary exceptions to Buyer's title to the Property at or prior to the Close of Escrow.

3.5 Costs.

3.5.1 At the Close of Escrow, and as a debit from the closing proceeds to be paid to Seller, Seller shall be responsible for: (i) one-half the cost of any escrow charges to be imposed by the Escrow Holder; (ii) the cost for a CLTA Standard form policy of title insurance; (iii) any other expenses customarily charged to Seller in connection with similar transactions including its own attorney's fees.

3.5.2 At the Close of Escrow, Buyer shall be responsible for: (i) all recording fees and any and all state, county, and local governmental transfer taxes, documentary or otherwise, and/or the cost of documentary stamps to be affixed to the instrument or instruments of conveyance; (ii) the cost of an extended ALTA owners title policy and associated costs if Buyer desires; (iii) one-half the cost of any escrow charges to be imposed by the Escrow Holder; (iv) any taxes disclosed in Section 3.3 and (iv) any other expenses customarily charged to Buyer in connection with similar transactions including its own attorney's fees.

3.6 **Brokerage Commissions.** Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or person, who can claim a commission or finder's fee as a procuring cause of the sale contemplated in this Agreement. If any broker or finder perfects a claim for a commission or finder's fee based on any contract, dealings, or communication with a party (Indemnifying Party), then the Indemnifying Party shall indemnify, defend, and hold the other party (Nonindemnifying Party) harmless from all costs and expenses (including reasonable attorney fees and costs of defense) incurred by the Nonindemnifying Party in connection with such claim.

ARTICLE IV "AS-IS" PURCHASE

4.1 **As-Is Information.** Buyer acknowledges, agrees, represents, and warrants that: (a) any information supplied or made available by Seller, whether written or oral, or in the form of maps, surveys, plats, soils reports, engineering studies, environmental studies, inspection reports, plans, specifications, or any other information whatsoever, without exception, pertaining to the Property, any and all records and other documents pertaining to the use of the Property, income thereof, the cost and expenses of maintenance thereof, and any and all other matters concerning the condition, suitability, integrity, marketability, compliance with law, or other attributes or aspects of the Property, or a part thereof, if furnished to Buyer, is furnished solely as a courtesy; (b) THE INFORMATION IS PROVIDED ON AN "AS-IS, WHERE-IS" BASIS AND SELLER MAKES NO REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY

WARRANTY OF CONDITION, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, AS TO THE INFORMATION; and (c) no representations have been made by Seller, or its agents or employees, in order to induce Buyer to enter into this Agreement. Without limiting the generality of the foregoing, Buyer acknowledges, agrees, warrants and represents to Seller that neither the Seller nor its agents or employees have made any representations or statements to Buyer concerning the Property's investment potential or resale at any future date, at a profit or otherwise, nor has Seller or its agents or employees rendered any advice or expressed any opinion to Buyer regarding any tax consequences of ownership of the Property.

4.2 **As-Is Property.** On the Close of Escrow, Buyer will be familiar with the Property and will have made such independent investigations as Buyer deems necessary or appropriate concerning the Property. Seller makes no representations or warranties and specifically disclaims any representation, warranty or guaranty, oral or written, past, present or future with respect to the use, physical condition or any other aspect of the Property, the conformity of the Property to past, current or future applicable zoning or building code requirements or the compliance with any other laws, rules, ordinances, or regulations of any government or other body, the financial earning capacity or expenses history of the operation of the Property, the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, condition, or otherwise, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of undershoring, sufficiency of drainage, whether the Property is located wholly or partially in a flood plain or a flood hazard boundary or similar area, the existence or nonexistence of hazardous waste or other toxic materials of any kind, whether known or unknown and whether or not regulated or governed by applicable laws (including, without limitation, hydrocarbons or asbestos), or any other matter affecting the condition, stability, suitability or integrity of the Property or portion thereof.

4.3 **Negligence or Failure to Investigate.** Seller shall not be responsible for any negligent misrepresentation or failure to investigate the Property on the part of Seller, any real estate broker or agent, or any other agent, contractor or employee of Seller or any third party.

4.4 **As-Is. BUYER EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE PROPERTY IS BEING SOLD AND ACCEPTED ON AN "AS-IS, WHERE-IS" BASIS, AND IS BEING ACCEPTED WITHOUT ANY REPRESENTATION OR WARRANTY. IF BUYER ELECTS TO PROCEED WITH THE PURCHASE OF THE PROPERTY, ANY OBJECTIONS WHICH BUYER MAY HAVE WITH RESPECT TO THE PROPERTY (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL MATTERS, HAZARDOUS SUBSTANCES, WASTES OR TOXIC MATERIALS THAT MAY BE LOCATED ON, UNDER OR ABOUT THE PROPERTY, WHETHER KNOWN OR UNKNOWN) SHALL BE WAIVED BY BUYER.**

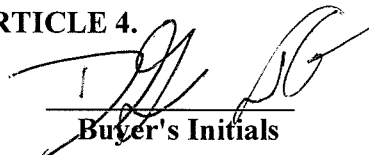
4.5 Past Uses. BUYER EXPRESSLY ACKNOWLEDGES AND AGREES AS PART OF ITS ACCEPTANCE OF THE PROPERTY ON AN "AS-IS, WHERE-IS" BASIS THAT BUYER IS AWARE OF ALL PRIOR USES OF THE PROPERTY THAT MAY LEAD TO CONTAMINATION OF THE PROPERTY. BUYER HAS OBTAINED AND READ ALL ENVIRONMENTAL ASSESSMENTS REGARDING THE PROPERTY WHICH A REASONABLY DILIGENT BUYER WOULD HAVE OBTAINED PRIOR TO THE PURCHASE THEREOF. BUYER ASSUMES ALL RESPONSIBILITY FOR ANY CONTAMINATION THAT IS PRESENT ON THE PROPERTY DUE TO PRIOR AND/OR EXISTING USES OF THE PROPERTY.

4.6 Waivers. AS PART OF BUYER'S AGREEMENT TO PURCHASE AND ACCEPT THE PROPERTY "AS-IS, WHERE-IS", AND NOT AS A LIMITATION ON SUCH AGREEMENT, BUYER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS BUYER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE PROPERTY AND IT IMPROVEMENTS. SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUCH WAIVER INCLUDES, BUT IS NOT LIMITED TO, A WAIVER OF EXPRESS WARRANTIES, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS AND CLAIMS OF EVERY KIND AND TYPE, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, ANY RIGHTS AND CLAIMS RELATING OR ATTRIBUTABLE TO ENVIRONMENTAL CONDITIONS, ALL OTHER ACTUAL OR LATER CREATED OR CONCEIVED OR STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS.

BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

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

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SAID SECTION 1542 IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING ACKNOWLEDGMENTS, WAIVERS AND RELEASES SET FORTH IN THIS ARTICLE 4.



Buyer's Initials

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.1 Seller's Representations, Warranties and Covenants. Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

5.1.1 Seller is a public body and has the full power and authority to enter into and carry out the agreements contained in, and transactions contemplated by, this Agreement. The person(s) signing this Agreement and any documents and instruments in connection herewith on behalf of Seller have full power and authority to do so. This Agreement has been duly authorized and executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Seller.

5.1.2 There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Seller or filed by Seller, or to the best of Seller's knowledge, pending in any current judicial or administrative proceeding against Seller.

5.1.3 Seller has not entered into any other written contracts or agreements for the sale or transfer of any portion of the Property.

5.1.4 To Seller's knowledge, Seller has received no written notice of any hazardous materials located on, under, or about the Property, except as disclosed to Buyer.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Buyer's obligations hereunder. Prior to the Close of Escrow, Seller shall notify Buyer of any facts or circumstances which are contrary to the foregoing representations and warranties.

5.2 Buyer's Representations and Warranties. Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

5.2.1 Buyer has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by this Agreement. The person(s) signing this Agreement and any documents and instruments in connection herewith on behalf of Buyer have full power and authority to do so. This Agreement has been duly authorized and executed by Buyer, and upon delivery to and execution by Seller shall be a valid and binding agreement of Buyer.

5.2.2 There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Buyer or filed by Buyer, or to the best of Buyer's knowledge, pending in any current judicial or administrative proceeding against Buyer.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Seller's obligations hereunder. Prior to the Close of Escrow, Buyer shall notify Seller of any facts or circumstances which are contrary to the foregoing representations and warranties.

5.3 **No Warranties.** Except for those representations and warranties expressly set forth in this Agreement, the parties understand and acknowledge that no person acting on behalf of Seller is authorized to make, and by execution hereof Buyer acknowledges that no person has made any representations, agreement, statement, warranty, guaranty or promise regarding the Property or the transaction contemplated herein, or regarding the zoning, construction, development, physical condition or other status of the Property. Without limiting the generality of the foregoing, Seller makes no representation or warranties with respect to the amount or types of fees required to obtain building permits or otherwise to rezone and develop the Property.

ARTICLE VI BUYER'S OBLIGATION AFTER CLOSE OF ESCROW RIGHT OF FIRST REFUSAL

6.1 Buyer's Obligations.

6.1.1 Buyer shall comply with all zoning, planning and building laws, regulations and procedures imposed by the City and any other public and/or quasi-public entity, as well as adhering to the design standards of the Downtown Specific Plan – Raincross District and Titles 19 and 20 of the Riverside Municipal Code, as applicable.

6.1.2 Buyer shall commence construction on the interior improvements not later than thirty (30) days after Close of Escrow, subject to force majeure delays (including, without limitation, acts of destruction by nature). Notwithstanding the foregoing, upon mutual written agreement of the parties, the construction deadline may be extended for up to three (3) months.

6.1.3 Buyer shall complete all interior improvements and any restoration of the historic structure within two (2) years from Close of Escrow, subject to force majeure delays (including without limitation, acts of destruction by nature). Notwithstanding the foregoing, upon mutual written agreement of the parties, the construction deadline may be extended for up to three (3) months.

6.1.4 Understanding that the Buyer is taking a risk to purchase the Property prior to obtaining all necessary entitlements and permits, the Seller agrees to provide reasonable and proper assistance to Buyer in securing any and all necessary entitlements and permits to effectuate the purpose of this Agreement.

6.2 **Sale to Tax-Exempt Entity Prohibited.** Buyer is prohibited from selling, transferring, or leasing the Property to any entity that is exempt from paying real property taxes.

6.3 **Real Property Tax Exemption Restriction.** Buyer is prohibited from seeking a real property tax exemption based on its nonprofit status.

ARTICLE VII DEFAULTS

7.1 **Default.** A party shall be deemed in default hereunder if any of the warranties or representations set forth herein are or become untrue or if it fails to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this Agreement for any reason other than a default by the other party hereunder or termination of this Agreement prior to Close of Escrow.

7.2 **Opportunity to Cure.** No act, failure to act, event or circumstance which might be deemed to be a default by either party shall be deemed to be a default under any of the provisions of this Agreement, unless and until, notice thereof is first given by the non-defaulting party to the party alleged to be in default and said party fails to cure the alleged default within fifteen (15) business days in the case of a non-monetary default, or five (5) business days in the case of a monetary default. The parties agree that all notices of default in order to be effective must state with reasonable specificity (a) the nature of the default, (b) the reasonable actions which the defaulting party must take to cure such default, and (c) the time in which such action must be taken. In the event that a default cannot be cured within a fifteen (15) day period, as long as the defaulting party is diligently attempting to cure such default, the parties can mutually agree to extend the time period in which the default must be cured.

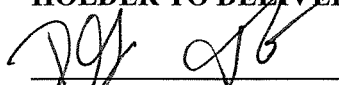
7.3 **Remedies.** If Buyer is deemed to be in default hereunder, Seller shall be entitled to termination of this Agreement.

7.4 **Waiver of Right to Specific Performance.** If Seller fails to convey the Property to Buyer in accordance with the provisions of this Agreement, and such failure constitutes a default under this Agreement, Buyer shall not have the right to receive any equitable relief, including without limitation the right to record a lis pendens against the Property under applicable law or to pursue the specific performance of this Agreement.

7.5 **Liquidated Damages.** BUYER AND SELLER AGREE THAT AT THE TIME THIS AGREEMENT IS MADE AND ENTERED INTO, SELLER'S DAMAGES UPON DEFAULT BY BUYER UNDER THIS AGREEMENT ARE EXTREMELY DIFFICULT OR IMPOSSIBLE TO CALCULATE AND BUYER AND SELLER AGREE THAT THE AMOUNT OF LIQUIDATED DAMAGES SET FORTH HEREIN IS A REASONABLE ESTIMATE UNDER THE CIRCUMSTANCES EXISTING AT THE TIME THIS AGREEMENT IS MADE OF THE DAMAGES SELLER WOULD SUSTAIN BECAUSE OF SUCH DEFAULT BY BUYER UNDER THIS AGREEMENT. FURTHER, BUYER DESIRES TO HAVE A LIMIT PLACED ON THE AMOUNT OF DAMAGE TO BE PAID TO SELLER UPON BUYER'S DEFAULT. BUYER HEREBY AGREES THAT SHOULD BUYER DEFAULT IN THE PERFORMANCE OF BUYER'S OBLIGATION TO CLOSE THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT, SELLER SHALL BE

ENTITLED TO COLLECT THE SUM REPRESENTING THE AMOUNT OF THE DEPOSIT (\$165,000.00) AND REASONABLE ATTORNEY'S FEES INCURRED BY SELLER AS LIQUIDATED DAMAGES FROM BUYER. THE FOREGOING PROVISIONS OF THIS SECTION 7.5 CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE TO SELLER AS A RESULT OF A DEFAULT BY BUYER OF ITS OBLIGATIONS UNDER THIS AGREEMENT. THE PROVISIONS OF THIS SECTION 7.5 DO NOT LIMIT ANY DAMAGES DUE SELLER BY REASON OF BUYER'S ENTRY ONTO THE PROPERTY PURSUANT TO SECTION 1.3.

IF SELLER IS ENTITLED TO THE DEPOSIT IN ACCORDANCE WITH THIS SECTION 7.5, BUYER AGREES TO DELIVER, ON WRITTEN REQUEST OF SELLER, SUCH INSTRUCTIONS AS MAY BE REASONABLY NECESSARY TO CAUSE THE ESCROW HOLDER TO DELIVER THE DEPOSIT TO SELLER.



Buyer's Initials

Seller's Initials

ARTICLE VIII MISCELLANEOUS

8.1 **CEQA Compliance.** Buyer and Seller understand, acknowledge and agree that the close of this escrow is contingent upon Seller's compliance with the California Environmental Quality Act ("CEQA"). Buyer must comply with CEQA prior to development of the Property.

8.2 **Exhibits.** All Exhibits annexed hereto are a part of this Agreement for all purposes.

8.3 **Assignability.** Buyer may, at any time prior to the Close of Escrow, assign all of its rights, title, and interest in and to this Agreement to any affiliate or any subsidiary with the consent of Seller, otherwise, this Agreement is not assignable. Seller's consent shall not be unreasonably withheld. As used herein, an "affiliate" or "subsidiary" shall mean any entity which is controlled by or is under common control with Buyer.

8.4 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Seller and Buyer, and their respective successors and permitted assigns.

8.5 **Captions.** The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

8.6 **Number and Gender of Words.** Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

8.7 Notices. All notices, terminations, waivers and other communications hereunder shall be in writing and shall be delivered personally or shall be sent by registered or certified United States mail or a nationally recognized, overnight courier service, postage prepaid, and addressed as follows:

If to Seller: The City of Riverside
Community & Economic Development Department
Attn: Property Services
3900 Main Street
Riverside, CA 92522

If to Buyer: Western Arts University
Attn: Denise Griffin
16955 Lemon Street
Hesperia, CA 92345

Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Additionally, notices may be given by telephone facsimile transmission, provided that an original of said transmission shall be delivered to the addressee by a nationally recognized overnight delivery service on the business day following such transmission. Telephone facsimiles shall be deemed delivered on the date of such transmission.

8.8 Governing Law and Venue. The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of Riverside, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

8.9 Entirety. This Agreement embodies the entire agreement between the parties and supersedes all prior written or oral agreements and understandings, if any, between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

8.10 Amendments. This Agreement may be amended or supplemented only by written documents signed by the parties or their designated representatives as designated at the time of execution of this document.

8.11 Severability. If any of the provisions of this Agreement, or its application to any party or circumstance, is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this

Agreement. In lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to make such provision legal, valid, and enforceable.

8.12 Further Acts. In addition to the acts and deeds recited herein and contemplated and performed, executed and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Close of Escrow or after the Close of Escrow any and all such further acts, deeds, and assurances as may be necessary to consummate the transactions contemplated herein.

8.13 Construction. No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; both parties, being represented by counsel, having fully participated in the negotiation of this instrument.

8.14 Time of the Essence. It is expressly agreed by the parties hereto that time is of the essence with respect to each and every provision of this Agreement.

8.15 Attorneys' Fees. In the event that any party hereto institutes an action or proceeding to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs thereof, including reasonable attorneys' fees and costs incurred, in addition to any other damages or relief awarded.

8.16 Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

8.17 Nondiscrimination. The parties shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical or mental disability, medical conditions, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex or sexual orientation, in connection with the performance of this Agreement. The parties further agree to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

8.18 Ratification. This Agreement may be subject to the approval and ratification by the Redevelopment Agency of the City of Riverside. In the event the Redevelopment Agency fails to approve this Agreement, there shall be no liability on the part of the Seller and this Agreement shall become null and void and of no further force and effect.

8.19 **Counterparts.** This Agreement may be executed in a number of identical counterparts. If so executed, each of such counterparts shall, collectively, constitute one original agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

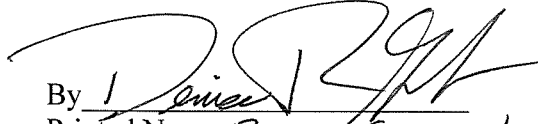
(Signatures on following page)

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

**THE CITY OF RIVERSIDE,
a California charter city and
municipal corporation**

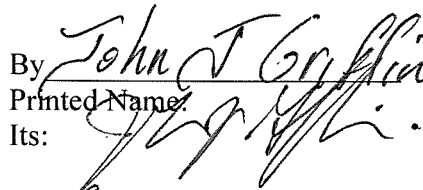
**ENCORE EDUCATION CORPORATION,
INC., DBA WESTERN ARTS UNIVERSITY
a non-profit public benefit corporation**

By _____
City Manager

By 
Printed Name: DENISE GRIFFIN
Its: CEO

Attested To:

By _____
City Clerk

By 
Printed Name: John T. Griffin
Its: COO

Approved as to Form:

Deputy City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION AND PLAT MAP

(Inserted behind this page)

EXHIBIT "A"

Project: Original Fire Station 1 – Surplus Property
A.P.N.: 213-281-005

That certain parcel of property in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Block 7, Range 4 of the Town of Riverside, as shown by map on file in Book 7, Page 17 of Maps, Records of San Bernardino County California, described as follows;

BEGINNING at the Northeast corner of said Block 7, Range 4;

Thence Northwesterly along the Southwest line of Mission Inn Avenue (formerly Seventh Street), a distance of 215 feet

Thence at right angles Southwesterly and parallel to the Southeast line of said Block 7, Range 4, a distance of 125 feet to the Northeast line of an alley;

Thence Southeasterly along said Northeast line, a distance of 215 feet to the Northwest line of Lime Street and said Southeast line of Block 7, Range 4;

Thence Northeasterly along said Northwest line, a distance of 125 feet to the **POINT OF BEGINNING**.

EXCEPTING THERFROM the Southwest 22.00 feet of the Northwest 72.00 feet of above described parcel.

ALSO EXCEPTING THEREFROM that portion described as follows:

BEGINNING at the Northeast corner of said Block 7, Range 4;

Thence Northwesterly along the Southwest line of Mission Inn Avenue (formerly Seventh Street), a distance of 22.00 feet;

Thence Southeasterly to a point on the Northwest line of Lime Street, distant thereon 17.00 feet Southwest of said Northeast corner;

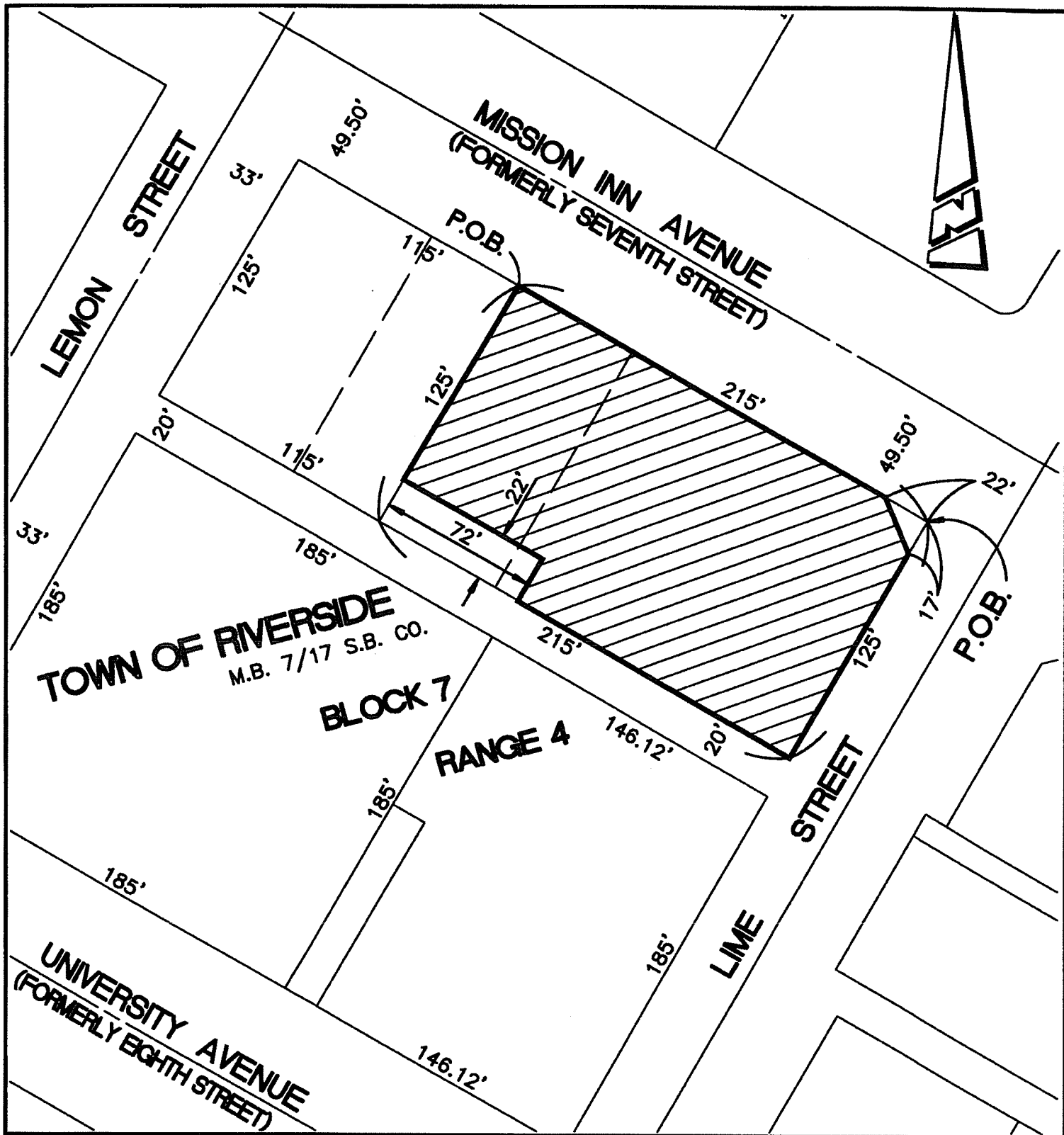
Thence Northeasterly along said Northwest line, a distance of 17.00 feet to the **POINT OF BEGINNING**

Area – 0.58 Ac.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

Curtis C. Stephens 6/30/15 Prep. (Signature)
Curtis C. Stephens, L.S. 7519 Date





• CITY OF RIVERSIDE, CALIFORNIA •

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

SHEET 1 OF 1

SCALE: 1"=60'

DRAWN BY: CURT

DATE:6/30/15

SUBJECT: ORIGINAL FIRE STATION 1 - SURPLUS PROPERTY

EXHIBIT “B”

HISTORIC FAÇADE EASEMENT AGREEMENT AND USE RESTRICTION

(Inserted behind this page)

OFFICIAL BUSINESS
Exempt from Recording Fees
Pursuant to (Govt. Code §6103)

When Recorded Mail to:
City Clerk's Office
City of Riverside
3900 Main Street
Riverside, CA 92522

FOR RECORDER'S OFFICE USE ONLY

**HISTORIC FACADE EASEMENT AGREEMENT
AND USE RESTRICTION**

**(Encore Education Corporation DBA Western Arts University)
3466 Mission Inn Avenue
Assessor Parcel Number 213-281-005**

THIS HISTORIC FACADE EASEMENT AGREEMENT AND USE RESTRICTION, dated this ____ day of _____, 2015, is entered into by and between the **CITY OF RIVERSIDE**, a California charter city and municipal corporation ("City") and **ENCORE EDUCATION CORPORATION, INC.**, a California non-profit public benefit corporation doing business as ("DBA") WESTERN ARTS UNIVERSITY ("Buyer").

RECITALS

WHEREAS, the City is the owner of the following real property ("Property"), which is described in the attached Exhibit "A" titled Legal Description and incorporated herein by this reference; and

WHEREAS, Buyer desires to purchase in fee the Property; and

WHEREAS, the use, rehabilitation and improvement of the Property by the Buyer pursuant to this Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements; and

WHEREAS, the building located upon the Property is deemed eligible for listing in the National Register of Historic Places Structure of Merit and its preservation/rehabilitation is of direct benefit to the City;

WHEREAS, due to the historic nature of the Property and the specific anticipated use by the Buyer, the Parties desire to agree to restrict the use of the Property for the limited purpose of serving the community as a performing arts school and dinner theater.

NOW, THEREFORE, the City and Buyer agree as follows:

Section 1. Conveyance of Historic Facade Easement

Buyer, upon transfer of the title, shall grant and convey in perpetuity to City, its successors and assigns, a facade easement for historical preservation purposes on all four (4) sides (north, south, east and west) and the roof of the building located on the Property which is described in the attached Exhibit "A" titled Legal Description and incorporated herein by this reference.

Section 2. "Historical Preservation Purposes"

"Historical Preservation Purposes" as used in this Agreement means the preservation by the Buyer, its successors or assigns, of the building on all (4) four sides (north, south, east and west) and the roof of the building located on the Property for historical purposes for the benefit of the City, which are more particularly described in the attached Exhibit "B" titled Architectural Description and incorporated herein by reference. The Buyer shall conserve the building facade in accordance with plans approved by the City and its Cultural Heritage Board or its staff per Title 20 of the Riverside Municipal Code in compliance with the Secretary of the Interior's Standards for Treatment of Historic Properties, and shall throughout the term of this Agreement maintain the building facade in good repair and condition per Title 20 of the Riverside Municipal Code as determined by the City, including review by the Cultural Heritage Board or its staff.

Section 3. Maintenance

The building facade shall be maintained in good repair by the Buyer at its sole cost and expense, and in accordance with the Secretary of the Interior's Standards for Treatment of Historic Properties, as amended from time to time, in effect as of the date of this Agreement.

The Buyer and all subsequent grantees, transferees and owners of the Property shall maintain the Property, building, improvements, landscaping and fixtures in good repair and shall keep the Property free from any accumulation of debris or waste materials, consistent with the customary practice and so as not to create a nuisance, or violate any provision of the City of Riverside Municipal Code.

Brick surfaces shall not be painted. All exterior brick shall be maintained at all times in a clean and presentable manner, free from chipping, cracking and defacing marks. Any such defacing marks shall be cleaned or removed within one (1) week of their creation or within one (1) week after notice to Buyer. The Buyer shall at all times maintain the front exterior, visible side exteriors and yard in a clean, safe and presentable manner, free from defacing marks or any disrepair. The Buyer shall maintain and/or repair the front exterior or rear or visible side yard and exterior of the building. All exterior maintenance must be in compliance with all applicable provisions of the City of Riverside municipal Code, specifically Chapter 6.14.

All graffiti and defacement of any type, including marks, words and pictures, must be removed and any necessary painting or repair completed within one (1) week of their creation or within one (1) week after notice to Buyer.

Section 4. Easement to Run With Land

This grant of building facade easement shall run with the land, in perpetuity, and shall be binding on and shall inure to the benefit of the parties hereto, their successors or assigns.

Section 5. Indemnification

Buyer shall indemnify City for any and all liability for personal injury, property damage or any other injury or damage resulting from, arising out of, or attributed to any construction maintenance, or repair or action taken pursuant to this Agreement.

Section 6. Use Restriction


Buyer shall Use the Property for the specific purpose of serving the community as a performing arts school and dinner theater and related uses and no other purpose.

IN WITNESS WHEREOF, the parties have executed this Agreement at Riverside California, on the date and year first written above.

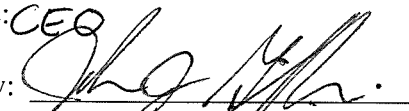
THE CITY OF RIVERSIDE, a California
charter city and municipal corporation

ENCORE EDUCATION CORPORATION, INC.,
DBA WESTERN ARTS UNIVERSITY a non-
profit public benefit corporation

By: _____
City Manager

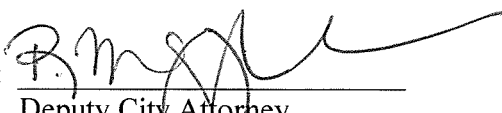
By: 
Name: DENISE GRIFFIN
Its: CEO

Attested to:

By: 
Name: John T. Griffin
Its: COO

By: _____
City Manager

Approved as to Form:

By: 
Deputy City Attorney

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

**THE CITY OF RIVERSIDE,
a California charter city and
municipal corporation**

**ENCORE EDUCATION CORPORATION,
INC., DBA WESTERN ARTS UNIVERSITY
a non-profit public benefit corporation**

By _____
City Manager

By Phillip Wallace
Printed Name: Phillip Wallace
Its: Secretary

Attested To:

By _____
City Clerk

By _____
Printed Name:
Its:

Approved as to Form:

Deputy City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Riverside)

On July 8, 2015 before me, Angela Ferreira, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Denise Griffin and John J. Griffin
Name(s) of Signer(s)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Angela Ferreira
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: 3400 Mission Inn Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

EXHIBIT "A"

Project: Original Fire Station 1 – Surplus Property
A.P.N.: 213-281-005

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EXCEPTING THERFROM the Southwest 22.00 feet of the Northwest 72.00 feet of above described parcel.

ALSO EXCEPTING THEREFROM that portion described as follows:

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Thence Northeasterly along said Northwest line, a distance of 17.00 feet to the **POINT OF BEGINNING**

Area – 0.58 Ac.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

Curtis C. Stephens 6/30/15 Prep. (Signature)
Curtis C. Stephens, L.S. 7519 Date



EXHIBIT “C”

PROMISSORY NOTE

PROMISSORY NOTE

July _____, 2015
Riverside, California

PROPERTY ADDRESS: 3466 Mission Inn Avenue, Riverside, California 92501 ("Property")

FOR VALUE RECEIVED, the ENCORE EDUCATION CORPORATION, INC., a California non-profit public benefit corporation doing business as WESTERN ARTS UNIVERSITY ("Borrower"), does hereby promise to pay to the order of the City of Riverside, a California charter city and municipal corporation ("City") the sum of One Million Five Hundred Ninety Thousand Dollars (\$1,590,000.00) as provided herein.

1. PAYMENT: This Promissory Note ("Note") is payable at the offices of the City, attn.: Cashier, 1st Floor, located at 3900 Main Street, Riverside, California 92522, or at such other place as the City may inform Borrower in writing, in lawful money of the United States.
2. COLLATERAL: City shall retain the Property as collateral, secured by a Deed of Trust, should Buyer default on the Note.
3. REPAYMENT TERMS: This Note shall bear interest at four percent (4%) simple interest over 5-years with a balloon payment of \$1,653,700 due to City as the final payment.
 - a. Borrower shall make sixty (60) monthly payments as set forth on the attached Payment Schedule, due on or before 1st day of each month.
 - b. This Note shall be immediately due and payable in the event Borrower sells, or transfers the Property to any person or entity without written approval from the City.
 - c. This Note shall be immediately due and payable in the event Borrower is in default of any provision of this Note, or the Loan Agreement, and fails to cure such default within sixty (60) days following receipt of written notice from City.
4. WAIVER: Borrower waives presentment for payment, demand, protest, and notices of dishonor and or protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and without notice, except for extensions which are set forth in the Agreement. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note or any term or provision of either thereof.
5. DEFAULT: Upon failure of Borrower to perform or observe any other term or provision of this Note, the City may exercise its rights or remedies thereunder.
6. UNENFORCEABILITY: If any provision contained within this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable, it shall not affect the validity or enforceability of the remaining provisions of this Note.
7. PREPAYMENT: The Borrower shall have the right to prepay the obligation evidenced by this Note, or any part thereof, without penalty.

8. AMENDMENT: This Note may not be changed orally, but only by an amendment in writing signed by both parties.

9. ASSIGNMENT: The City may, at its option, assign its right to receive payment or other satisfaction under this Note without necessity of obtaining the consent of the Borrower.

10. SUCCESSORS AND ASSIGNS: This Note shall bind Borrower and Borrower's successors and assigns and the benefits hereof shall inure to City and City's successors and assigns.

11. GOVERNING LAW: This Note shall be governed by, construed and enforced in accordance with the laws of the State of California.


IN WITNESS WHEREOF, Borrower has caused this instrument to be executed and delivered by its authorized representatives, on the date set forth above.

ENCORE EDUCATION CORPORATION, INC., a
California non-profit public benefit corporation doing
business as WESTERN ARTS UNIVERSITY

(notary required)

By: 
Name: Denise Griffin
Title: Chief Executive Officer

(notary required)

By: 
Name: John Griffin
Title: Chief Operating Officer

APPROVED AS TO FORM:

Deputy City Attorney

15-0487

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Riverside)

On July 2, 2015 before me, Angela Ferreira, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Denise Griffin and John Griffin
Name(s) of Signer(s)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Angela Ferreira
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: 346 Mission Inn Promissory Note Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Partner — ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Partner — ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

PROMISSORY NOTE – PAYMENT SCHEDULE

	Principal	Principal Payment	Cumulative Interest	Total
Loan Issued	\$1,590,000			\$1,590,000
Payment 1	\$1,590,000	\$2,000	\$5,300.00	\$1,593,300.00
Payment 2	\$1,588,000	\$2,000	\$5,293.33	\$1,596,593.33
Payment 3	\$1,586,000	\$2,000	\$5,286.67	\$1,599,880.00
Payment 4	\$1,584,000	\$2,000	\$5,280.00	\$1,603,160.00
Payment 5	\$1,582,000	\$2,000	\$5,273.33	\$1,606,433.33
Payment 6	\$1,580,000	\$2,000	\$5,266.67	\$1,609,700.00
Payment 7	\$1,578,000	\$2,000	\$5,260.00	\$1,612,960.00
Payment 8	\$1,576,000	\$2,000	\$5,253.33	\$1,616,213.33
Payment 9	\$1,574,000	\$2,000	\$5,246.67	\$1,619,460.00
Payment 10	\$1,572,000	\$2,000	\$5,240.00	\$1,622,700.00
Payment 11	\$1,570,000	\$2,000	\$5,233.33	\$1,625,933.33
Payment 12	\$1,568,000	\$2,000	\$5,226.67	\$1,629,160.00
Payment 13	\$1,566,000	\$3,000	\$5,220.00	\$1,631,380.00
Payment 14	\$1,563,000	\$3,000	\$5,210.00	\$1,633,590.00
Payment 15	\$1,560,000	\$3,000	\$5,200.00	\$1,635,790.00
Payment 16	\$1,557,000	\$3,000	\$5,190.00	\$1,637,980.00
Payment 17	\$1,554,000	\$3,000	\$5,180.00	\$1,640,160.00
Payment 18	\$1,551,000	\$3,000	\$5,170.00	\$1,642,330.00
Payment 19	\$1,548,000	\$3,000	\$5,160.00	\$1,644,490.00
Payment 20	\$1,545,000	\$3,000	\$5,150.00	\$1,646,640.00
Payment 21	\$1,542,000	\$3,000	\$5,140.00	\$1,648,780.00
Payment 22	\$1,539,000	\$3,000	\$5,130.00	\$1,650,910.00
Payment 23	\$1,536,000	\$3,000	\$5,120.00	\$1,653,030.00
Payment 24	\$1,533,000	\$3,000	\$5,110.00	\$1,655,140.00
Payment 25	\$1,530,000	\$4,000	\$5,100.00	\$1,656,240.00
Payment 26	\$1,526,000	\$4,000	\$5,086.67	\$1,657,326.67
Payment 27	\$1,522,000	\$4,000	\$5,073.33	\$1,658,400.00
Payment 28	\$1,518,000	\$4,000	\$5,060.00	\$1,659,460.00
Payment 29	\$1,514,000	\$4,000	\$5,046.67	\$1,660,506.67
Payment 30	\$1,510,000	\$4,000	\$5,033.33	\$1,661,540.00
Payment 31	\$1,506,000	\$4,000	\$5,020.00	\$1,662,560.00
Payment 32	\$1,502,000	\$4,000	\$5,006.67	\$1,663,566.67
Payment 33	\$1,498,000	\$4,000	\$4,993.33	\$1,664,560.00
Payment 34	\$1,494,000	\$4,000	\$4,980.00	\$1,665,540.00
Payment 35	\$1,490,000	\$4,000	\$4,966.67	\$1,666,506.67
Payment 36	\$1,486,000	\$4,000	\$4,953.33	\$1,667,460.00
Payment 37	\$1,482,000	\$5,000	\$4,940.00	\$1,667,400.00
Payment 38	\$1,477,000	\$5,000	\$4,923.33	\$1,667,323.33
Payment 39	\$1,472,000	\$5,000	\$4,906.67	\$1,667,230.00
Payment 40	\$1,467,000	\$5,000	\$4,890.00	\$1,667,120.00
Payment 41	\$1,462,000	\$5,000	\$4,873.33	\$1,666,993.33
Payment 42	\$1,457,000	\$5,000	\$4,856.67	\$1,666,850.00
Payment 43	\$1,452,000	\$5,000	\$4,840.00	\$1,666,690.00
Payment 44	\$1,447,000	\$5,000	\$4,823.33	\$1,666,513.33
Payment 45	\$1,442,000	\$5,000	\$4,806.67	\$1,666,320.00
Payment 46	\$1,437,000	\$5,000	\$4,790.00	\$1,666,100.00
Payment 47	\$1,432,000	\$5,000	\$4,773.33	\$1,665,883.33
Payment 48	\$1,427,000	\$5,000	\$4,756.67	\$1,665,640.00
Payment 49	\$1,422,000	\$6,000	\$4,740.00	\$1,664,380.00

Payment 50	\$1,416,000	\$6,000	\$4,720.00	\$1,663,100.00
Payment 51	\$1,410,000	\$6,000	\$4,700.00	\$1,661,800.00
Payment 52	\$1,404,000	\$6,000	\$4,680.00	\$1,660,480.00
Payment 53	\$1,398,000	\$6,000	\$4,660.00	\$1,659,140.00
Payment 54	\$1,392,000	\$6,000	\$4,640.00	\$1,657,780.00
Payment 55	\$1,386,000	\$6,000	\$4,620.00	\$1,656,400.00
Payment 56	\$1,380,000	\$6,000	\$4,600.00	\$1,655,000.00
Payment 57	\$1,374,000	\$6,000	\$4,580.00	\$1,653,580.00
Payment 58	\$1,368,000	\$6,000	\$4,460.00	\$1,652,140.00
Payment 59	\$1,362,000	\$6,000	\$4,540.00	\$1,650,680.00
Payment 60	\$1,356,000	\$6,000	\$4,520.00	\$1,649,200.00
Payment 61	\$1,350,000	\$1,653,700	\$4,500.00	

EXHIBIT "D"

DEED OF TRUST

RECORDING REQUESTED BY:

City of Riverside
Community & Economic
Development Department

WHEN RECORDED MAIL TO:

City of Riverside
3900 Main Street
Riverside, CA 92522

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 213-281-005

DEED OF TRUST AND ASSIGNMENT OF RENTS

This DEED OF TRUST, made on July ___, 2015, between Encore Education Corporation, Inc., a California non-profit public benefit corporation doing business as Western University, herein called Trustor, whose address is 16955 Lemon Street, Hesperia, CA 92345 and City of Riverside, a California charter city and municipal corporation herein called TRUSTEE, and City of Riverside, a California charter city and municipal corporation, herein called BENEFICIARY,

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in the County of Riverside, State of California, described as:
3466 Mission Inn Avenue, Riverside, CA 92501

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: (1) Performance of each agreement of Trustor incorporated by reference or contained herein. (2) Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the **PRINCIPAL SUM OF \$1,590,000.00** executed by Trustor in favor of Beneficiary or order. (3) Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it so secured.

The following is a copy of provisions (1) to (14), inclusive, of the fictitious Deed of Trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as set forth at length therein.

To protect the Security of this Deed of Trust, Trustor Agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do, without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving onto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) Intentionally Omitted

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be

conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

Dated: _____

STATE OF CALIFORNIA }
COUNTY OF _____ }ss

On _____ before me

_____, Notary Public,

personally appeared _____

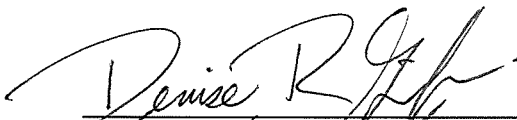
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

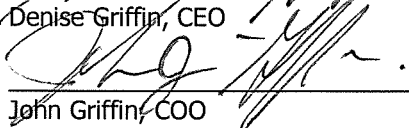
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

*see attached
Certificate*



Denise Griffin, CEO


John Griffin, COO

SPACE ABOVE RESERVED FOR NOTARY SEAL

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Riverside)On July 2, 2015 before me, Angela Ferreira, Notary Public,
Date Here Insert Name and Title of the Officerpersonally appeared Denise Griffin and John Griffin
Name(s) of Signer(s)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Angela Ferreira
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached DocumentTitle or Type of Document: 3466 mission Inn deed of TRST Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

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

Signer Is Representing: _____

Signer's Name: _____

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

Signer Is Representing: _____

DO NOT RECORD
REQUEST FOR FULL RECONVEYANCE
To be used only when note has been paid.

A reconveyance will be issued upon presentation to _____ of this request properly signed and accompanied by the reconveyance fee, the Deed of Trust, the original Note or Notes secured by said Deed of Trust, and any receipt or document evidencing any other indebtedness secured thereby.

TO: _____, TRUSTEE:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now hold by you under the same.

Dated:

MAIL TAX RECONVEYANCE TO:

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee at for cancellation before reconveyance will be made.