

AGREEMENT REGARDING REMAINDER PARCELS 1, 2 & 6
(TERRABAY SUBDIVISION)

THIS AGREEMENT REGARDING REMAINDER PARCELS 1, 2 & 6 (TERRABAY SUBDIVISION) ("Agreement") is entered into as of _____, 200_ (the "Effective Date"), by and between the County of San Mateo (the "County"), San Bruno Mountain Watch, a membership organization ("Mountain Watch"), SunChase G.A. California I, Inc., a California corporation ("SunChase"), and Sterling Pacific Management Services, Inc., an Arizona corporation ("Sterling") (each a "Party" and collectively the "Parties").

WITNESSETH:

WHEREAS, SunChase holds record title to that certain real property located in San Mateo County, California, containing approximately 108.8 acres on or adjacent to the south and east sides of San Bruno Mountain, commonly known as remainder parcel 1 (APN 07-180-200) ("Remainder Parcel 1"), remainder parcel 2 (APN 07-180-210) ("Remainder Parcel 2") and remainder parcel 6 (APN 07-180-290) ("Remainder Parcel 6," and together with Remainder Parcel 1 and Remainder Parcel 2, the "Property") of the Terrabay Subdivision. The Property is more fully described in Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, SunChase, Sterling, Mountain Watch and the County entered into that certain Separate Agreement Dated August 8, 1996, as the same may have been amended (the "Separate Agreement"), regarding condition No. 23 of the Findings adopted by the San Mateo County Planning Commission on July 24, 1996, in connection with San Mateo County grading permit No. GRD96-0004 and that portion of the Property known as "Area D" of Remainder Parcel 1; and

WHEREAS, SunChase, as security for its performance of certain conditions under a grading permit 88-7 issued by the County, collaterally assigned to the County its interest in that certain Bank One Certificate of Deposit #4003053 ("Certificate of Deposit") account No. 8452-2614 (the "Security"); and

WHEREAS, SunChase made an irrevocable offer of dedication of a portion of the Property to the County pursuant to that certain Irrevocable Offer of Dedication of Real Property, dated July 17, 1996, and recorded in the Official Records of San Mateo County on December 5, 1996, as Document No. 96-150518 (the "IOD"); and

WHEREAS, SunChase and Sterling, subject to the terms of this Agreement, desire to terminate the Separate Agreement, terminate/abandon the IOD, obtain a release of the Security, and SunChase is willing to transfer to the County fee title to the Property; and

WHEREAS, the County, subject to the terms of this Agreement, desires to accept title to the Property and is willing to release the Security, terminate/abandon the IOD and terminate the Separate Agreement; and

WHEREAS, Mountain Watch, subject to the terms of this Agreement, is willing to terminate the Separate Agreement.

NOW THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties voluntarily and knowingly enter into this Agreement, and agree as follows:

1. **Parcel Management Payment**. Subject to the terms of this Agreement, SunChase shall pay the County a cumulative total amount of Two Hundred Thirty-Four Thousand Thirty-Eight and No/100 Dollars (\$234,038) (the "Parcel Management Payment"). The Parcel Management Payment shall be used by the County to help pay costs incurred by the County in connection with: (i) the revegetation, grazing and planting of the Property; (ii) the staking of certain corners of the Property; (iii) administration and monitoring costs associated with the staking, revegetation, grazing and planting of the Property; and (iv) the County's geotechnical review of the Property.

The Parcel Management Payment shall be allocated among Remainder Parcel 1, Remainder Parcel 2 and Remainder Parcel 6 as follows:

(i) One Hundred Twenty-Two Thousand Three Hundred Forty-Two and 59/100 Dollars (\$122,342.59) shall be allocated to Remainder Parcel 1 (the "Remainder Parcel 1 Management Payment");

(ii) Thirty-Four Thousand Two Hundred Ninety-Five and 73/100 Dollars (\$34,295.73) shall be allocated to Remainder Parcel 2 (the "Remainder Parcel 2 Management Payment"); and

(iii) Seventy-Seven Thousand Three Hundred Ninety-Nine and 68/100 Dollars (\$77,399.68) shall be allocated to Remainder Parcel 6 (the "Remainder Parcel 6 Management Payment").

Concurrently with the full execution and delivery of this Agreement by the Parties and the transfer of title to Remainder Parcel 1 and Remainder Parcel 2 to the County, SunChase shall pay the County the Remainder Parcel 1 Management Payment and the Remainder Parcel 2 Management Payment. SunChase shall pay the County the Remainder Parcel 6 Management Payment concurrently with the transfer of title to Remainder Parcel 6 to the County in accordance with, and as contemplated in, paragraph 5 below.

2. **Termination of Separate Agreement**. Each Party represents and warrants to the other Parties that it has not assigned its rights under the Separate Agreement to any third party. The Parties hereby terminate the Separate Agreement, and agree that for all purposes the Separate Agreement is terminated and of no further force or effect.

3. **Mutual General Release.** SunChase, Sterling, Mountain Watch and County, for themselves, their officers, directors, employees, principals, agents, assigns and attorneys, and their successor assigns, after consultation with their attorneys and/or accountants, fully release and discharge each other and each other's officers, directors, employees, principals, agents, assigns and attorneys and successor assigns from any and all claims, demands, actions, causes of action, debts, controversies and damages known and unknown, suspected or unsuspected, existing, claimed to exist, or which may hereafter arise out of, or result from or be connected with the Separate Agreement or the Security. SunChase, Sterling, Mountain Watch and County, after consultation with their attorneys, also hereby expressly waive the benefits of the provisions of section 1542 of the California Civil Code, which provides as follows:

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

In connection with such waiver and release, each of the Parties hereto acknowledges that it is aware that it or its attorneys or accountants may hereafter discover facts in addition to or different from those which it now knows or believes to exist with respect to the subject matter of this release, but that it is such Party's intention hereby to fully, finally, and forever settle and release all of the claims, disputes, and differences, known and unknown, suspected or unsuspected, which now exist or may exist, and/or which such Party may hold, acquire, or become vested with, against the other Parties, with the exception of any claims, demands, causes of action, debts, controversies or damages resulting from or arising out of this Agreement. This release is, shall be, and shall remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts.

SunChase Initials Sterling Initials ^{KM} Mountain Watch Initials County Initials

4. **Release of Security.** Concurrently with the full execution and delivery of this Agreement by the Parties, the County shall: (i) deliver the original Certificate of Deposit to SunChase; and (ii) confirm the release of the Security by executing, acknowledging and delivering to SunChase a release in the form of the letter attached hereto as Exhibit "B" and incorporated herein by this reference (the "Release"). The County shall take such other actions reasonably requested by SunChase or Bank One to confirm the unconditional release of the Security.

5. **Transfer of Property.**

(a) Concurrently with the full execution and delivery of this Agreement by the Parties, SunChase and the County shall execute, notarize and deliver a Grant Deed in the form attached hereto as Exhibit "C" and incorporated herein by this reference (the "Remainder Parcel 1 & 2 Grant Deed"), pursuant to which SunChase shall transfer Remainder Parcel 1 and Remainder

3. **Mutual General Release.** SunChase, Sterling, Mountain Watch and County, for themselves, their officers, directors, employees, principals, agents, assigns and attorneys, and their successor assigns, after consultation with their attorneys and/or accountants, fully release and discharge each other and each other's officers, directors, employees, principals, agents, assigns and attorneys and successor assigns from any and all claims, demands, actions, causes of action, debts, controversies and damages known and unknown, suspected or unsuspected, existing, claimed to exist, or which may hereafter arise out of, or result from or be connected with the Separate Agreement or the Security. SunChase, Sterling, Mountain Watch and County, after consultation with their attorneys, also hereby expressly waive the benefits of the provisions of section 1542 of the California Civil Code, which provides as follows:

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

In connection with such waiver and release, each of the Parties hereto acknowledges that it is aware that it or its attorneys or accountants may hereafter discover facts in addition to or different from those which it now knows or believes to exist with respect to the subject matter of this release, but that it is such Party's intention hereby to fully, finally, and forever settle and release all of the claims, disputes, and differences, known and unknown, suspected or unsuspected, which now exist or may exist, and/or which such Party may hold, acquire, or become vested with, against the other Parties, with the exception of any claims, demands, causes of action, debts, controversies or damages resulting from or arising out of this Agreement. This release is, shall be, and shall remain in effect as a full and complete release notwithstanding the discovery or existence of any such additional or different facts.

SETC
SunChase Initials

SETC
Sterling Initials

Mountain Watch Initials

County Initials

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5. **Transfer of Property.**

(a) Concurrently with the full execution and delivery of this Agreement by the Parties, SunChase and the County shall execute, notarize and deliver a Grant Deed in the form attached hereto as Exhibit "C" and incorporated herein by this reference (the "Remainder Parcel 1 & 2 Grant Deed"), pursuant to which SunChase shall transfer Remainder Parcel 1 and Remainder

Parcel 2 to the County, and the County shall accept fee simple title to Remainder Parcel 1 and Remainder Parcel 2. The Remainder Parcel 1 & 2 Grant Deed shall be recorded in the Official Records of the County of San Mateo, California, by Old Republic (as defined in paragraph 7 below). All recording fees required to be paid in connection with the recording of the Remainder Parcel 1 & 2 Grant Deed shall be paid by SunChase. Remainder Parcel 1 and Remainder Parcel 2 shall be transferred to the County in their “as-is, whereas, with-all-faults” condition. Accordingly, the County acknowledges and agrees that SunChase makes no representation or warranty as to the condition or value of Remainder Parcel 1 and Remainder Parcel 2 or the condition of any improvements located on Remainder Parcel 1 and Remainder Parcel 2, and SunChase shall have no obligation, whatsoever, to make repairs, replacements, alterations or improvements to Remainder Parcel 1 and Remainder Parcel 2.

(b) An historic slide area (“Slide Area”) affects a portion of Remainder Parcel 6. The vast majority of the historic slide area does not affect Remainder Parcel 6, and is located on land adjacent to Remainder Parcel 6, within the boundaries of the City of South San Francisco (the “City”). The City, as part of its conditions of approval of that certain development commonly known as Mandalay Terrace - Terrabay Development - Phase III (the “Development”), is requiring the developer of the Development to repair and stabilize the Slide Area, including those portions of the Slide Area within Remainder Parcel 6, all of which Slide Area repair and stabilization shall subject to the approval of the City. The County, before taking title to Remainder Parcel 6, desires the Slide Area repair and stabilization, to the extent it affects Remainder Parcel 6, to be complete. The Slide Area repair and stabilization shall be deemed complete upon the City’s approval of the Slide Area repair and stabilization on Remainder Parcel 6 (or similar confirmation from the City that the Slide Area repair and stabilization is complete) (“Slide Area Repair Completion”). The County shall have the right, during the term of this Agreement, to enter Remainder Parcel 6 to inspect the Slide Area repair and stabilization work, both as it is being performed and upon its completion. On or before the date that is forty-five (45) days following Slide Area Repair Completion, the County shall take title to Remainder Parcel 6, and SunChase and the County shall execute, notarize and deliver a Grant Deed in the form attached hereto as Exhibit “C” and incorporated herein by this reference (the “Remainder Parcel 6 Grant Deed”), pursuant to which SunChase shall transfer Remainder Parcel 6 to the County, and the County shall accept fee simple title to Remainder Parcel 6. The Remainder Parcel 6 Grant Deed shall be recorded in the Official Records of the County of San Mateo, California, by Old Republic. All recording fees required to be paid in connection with the recording of the Remainder Parcel 6 Grant Deed shall be paid by SunChase. Remainder Parcel 6 shall be transferred to the County in its “as-is, whereas, with-all-faults” condition. Accordingly, the County acknowledges and agrees that SunChase makes no representation or warranty as to the condition or value of Remainder Parcel 6, the Slide Area repair and stabilization work performed on Remainder Parcel 6, or the condition of any improvements located on Remainder Parcel 6, and SunChase shall have no obligation, whatsoever, to make repairs, replacements, alterations or improvements to Remainder Parcel 6.

6. **Termination of IOD.** Concurrently with the full execution and delivery of this Agreement by the Parties, the County shall deliver a duly adopted Resolution of the Board of Supervisors of the County of San Mateo that formally and effectively terminates and abandons

the IOD (the "Resolution"). The Resolution shall be in form and with all acknowledgments required for recordation, and shall be recorded in the Official Records of the County of San Mateo, California, by Old Republic. All recording fees required to be paid in connection with the recording of the Resolution shall be paid by SunChase.

7. **Escrow.** The Parties acknowledge that the delivery of all documents and payments, and the consummation of the transactions contemplated herein, will be orchestrated through an escrow(s) opened with Old Republic Title Company ("**Old Republic**"). In connection with the consummation of the transactions contemplated under this Agreement that are intended to close concurrently with the execution and delivery of this Agreement by the Parties, joint escrow instructions in the form attached hereto as **Exhibit "D"** shall be executed by the Parties and delivered to Old Republic, thereby confirming the exact instructions to be followed by Old Republic in connection with the consummation of the transactions under this Agreement that are intended to close concurrently with the execution and delivery of this Agreement by the Parties. In connection with the transfer of Remainder Parcel 6 to the County and the payment of the Remainder Parcel 6 Management Payment, joint escrow instructions in the form attached hereto as **Exhibit "E"** shall be executed by SunChase and the County only, and delivered by SunChase and the County to Old Republic, thereby confirming the exact instructions to be followed by Old Republic in connection with the transfer of Remainder Parcel 6 to the County and payment of the Remainder Parcel 6 Management Payment.

8. **Agreement Voluntary.** The Parties hereto have read this Agreement, and the release contained in it, and they have freely and voluntarily entered into this Agreement.

9. **Entire Agreement.** This Agreement constitutes the sole and entire understanding of the Parties with respect to the subject matter of this Agreement, and supersedes all prior oral or written agreements between the Parties (or representations made by any Party) with respect to the subject matter of this Agreement.

10. **Successors and Assigns.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors, heirs, executors, beneficiaries, administrators, trustees and assigns of the Parties.

11. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California applicable to agreements made and to be performed wholly within such jurisdiction.

12. **Severability.** If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable after all appeals have either been exhausted or the time for any appeals to be taken has expired, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

13. **Delivery by Facsimile; Counterparts.** Duly executed signatures to this Agreement may be delivered by facsimile, and signature pages delivered by such method shall

be deemed equivalent to and of the same force and effect as original signature pages. This Agreement may be executed in counterpart, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document.

14. **Further Assurances.** The Parties agree that at any time and from time to time after the execution of this Agreement, either party will, upon the request of the other party, execute and deliver such further documents and do such further acts and things as such party may reasonably request in order to effect fully the purposes of this Agreement.

15. **Attorneys' Fees.** In the event of any controversy, claim, or dispute relating to this Agreement or the breach thereof, the prevailing party shall be entitled to recover from the losing party the prevailing party's costs and expenses, including, without limitation, reasonable attorneys' fees and costs and experts' fees and costs.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties to this Agreement have executed this Agreement as of the date and year first written above.


COUNTY:

COUNTY OF SAN MATEO

By: _____
Its: _____

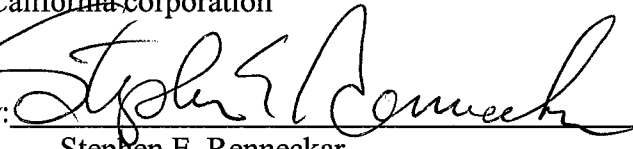
STERLING:

STERLING PACIFIC MANAGEMENT SERVICES, INC.
an Arizona corporation

By: 
Stephen E. Renneckar
President

SUNCHASE:

SUNCHASE G.A. CALIFORNIA I, INC.
a California corporation

By: 
Stephen E. Renneckar
Vice President

MOUNTAIN WATCH:

SAN BRUNO MOUNTAIN WATCH, a membership organization

By: _____
Ken M. McIntire
Director

IN WITNESS WHEREOF, the Parties to this Agreement have executed this Agreement as of the date and year first written above.

COUNTY:

COUNTY OF SAN MATEO

By: _____

Its: _____

STERLING:

STERLING PACIFIC MANAGEMENT SERVICES, INC.

an Arizona corporation

By: _____

Stephen E. Renneckar
President

SUNCHASE:

SUNCHASE G.A. CALIFORNIA I, INC.

a California corporation

By: _____

Stephen E. Renneckar
Vice President

MOUNTAIN WATCH:

SAN BRUNO MOUNTAIN WATCH, a membership organization

By: Kenneth M. McIntire

Ken M. McIntire
Director

EXHIBIT "A"

DESCRIPTION OF PROPERTY

November 3, 2005
JN 673-00

**LEGAL DESCRIPTION
TERRABAY
REMAINDER PARCEL NO. 1
SAN MATEO COUNTY, CALIFORNIA**

REAL PROPERTY, SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING ALL THAT CERTAIN PARCEL DESIGNATED AS "REMAINDER, 26.1 ACRES +/-", AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "PARCEL MAP, BEING A RESUBDIVISION OF PARCEL 1 FILED IN 37 PM 37 AND PARCEL 2 FILED IN 37 PM 32, RECORDS OF SAN MATEO COUNTY, SAN MATEO COUNTY, CALIFORNIA", FILED AUGUST 18, 1983 IN BOOK 53 OF PARCEL MAPS AT PAGES 82 THROUGH 85, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY.

THE AREA IS BASED ON GRID DISTANCES PER SAID PARCEL MAP.

THIS CONVEYANCE IS EXEMPT FROM THE SUBDIVISION MAP ACT PURSUANT TO SECTION 66428(A)(2) OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.

END OF DESCRIPTION



Paul A. Kittredge

PAUL A. KITTREDGE, L.L.S.
P.L.S. NO. 5790
EXPIRES: JUNE 30, 2006

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Agreement Regarding Remainder Parcels 1, 2 & 6
(Terrabay Subdivision)
Exhibit "A" - Description of Property

LEGAL DESCRIPTION
TERRABAY
REMAINDER PARCEL NO. 2
SAN MATEO COUNTY, CALIFORNIA

REAL PROPERTY, SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING ALL THAT CERTAIN PARCEL DESIGNATED AS "REMAINDER, 11.3 ACRES +/-", AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "PARCEL MAP, BEING A RESUBDIVISION OF PARCEL 1 FILED IN 37 PM 37 AND PARCEL 2 FILED IN 37 PM 32, RECORDS OF SAN MATEO COUNTY, SAN MATEO COUNTY, CALIFORNIA", FILED AUGUST 18, 1983 IN BOOK 53 OF PARCEL MAPS AT PAGES 82 THROUGH 85, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY.

THE AREA IS BASED ON GRID DISTANCES PER SAID PARCEL MAP.

THIS CONVEYANCE IS EXEMPT FROM THE SUBDIVISION MAP ACT PURSUANT TO SECTION 66428(A)(2) OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.

END OF DESCRIPTION



Paul A. Kittredge

PAUL A. KITTREDGE, P.L.S.
P.L.S. NO. 5790
EXPIRES: JUNE 30, 2006

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Agreement Regarding Remainder Parcels 1, 2 & 6
(Terrabay Subdivision)
Exhibit "A" - Description of Property

LEGAL DESCRIPTION
TERRABAY
REMAINDER PARCEL NO. 6
SAN MATEO COUNTY, CALIFORNIA

REAL PROPERTY, SITUATE IN THE UNINCORPORATED AREA OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEING ALL THAT CERTAIN PARCEL DESIGNATED AS "REMAINDER, 71.4 ACRES +/-", AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "PARCEL MAP, BEING A RESUBDIVISION OF PARCEL 1 FILED IN 37 PM 37 AND PARCEL 2 FILED IN 37 PM 32, RECORDS OF SAN MATEO COUNTY, SAN MATEO COUNTY, CALIFORNIA", FILED AUGUST 18, 1983 IN BOOK 53 OF PARCEL MAPS AT PAGES 82 THROUGH 85, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY.

THE AREA IS BASED ON GRID DISTANCES PER SAID PARCEL MAP.

THIS CONVEYANCE IS EXEMPT FROM THE SUBDIVISION MAP ACT PURSUANT TO SECTION 66428(A)(2) OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA.

END OF DESCRIPTION



Paul A. Kittredge

PAUL A. KITTREDGE, P.L.S.
P.L.S. NO. 5790
EXPIRES: JUNE 30, 2006

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Agreement Regarding Remainder Parcels 1, 2 & 6
(Terrabay Subdivision)
Exhibit "A" - Description of Property

EXHIBIT "B"

FORM OF RELEASE

[SAN MATEO COUNTY LETTERHEAD]

_____, 200__

Bank One of Arizona, NA
2620 E. Camelback Road
Phoenix, AZ 85016
Attention: Lucy Ortiz

Re: SunChase G.A. California I, Inc. ("SunChase"); Bank One Certificate of Deposit #4003053 Account No. 8452-2614

Dear Ms. Ortiz:

On or about November 1, 1994, SunChase collaterally assigned Bank One Certificate of Deposit #4003053 Account No. 8452-2614 to the County of San Mateo, as Plan Operator for the San Bruno Mountain Habitat Conservation Plan Trust, as security for SunChase's faithful performance of certain permit obligations. By this letter, the County of San Mateo, as Plan Operator for the San Bruno Mountain Habitat Conservation Plan Trust, hereby releases any and all of its right, title and interest in Bank One Certificate of Deposit #4003053 Account No. 8452-2614 to SunChase. You are instructed to close the account at the sole direction of SunChase, and deliver all proceeds of Certificate of Deposit #4003053 Account No. 8452-2614 to SunChase.

Very truly yours,

County of San Mateo, as Plan Operator for the San Bruno Mountain Habitat Conservation Plan Trust

By: _____
Its: _____

EXHIBIT "C"

GRANT DEED

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO**

County of San Mateo

MAIL TAX STATEMENTS TO

Same as above

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

Documentary transfer tax is \$0

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

SUNCHASE G.A. CALIFORNIA I, INC., a California corporation ("Grantor")

HEREBY GRANTS TO:

COUNTY OF SAN MATEO ("Grantee")

the following described real property situated in the County of San Mateo, State of California:

As set forth in Exhibit "A," attached hereto and made a part hereof;

[SIGNATURES ON FOLLOWING PAGE]

MAIL TAX STATEMENTS AS DIRECTED ABOVE

Agreement Regarding Remainder Parcels 1, 2 & 6
(Terrabay Subdivision)
Exhibit "C" – Grant Deed

Dated: _____, 200_

GRANTOR:

SUNCHASE G.A. CALIFORNIA I, INC.
a California corporation

By: _____
Stephen E. Renneckar
Vice President

ACCEPTANCE BY GRANTEE

This is to certify that the interest in real property conveyed by this document to COUNTY OF SAN MATEO, is hereby accepted by the undersigned on behalf of the Board of Supervisors of the County of San Mateo pursuant to the authority conferred by Resolution Number _____ - _____ of said Board of Supervisors adopted on _____.

Completed by:

DATE: _____
_____, _____

State of _____)
) ss.
County of _____)

On _____, 200_, before me, _____, a Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

[Seal]

Notary Public

State of _____)
) ss.
County of _____)

On _____, 200_, before me, _____, a Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

[Seal]

Notary Public

Agreement Regarding Remainder Parcels 1, 2 & 6
(Terrabay Subdivision)
Exhibit "C" – Grant Deed
Acknowledgment

EXHIBIT "A"

Legal Description

Agreement Regarding Remainder Parcels 1, 2 & 6
(Terrabay Subdivision)
Exhibit "C" – Grant Deed
Exhibit "A" – Legal Description

EXHIBIT "D"

JOINT ESCROW INSTRUCTIONS

_____, 200_

Old Republic Title Company
160 Bovet Road
San Mateo, CA 94402
Attention: Maria Rosengart

Re: SunChase G.A. California I, Inc., a California corporation ("SunChase");
Sterling Pacific Management Services, Inc., an Arizona corporation ("Sterling");
County of San Mateo ("County"); San Bruno Mountain Watch, a membership
organization ("Mountain Watch"); **Escrow No. 0377004478**

Dear _____:

This letter constitutes the joint escrow instructions ("Escrow Instructions") of SunChase, Sterling, County and Mountain Watch in connection with the above referenced escrow (the "Escrow") opened with Old Republic Title Company ("you" or "Old Republic") to consummate the transactions contemplated in that certain Agreement Regarding Remainder Parcels 1, 2 & 6 (Terrabay Subdivision) (the "Agreement") by and between SunChase, Sterling, County and Mountain Watch (collectively, the "Parties," and each a "Party").

In connection with the Escrow, you have in your possession, or will be delivered by SunChase, Sterling, County and/or Mountain Watch, the following:

1. Original, counterparts of the Agreement, executed by each of the Parties;
2. One (1) original Grant Deed, executed by SunChase and acknowledged, with attached Acceptance executed by the County, and acknowledged, conveying title to Remainder Parcel 1 and Remainder Parcel 2 (as such terms are defined in the Agreement) to the County (the "Grant Deed");
3. The original Bank One Certificate of Deposit #4003053 account No. 8452-2614 ("Certificate of Deposit");
4. One (1) original Release in the form required pursuant to the Agreement, fully executed by County, and acknowledged (the "Release");
5. One (1) original Resolution of the Board of Supervisors of the County of San Mateo (the "Resolution") formally terminating and abandoning the IOD (as defined in the Agreement); and

6. Immediately available funds in the amount of One Hundred Fifty-Six Thousand Six Hundred Thirty-Eight and 32/100 Dollars (\$156,638.32) (the "Remainder Parcel 1 & 2 Management Payment").

When, but only when, the following has occurred:

- (A) All of the documents described herein as being held by you or delivered to you have been received by you, and have been fully executed (and, where applicable, initialed) and, where applicable, acknowledged, and you have confirmed that all exhibits and legal descriptions are attached;
- (B) You have delivered by telecopy transmission: (i) to James R. Moore, at (916) 558-6210, and Duane A. Grimsman, at (916) 773-4930, on behalf of SunChase and Sterling; and (ii) to Michael P. Murphy, at (650) 363-4034, on behalf of the County, facsimile copies of your final closing statement ("Closing Statement"), and have written confirmation (by telecopy transmission) from SunChase, Sterling and County that the Closing Statement is accurate and acceptable;
- (C) You have received from SunChase, in immediately available funds, the Remainder Parcel 1 & 2 Management Payment, together with such other amounts as are necessary to close the Escrow and distribute funds in accordance with your Closing Statement;
- (D) You are prepared to: (i) record the Grant Deed and the Resolution; (ii) deliver a fully executed copy of the Agreement to each of the Parties, with the original to be delivered to SunChase; (iii) deliver the Remainder Parcel 1 & 2 Management Payment to the County; (iv) deliver the original Certificate of Deposit to SunChase; (v) deliver the original Release to SunChase; and (vi) close the Escrow in compliance with these Escrow Instructions;
- (E) You have delivered a copy of these instructions, executed by an authorized signatory of Old Republic with authority to bind Old Republic, by facsimile transmission (with original hard copy to follow by U.S. Mail) to: (i) to James R. Moore, at (916) 558-6210, and Duane A. Grimsman, at (916) 773-4930, on behalf of SunChase and Sterling; (ii) to Michael P. Murphy, at (650) 363-4034, on behalf of the County; and (iii) to Ken M. McIntire, at (415) 467-6631, on behalf of Mountain Watch; and
- (F) You have received written confirmation from each of the Parties to close the Escrow.

Then, but only then, you are authorized and instructed to do the following in the chronological order given:

- A. Date the Agreement as of the date of the close of Escrow, and deliver the original to SunChase, with a fully executed copy to each of the Parties;
- B. Record the Grant Deed and the Resolution in the Official Records of San Mateo County, California;
- C. Disburse the Remainder Parcel 1 & 2 Management Payment to the County by same day wire transfer, pursuant to wire instructions provided to you by the County;
- D. Deliver the original Certificate of Deposit to SunChase;
- E. Date the Release as of the date of the close of Escrow, and deliver the original to SunChase;
- F. Notify James R. Moore at (916) 321-4444, and Michael P. Murphy at (650) 363-4762, of the close of the Escrow;
- G. Within five (5) business days after the close of Escrow, deliver by overnight delivery via recognized, national, overnight delivery carrier, to: (i) James R. Moore, at Boutin Dentino Gibson Di Giusto Hodell Inc., 555 Capitol Mall, Suite 1500, Sacramento, CA 95814-4603; and (ii) Michael P. Murphy, Chief Deputy, Office of County Counsel, 400 County Center, 6th Floor, Redwood City, CA 94063, a certified copy, showing all recording information, of the Grant Deed.

The Parties are aware of and acknowledge that you might require the Parties to execute your standard form escrow instructions containing standard escrow terms and conditions (the "Standard Instructions"). You hereby acknowledge and agree that in the event of any conflict between the terms and conditions of these Escrow Instructions and the Standard Instructions (or any other escrow instructions that you require from the Parties), these Escrow Instructions shall prevail.

No deed or other document or instrument deposited with you shall be deemed delivered to any other Party to the Escrow until, and subject to, the close of Escrow.

Please acknowledge your receipt of these instructions and your agreement to act as Escrow agent in connection with this transaction, in accordance with these instructions, by executing and dating a copy of these Escrow Instructions where indicated below, and initialing all pages, included attached Exhibits, and returning it to the undersigned.

If the Escrow has not closed on or before _____, 200__, these Escrow instructions shall be automatically revoked. In that case, please contact the Parties for further instructions. These Escrow Instructions may be modified only in a writing signed by the Parties.

COUNTY:

COUNTY OF SAN MATEO

By: _____
Its: _____

STERLING:

STERLING PACIFIC MANAGEMENT SERVICES, INC.
an Arizona corporation

By: _____
Stephen E. Renneckar
President

SUNCHASE:

SUNCHASE G.A. CALIFORNIA I, INC.
a California corporation

By: _____
Stephen E. Renneckar
Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

MOUNTAIN WATCH:

SAN BRUNO MOUNTAIN WATCH, a membership organization

By: _____

Ken M. McIntire
Director

ACKNOWLEDGEMENT AND AGREEMENT:

Receipt of the foregoing Escrow Instructions is hereby acknowledged. The undersigned agrees, for itself, and on behalf of its company, to proceed in strict accordance with the foregoing Escrow Instructions. The undersigned represents and warrants to the Parties that the undersigned is authorized to execute this Acknowledgement and Agreement, for itself, and on behalf of its company.

By: **OLD REPUBLIC TITLE COMPANY**

By: _____

Date: _____

Its: _____

EXHIBIT "E"

JOINT ESCROW INSTRUCTIONS

_____, 200_

Old Republic Title Company
160 Bovet Road
San Mateo, CA 94402
Attention: _____

Re: SunChase G.A. California I, Inc., a California corporation ("SunChase");
County of San Mateo ("County"); **Escrow No.** _____

Dear _____:

This letter constitutes the joint escrow instructions ("Escrow Instructions") of SunChase and County in connection with the above referenced escrow (the "Escrow") opened with Old Republic Title Company ("you" or "Old Republic") to consummate the transfer and payment contemplated in that certain Agreement Regarding Remainder Parcels 1, 2 & 6 (Terrabay Subdivision) (the "Agreement") by and between SunChase, County, Sterling Pacific Management Services, Inc., an Arizona corporation, and San Bruno Mountain Watch, a membership organization, with respect to Remainder Parcel 6 and the Remainder Parcel 6 Management Payment.

In connection with the Escrow, you have in your possession, or will be delivered by SunChase or the County, the following:

1. One (1) original Grant Deed, executed by SunChase and acknowledged, with attached Acceptance executed by the County, and acknowledged, conveying title to Remainder Parcel 6 (as defined in the Agreement) to the County (the "Grant Deed"); and
2. Immediately available funds in the amount of Seventy-Seven Thousand Three Hundred Ninety-Nine and 68/100 Dollars (\$77,399.68) (the "Remainder Parcel 6 Management Payment").

When, but only when, the following has occurred:

- (A) All of the documents described herein as being held by you or delivered to you have been received by you, and have been fully executed (and, where applicable, initialed) and, where applicable, acknowledged, and you have confirmed that all exhibits and legal descriptions are attached;
- (B) You have delivered by telecopy transmission: (i) to James R. Moore, at (916) 558-6210, and Duane A. Grimsman, at (916) 773-4930, on behalf of SunChase; and (ii) to Michael P. Murphy, at (650) 363-4034, on behalf of the County, facsimile

Agreement Regarding Remainder Parcels 1, 2 & 6
(Terrabay Subdivision)
Exhibit "E" – Joint Escrow Instructions
Page 1 of 4

copies of your final closing statement (“Closing Statement”), and have written confirmation (by telecopy transmission) from SunChase and County that the Closing Statement is accurate and acceptable;

- (C) You have received from SunChase, in immediately available funds, the Remainder Parcel 6 Management Payment, together with such other amounts as are necessary to close the Escrow and distribute funds in accordance with your Closing Statement;
- (D) You are prepared to: (i) record the Grant Deed; (ii) deliver the Remainder Parcel 6 Management Payment to the County; and (iii) close the Escrow in compliance with these Escrow Instructions;
- (E) You have delivered a copy of these instructions, executed by an authorized signatory of Old Republic with authority to bind Old Republic, by facsimile transmission (with original hard copy to follow by U.S. Mail) to: (i) to James R. Moore, at (916) 558-6210, and Duane A. Grimsman, at (916) 773-4930, on behalf of SunChase; and (ii) to Michael P. Murphy, at (650) 363-4034, on behalf of the County; and
- (F) You have received written confirmation from SunChase and the County to close the Escrow.

Then, but only then, you are authorized and instructed to do the following in the chronological order given:

- A. Record the Grant Deed in the Official Records of San Mateo County, California;
- B. Disburse the Remainder Parcel 6 Management Payment to the County by same day wire transfer, pursuant to wire instructions provided to you by the County;
- C. Notify James R. Moore at (916) 321-4444, and Michael P. Murphy at (650) 363-4762, of the close of the Escrow;
- D. Within five (5) business days after the close of Escrow, deliver by overnight delivery via recognized, national, overnight delivery carrier, to: (i) James R. Moore, at Boutin Dentino Gibson Di Giusto Hodell Inc., 555 Capitol Mall, Suite 1500, Sacramento, CA 95814-4603; and (ii) Michael P. Murphy, Chief Deputy, Office of County Counsel, 400 County Center, 6th Floor, Redwood City, CA 94063, a certified copy, showing all recording information, of the Grant Deed.

The Parties are aware of and acknowledge that you might require SunChase and the County to execute your standard form escrow instructions containing standard escrow terms and conditions (the “Standard Instructions”). You hereby acknowledge and agree

that in the event of any conflict between the terms and conditions of these Escrow Instructions and the Standard Instructions (or any other escrow instructions that you require from the Parties), these Escrow Instructions shall prevail.

No deed or other document or instrument deposited with you shall be deemed delivered to any other Party to the Escrow until, and subject to, the close of Escrow.

Please acknowledge your receipt of these instructions and your agreement to act as Escrow agent in connection with this transaction, in accordance with these instructions, by executing and dating a copy of these Escrow Instructions where indicated below, and initialing all pages, included attached Exhibits, and returning it to the undersigned.

If the Escrow has not closed on or before _____, 200__, these Escrow instructions shall be automatically revoked. In that case, please contact the Parties for further instructions. These Escrow Instructions may be modified only in a writing signed by the Parties.

COUNTY:

COUNTY OF SAN MATEO

By: _____
Its: _____

SUNCHASE:

SUNCHASE G.A. CALIFORNIA I, INC.
a California corporation

By: _____
Stephen E. Renneckar
Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

ACKNOWLEDGEMENT AND AGREEMENT:

Receipt of the foregoing Escrow Instructions is hereby acknowledged. The undersigned agrees, for itself, and on behalf of its company, to proceed in strict accordance with the foregoing Escrow Instructions. The undersigned represents and warrants to the Parties that the undersigned is authorized to execute this Acknowledgement and Agreement, for itself, and on behalf of its company.

By: **OLD REPUBLIC TITLE COMPANY**

By: _____
Its: _____

Date: _____