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8 THOMAS C. HEBRANK

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 WESTERN DIVISION - LOS ANGELES

12 SECURITIES AND EXCHANGE
COMMISSION,

13 Plaintiff,

14 v.

15 CHARLES P. COPELAND,
16 COPELAND WEALTH
MANAGEMENT, A FINANCIAL
17 ADVISORY CORPORATION, and
COPELAND WEALTH
18 MANAGEMENT, A REAL ESTATE
CORPORATION,

19 Defendants.
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Case No. 11-08607-R-DTB

**DECLARATION OF THOMAS C.
HEBRANK IN SUPPORT OF
MOTION FOR ORDER
(A) APPROVING SALE OF PALM
SPRINGS PROPERTY FREE AND
CLEAR OF LIENS, AND
(B) APPROVING REAL ESTATE
BROKER'S COMMISSION;
MEMORANDUM OF POINTS AND
AUTHORITIES**

Date: December 19, 2011
Time: 10:00 a.m.
Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

1 I, Thomas C. Hebrank, declare as follows:

2 1. I am the Court appointed permanent receiver for Copeland Wealth Management, a
3 Financial Advisory Corporation ("CWM"), Copeland Wealth Management, a Real Estate
4 Corporation ("Copeland Realty"), and their subsidiaries and affiliates (collectively, the
5 "Receivership Entities"). The following facts are within my knowledge and if called as a witness I
6 would testify to them under oath.

7 2. Copeland realty owns residential property located at 222 N. Calle El Segundo
8 #528, Palm Springs, California 92262 (the "Property").

9 3. On April 19, 2011, the Property was conveyed to Copeland Realty through CWM
10 Real Estate,¹ a California corporation, from Muraligopal Investments, LLC. The conveyances
11 from Muraligopal Investments to CWM Real Estate and from CWM Real Estate to Copeland
12 Realty were recorded in the Official Records of Riverside County, California as Recording Nos.
13 0173156 and 0173157, respectively.

14 4. On September 1, 2011, Donna Larson of Palm Springs Home & Leasing ("Broker")
15 began marketing the Property.

16 5. The only offer for the Property was from Glenn Ronald Ducat ("Buyer") in the
17 amount of \$72,000. On October 5, 2011, Copeland Realty made a counter-offer for \$75,000, and
18 agreed to a \$500 credit for Buyer to be applied at close of escrow ("Counteroffer"). Buyer
19 accepted the Counteroffer and the parties signed the purchase agreement. The purchase agreement
20 was then amended by (i) that certain Request for Repair No. 1 last signed by Buyer on October 26,
21 2011 ("Request for Repair"), and (ii) that certain Contingency Removal No. 1 dated October 26,
22 2011 ("Contingency Removal"). The purchase agreement, including the Counteroffer, Request for
23 Repair and Contingency Removal are collectively referred to as the "Purchase Agreement." A
24 true and correct copy of the Purchase Agreement is attached hereto and incorporated herein as
25 Exhibit 1.

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¹ My understanding is that CWM Real Estate is a dba used by Copeland Realty.

8 8. Based on my extensive experience in real estate transactions, I believe that the
9 proposed commission of six (6%) percent of the purchase price is commercially reasonable and in
10 line with real estate industry standards.

12 Executed this 17th day of November 2011, at San Diego, California.

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EXHIBIT 1



CALIFORNIA
ASSOCIATION
OF REALTORS®

**CALIFORNIA
RESIDENTIAL PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**
For Use With Single Family Residential Property — Attached or Detached
(C.A.R. Form RPA-CA, Revised 4/10)

Date October 4, 2011

1. OFFER:
 - A. THIS IS AN OFFER FROM Glen Ronald Ducet ("Buyer").
 - B. THE REAL PROPERTY TO BE ACQUIRED is described as 222 N. Calle El Segundo 1528, Palm Springs CA 92262, situated in Palm Springs, County of Riverside, California, ("Property").
 - C. THE PURCHASE PRICE offered is Seventy-Two Thousand (Dollars \$ 72,000.00).
 - D. CLOSE OF ESCROW shall occur on or before (date) (or 30 Days After Acceptance).
2. AGENCY:
 - A. DISCLOSURE: Buyer and Seller each acknowledge prior receipt of a "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).
 - B. POTENTIALLY COMPETING BUYERS AND SELLERS: Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.
 - C. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent Palm Springs Homes & Leasing (Print Firm Name) is the agent of (check one): ☒ the Seller exclusively; or ☐ both the Buyer and Seller.

Selling Agent Sandpiper Properties (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one): ☒ the Buyer exclusively; or ☐ the Seller exclusively; or ☐ both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.
 - A. INITIAL DEPOSIT: Deposit shall be in the amount of \$ 2,160.00.
 - (1) Buyer shall deliver deposit directly to Escrow Holder by personal check, ☐ electronic funds transfer, ☐ Other _____; within 3 business days after acceptance (or ☐ Other _____).
 - OR (2) (if checked) ☐ Buyer has given the deposit by personal check (or ☐ Other _____) to the agent submitting this offer (or to ☐ _____). The deposit shall be held made payable to _____, uncashed until Acceptance and then deposited with Escrow Holder (or ☐ into Broker's trust account) within 3 business days after Acceptance (or ☐ Other _____).
 - B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ _____ within _____ Days After Acceptance, or ☐ _____.
 - C. LOAN(S):
 - (1) FIRST LOAN: In the amount of \$ _____.
 - This loan will be conventional financing or, if checked, ☐ FHA, ☐ VA, ☐ Seller (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form PAA), ☐ Other _____.
 - This loan shall be at a fixed rate not to exceed _____ % or, ☐ an adjustable rate loan with initial rate not to exceed _____ %.
 - Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.
 - (2) ☐ SECOND LOAN: In the amount of \$ _____.
 - This loan will be conventional financing or, if checked, ☐ Seller (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form PAA), ☐ Other _____.
 - This loan shall be at a fixed rate not to exceed _____ % or, ☐ an adjustable rate loan with initial rate not to exceed _____ %.
 - Regardless of the type of loan, Buyer shall pay points not to exceed _____ % of the loan amount.
 - (3) FHA/VA: For any FHA or VA loan specified above, Buyer has 17 (or ☐ _____) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or repair. Seller has no obligation to pay for repairs or satisfy lender requirements unless otherwise agreed in writing.
 - D. ADDITIONAL FINANCING TERMS: _____
 - E. BALANCE OF PURCHASE PRICE OR DOWN PAYMENT: in the amount of \$ 69,840.00 to be deposited with Escrow Holder within sufficient time to close escrow.
 - F. PURCHASE PRICE (TOTAL): \$ 72,000.00

Buyer's Initials (XLRD) (LD)

Seller's Initials (X) (LD)



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Reviewed by _____ Date _____

CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 1 OF 3)

Agent: Mary Minocks Phone: 562.212.1677 Fax: 562.222.7922 Prepared using zipForm® software
Broker: Sandpiper Properties 5824 E Naples Pk Long Beach, CA 90803

222 N. Calle El Segundo #528
 Property Address: Palin Springs, CA 92262 Date: October 4, 2011

G. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker pursuant to 3H(1)) shall, within 7 (or ☐) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (If checked, ☒ verification attached.)

H. LOAN TERMS:

(1) LOAN APPLICATIONS: Within 7 (or ☐) Days After Acceptance, Buyer shall Deliver to Seller a letter from lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in 3C above. (If checked, ☐ letter attached.)

(2) LOAN CONTINGENCY: Buyer shall act diligently and in good faith to obtain the designated loan(s). Obtaining the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. Buyer's contractual obligations to obtain and provide deposit, balance of down payment and closing costs are not contingencies of this Agreement.

(3) LOAN CONTINGENCY REMOVAL:

(i) Within 17 (or ☐) Days After Acceptance, Buyer shall, as specified in paragraph 14, in writing remove the loan contingency or cancel this Agreement;

OR (ii) (If checked) ☐ the loan contingency shall remain in effect until the designated loans are funded.

(4) ☒ NO LOAN CONTINGENCY (If checked): Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.

I. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (or, if checked, ☒ is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the specified purchase price. If there is a loan contingency, Buyer's removal of the loan contingency shall be deemed removal of this appraisal contingency (or, ☐ if checked, Buyer shall, as specified in paragraph 14B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or ☐) Days After Acceptance); if there is no loan contingency, Buyer shall, as specified in paragraph 14B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or ☐) Days After Acceptance.

J. ☒ ALL CASH OFFER (If checked): Buyer shall, within 7 (or ☐) Days After Acceptance, Deliver to Seller written verification of sufficient funds to close this transaction. (If checked, ☐ verification attached.)

K. BUYER STATED FINANCING: Seller has relied on Buyer's representation of the type of financing specified including but not limited to, as applicable, amount of down payment, contingent or non contingent loan, or all cash). If Buyer seeks alternate financing, (i) Seller has no obligation to cooperate with Buyer's efforts to obtain such financing, and (ii) Buyer shall also pursue the financing method specified in this Agreement. Buyer's failure to secure alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

4. ALLOCATION OF COSTS (If checked): Unless otherwise specified in writing, this paragraph only determines who is to pay for the inspection, test or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.

A. INSPECTIONS AND REPORTS:

(1) ☐ Buyer ☐ Seller shall pay for an inspection and report for wood destroying pests and organisms ("Wood Pest Report") prepared by _____ a registered structural pest control company.

(2) ☐ Buyer ☐ Seller shall pay to have septic or private sewage disposal systems pumped and inspected _____

(3) ☐ Buyer ☐ Seller shall pay to have domestic wells tested for water potability and productivity _____

(4) ☐ Buyer ☒ Seller shall pay for a natural hazard zone disclosure report prepared by Seller's Choice

(5) ☐ Buyer ☐ Seller shall pay for the following inspection or report _____

(6) ☐ Buyer ☐ Seller shall pay for the following inspection or report _____

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

(1) ☐ Buyer ☒ Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless exempt.

(2) ☐ Buyer ☒ Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law. _____

C. ESCROW AND TITLE:

(1) ☒ Buyer ☒ Seller shall pay escrow fee Usual and customary 50\$/50\$

Escrow Holder shall be _____

(2) ☐ Buyer ☒ Seller shall pay for owner's title insurance policy specified in paragraph 12C _____

Owner's title policy to be issued by Seller's Choice

(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

(1) ☐ Buyer ☒ Seller shall pay County transfer tax or fee _____

(2) ☐ Buyer ☒ Seller shall pay City transfer tax or fee if applicable

(3) ☐ Buyer ☒ Seller shall pay Homeowner's Association ("HOA") transfer fee _____

(4) ☐ Buyer ☒ Seller shall pay HOA document preparation fees _____

(5) ☐ Buyer ☐ Seller shall pay for any private transfer fee _____

(6) ☐ Buyer ☒ Seller shall pay the cost, not to exceed \$ 500.00 _____, of a one-year home warranty plan, with the following optional coverages:

☒ Air Conditioner ☐ Pool/Spa ☒ Code and Permit upgrade ☐ Other: _____

Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.

(7) ☐ Buyer ☐ Seller shall pay for _____

(8) ☐ Buyer ☐ Seller shall pay for _____

Buyer's Initials: (X MD) (MD)

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Seller's Initials: (X MD) (MD)

Reviewed by _____ Date _____



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 2 OF 8)

Docu

222 N. Calle El Segundo #528
 Property Address: Palm Springs, CA 92262 Date: October 4, 2011

5. CLOSING AND POSSESSION:

A. Buyer intends (or ☐ does not intend) to occupy the Property as Buyer's primary residence.

B. Seller-occupied or vacant property: Possession shall be delivered to Buyer at 5 PM or (☐ AM ☐ PM), on the date of Close Of Escrow, or ☐ on _____; or ☐ no later than _____ Days After Close Of Escrow. If transfer of title and possession do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement (C.A.R. Form PAA, paragraph 2); and (ii) consult with their insurance and legal advisors.

C. Tenant-occupied property:
 (i) Property shall be vacant at least 5 (or ☐) Days Prior to Close Of Escrow, unless otherwise agreed in writing. Note to Seller: If you are unable to deliver Property vacant in accordance with rent control and other applicable Law, you may be in breach of this Agreement.
 OR (ii) (if checked) ☐ Tenant to remain in possession. (C.A.R. Form PAA, paragraph 3)

D. At Close Of Escrow, (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale, and (ii) Seller shall Deliver to Buyer available Copies of warranties. Brokers cannot and will not determine the assignability of any warranties.

E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms, and garage door openers. If Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

6. STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

A. (i) Seller shall, within the time specified in paragraph 14A, Deliver to Buyer, if required by Law, (i) Federal Lead-Based Paint Disclosure (C.A.R. Form FLD) and pamphlet ("Lead Disclosure"); and (ii) disclosures or notices required by sections 1102 et. seq. and 1103 et. seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Code ("Statutory Hazard Disclosure Statement" ("NHD"), notice or actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Melko-Rose Community Facilities Act and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordinance location (C.A.R. Form SPQ or SSD).

(2) Buyer shall, within the time specified in paragraph 14B(1), return Signed Copies of the Statutory and Lead Disclosures to Seller.

(3) In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.

(4) If any disclosure or notice specified in 6A(1), or subsequent or amended disclosure or notice is delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.

(5) Note to Buyer and Seller: Waiver of Statutory and Lead Disclosures is prohibited by Law.

B. NATURAL AND ENVIRONMENTAL HAZARDS: Within the time specified in paragraph 14A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

C. WITHHOLDING TAXES: Within the time specified in paragraph 14A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).

D. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

7. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:

A. SELLER HAS: 7 (or ☐) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or SSD).

B. If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or ☐) Days After Acceptance to request from the HOA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 14B(3).

8. ITEMS INCLUDED IN AND EXCLUDED FROM PURCHASE PRICE:

A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 8B or C.

B. ITEMS INCLUDED IN SALE:

(1) All EXISTING fixtures and fittings that are attached to the Property.

(2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air conditioners/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrub, water softeners, water purifiers, security systems/alarms; (if checked ☒ stove(s), ☒ refrigerator(s); and

(3) The following additional items: all furnishings - seller to provide list

(4) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.

(5) All items included shall be transferred free of liens and without Seller warranty.

C. ITEMS EXCLUDED FROM SALE: Unless otherwise specified, audio and video components (such as flat screen TVs and speakers) are excluded if any such item is not itself attached to the Property, even if a bracket or other mechanism attached to the component is attached to the Property, and

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Seller's Initials (XERS) ()
 Reviewed by _____ Date _____



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 3 OF 8)

Duct

222 N. Calle El Segundo #528
Property Address: Palm Springs, CA 92262

Date: October 4, 2011

9. **CONDITION OF PROPERTY:** Unless otherwise agreed: (i) the Property is sold (a) in its PRESENT physical ("as-is") condition as of the date of Acceptance and (b) subject to Buyer's investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Seller by Close Of Escrow.

- A. Seller shall, within the time specified in paragraph 14A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B. Buyer has the right to inspect the Property and, as specified in paragraph 14B, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property Improvements may not be built according to code, in compliance with current Law, or have had permits issued.

10. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 14B. Within the time specified in paragraph 14B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 14B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- D. Buyer indemnify and Seller protection for entry upon property: Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close of Escrow.

11. **SELLER DISCLOSURES; ADDENDUMS; ADVISORIES; OTHER TERMS:**

- A. **Seller Disclosures (If checked):** Seller shall, within the time specified in paragraph 14A, complete and provide Buyer with a:
☒ Seller Property Questionnaire (C.A.R. Form SPQ) OR ☐ Supplemental Contractual and Statutory Disclosure (C.A.R. Form SSD)
☐ Addendum # (C.A.R. Form ADM)
- B. **Addenda (If checked):**
☐ Wood Destroying Pest Inspection and Allocation of Cost Addendum (C.A.R. Form WPA)
☐ Purchase Agreement Addendum (C.A.R. Form PAA) ☐ Septic, Well and Property Monument Addendum (C.A.R. Form SMP)
☐ Short Sale Addendum (C.A.R. Form SSA) ☐ Other
- C. **Advisories (If checked):**
☐ Probate Advisory (C.A.R. Form PAB) ☒ Buyer's Inspection Advisory (C.A.R. Form BIA)
☐ Trust Advisory (C.A.R. Form TA) ☒ Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)
☐ REO Advisory (C.A.R. Form REO)
- D. **Other Terms:**

12. **TITLE AND VESTING:**

- A. Within the time specified in paragraph 14, Buyer shall be provided a current preliminary title report, which shall include a search of the General Index. Seller shall within 7 Days After Acceptance give Escrow Holder a completed Statement of Information. The preliminary report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 14B.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 14A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a CLTA/ALTA Homeowner's Policy of Title Insurance. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, survey requirements, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

13. **SALE OF BUYER'S PROPERTY:**

- A. This Agreement is NOT contingent upon the sale of any property owned by Buyer.
- OR B. ☐ (If checked): The attached addendum (C.A.R. Form COP) regarding the contingency for the sale of property owned by Buyer is incorporated into this Agreement.

Buyer's Initials: (X) [Signature]

Seller's Initials: (X) [Signature]

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RPA-CA REVISED 4/10 (PAGE 4 OF 8)

Reviewed by _____ Date _____



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 4 OF 8)

Ducat

222 N. Calle El Segundo #528
Property Address: Palm Springs, CA 92262 Date: October 4, 2011

14. **TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).

A. **SELLER HAS:** 7 (or ☐) Days After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 4, 6A, 8 and C, 7A, 9A, 11A and B, and 12. Buyer may give Seller a Notice to Seller to Perform (C.A.R. Form NSP) if Seller has not delivered the items within the time specified.

B. (1) **BUYER HAS:** 17 (or ☐) Days After Acceptance, unless otherwise agreed in writing, to:

- (i) complete all Buyer investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller, and approve all other matters affecting the Property; and
- (ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures Delivered by Seller in accordance with paragraph 6A.

(2) Within the time specified in 14B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.

(3) Within the time specified in 14B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 14A, then Buyer has 5 (or ☐) Days After Delivery of any such items, or the time specified in 14B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

(4) Continuation of Contingency: Even after the end of the time specified in 14B(1) and before Seller cancels this Agreement, if at all, pursuant to 14C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified terms. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 14C(1).

C. **SELLER RIGHT TO CANCEL:**

- (1) Seller right to Cancel: Buyer Contingencies: If, within time specified in this Agreement, Buyer does not, in writing, Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NSP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.
- (2) Seller right to Cancel: Buyer Contract Obligations: Seller, after first Delivering to Buyer a NSP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited; (iii) if Buyer fails to Deliver a notice of FHA or VA costs or terms as required by 3C(3) (C.A.R. Form FVA); (iv) if Buyer fails to Deliver a letter as required by 3H; (v) if Buyer fails to Deliver verification as required by 3G or 3J; (vi) if Seller reasonably disapproves of the verification provided by 3G or 3J; (vii) if Buyer fails to return Statutory and Lead Disclosures as required by paragraph 6A(2); or (viii) if Buyer fails to sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 25. In such event, Seller shall authorize return of Buyer's deposit.
- (3) Notice To Buyer To Perform: The NSP shall: (i) be in writing; (ii) be signed by Seller; and (iii) give Buyer at least 2 (or ☐) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NSP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 14C(2).

D. **EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall with regard to that contingency or cancellation right conclusively be deemed to have: (i) completed all Buyer investigations, and review of reports and other applicable information and disclosures; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections or for inability to obtain financing.

E. **CLOSE OF ESCROW:** Before Seller or Buyer may cancel this Agreement for failure of the other party to close escrow pursuant to this Agreement, Seller or Buyer must first give the other a demand to close escrow (C.A.R. Form DCE).

F. **EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual signed release instructions from Buyer and Seller, judicial decision or arbitration award. A Buyer or Seller may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1467.3).

15. **REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skilful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.

16. **FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final inspection of the Property within 5 (or ☐) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 9; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).

17. **PROVISIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and provided between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow; premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are a current lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are a current lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.

Buyer's Initials (X *ML*) ()
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Seller's Initials (X) ()
Reviewed by Date



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 5 OF 8)

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222 N. Calle El Segundo #528
Property Address: Palm Springs, CA 92262

Date: October 4, 2011

18. **SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
19. **MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.
20. **EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination laws.
21. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 25A.
22. **DEFINITIONS:** As used in this Agreement:
- A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer.
 - B. "C.A.R. Form" means the specific form referenced or another comparable form agreed to by the parties.
 - C. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.
 - D. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
 - E. "Days" means calendar days. However, After Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
 - F. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59PM on the final day.
 - G. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
 - H. "Deliver", "Delivered" or "Delivery", regardless of the method used (i.e. messenger, mail, email, fax, other), means and shall be effective upon (i) personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in paragraph D of the section titled Real Estate Brokers on page 8; OR (ii) if checked, ☐ per the attached addendum (C.A.R. Form RDN).
 - I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other party.
 - J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
 - K. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
 - L. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
23. **BROKER COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
24. **JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 3, 4, 6C, 11B and D, 12, 13B, 14F, 17, 22, 23, 24, 25, 30, and paragraph D of the section titled Real Estate Brokers on page 8. If a Copy of the separate compensation agreement(s) provided for in paragraph 23, or paragraph D of the section titled Real Estate Brokers on page 8 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out of Buyer's or Seller's funds, or both, as applicable, the respective Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not specifically referenced above, in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.
 - B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or ☐). Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement.
 - C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraphs 23 and paragraph D of the section titled Real Estate Brokers on page 8. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 23, respectively, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder, or (ii) if either Buyer or Seller instruct Escrow Holder to cancel escrow.
 - D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment.

Buyer's Initials (X) ()

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RPA-CA REVISED 4/10 (PAGE 8 OF 8) Print Date

Seller's Initials (X) ()

Reviewed by Date



CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 8)

Ducat

222 N. Calle El Segundo #528
Property Address: Palm Springs, CA 92262

Date: October 4, 2011

25. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT TIME OF THE INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT. (C.A.R. FORM ID)

Buyer's Initials XALP

Seller's Initials XALP

26. **DISPUTE RESOLUTION:**

A. **MEDIATION:** Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Buyer and Seller also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 26C.

B. **ARBITRATION OF DISPUTES:**

Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. Buyer and Seller also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 3 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 26C.

"NOTICE: BY INITIALIZING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALIZING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials XALP

Seller's Initials XALP

C. **ADDITIONAL MEDIATION AND ARBITRATION TERMS:**

(1) **EXCLUSIONS:** The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2988; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.

(2) **BROKERS:** Brokers shall not be obligated or compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

27. **TERMS AND CONDITIONS OF OFFER:**

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all parties initial such paragraph(s), a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Broker's compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

28. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the laws of the State of California. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

Buyer's Initials (XALP) ()

Seller's Initials (XALP) ()

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CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 7 OF 8)

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222 W. Calle El Segundo #528
Property Address: Palm Springs, CA 92262 Date: October 4, 2011

28. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit shall be returned unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by Mary Nimocks, who is authorized to receive it by 5:00 PM on the third Day after this offer is signed by Buyer (or, if checked, ☐ by BUYER on Oct 6, 2011 at NOON 12 AM/PM, on Oct 6, 2011 (date)).
Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships.

Date 10/4/2011 Date _____
BUYER X Ronald Ducas BUYER _____
(Print name) (Print name)
(Address) _____

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

30. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

☐ (If checked) SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form CO) DATED: _____
Date _____ Date _____
SELLER X Don Palmer SELLER _____
(Print name) (Print name)
(Address) _____

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

(Initials) _____ CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____ AM/PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement. It is solely intended to evidence the date that Confirmation of Acceptance has occurred.

REAL ESTATE BROKERS:

A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.
B. Agency relationships are confirmed as stated in paragraph 2.
C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.
D. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS; or (ii) ☐ (If checked) the amount specified in a separate written agreement (C.A.R. Form COB) between Listing Broker and Cooperating Broker. Declaration of Licensee and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be completed or that an exemption exists.

Real Estate Broker (Selling Firm) Don Palmer DRE Lic. # 01892882
By Don Palmer Date 10-10-2011
Address 3501 E. Ramon Rd City Palm Springs State CA Zip 92264
Telephone (760) 822-3962 Fax (760) 822-3974 E-mail don@palspringshomesandleasing.com

Real Estate Broker (Listing Firm) Mary Nimocks DRE Lic. # 020580178
By Mary Nimocks Date Oct 4, 2011
Address 5924 Mojave Pkwy City Long Beach State CA Zip 90803
Telephone (562) 212-1672 Fax (562) 222-7922 E-mail marynimocks@yahoo.com

ESCROW HOLDER ACKNOWLEDGMENT:
Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ _____), counter offer numbered _____, ☐ Seller's Statement of Information and ☐ Other _____, and agrees to act as Escrow Holder subject to paragraph 24 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions if any.
Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is _____
Escrow Holder _____ Escrow # _____
By _____ Date _____
Address _____
Phone/Fax/E-mail _____
Escrow Holder is licensed by the California Department of ☐ Corporations, ☐ Insurance, ☐ Real Estate, License # _____

PRESENTATION OF OFFER: (_____) Listing Broker presented this offer to Seller on _____ (date).
Broker or Designee Initials _____

REJECTION OF OFFER: (_____) No counter offer is being made. This offer was rejected by Seller on _____ (date).
Seller's Initials _____

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.
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REVISION DATE 4/10

Reviewed by _____
Broker or Designee _____ Date _____

REVISION DATE 4/10 CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT (RPA-CA PAGE 8 OF 8) Ducas



CALIFORNIA
ASSOCIATION
OF REALTORS®

COUNTER OFFER No. 001

For use by Seller or Buyer. May be used for Multiple Counter Offer.
(C.A.R. Form CO, Revised 11/10)

Date October 5, 2011

This is a counter offer to the: ☒ California Residential Purchase Agreement, ☐ Counter Offer, or ☐ Other ("Offer").
dated October 4, 2011, on property known as 222 N. Calle El Segundo #528 ("Property").
between Glenn Ronald Ducet ("Buyer") and
CCM Real Estate ("Seller").

1. TERMS: The terms and conditions of the above referenced document are accepted subject to the following:
- A. Paragraphs in the Offer that require initials by all parties, but are not initialed by all parties, are excluded from the final agreement unless specifically referenced for inclusion in paragraph 1C of this or another Counter Offer.
- B. Unless otherwise agreed in writing, down payment and loan amount(s) will be adjusted in the same proportion as in the original Offer.
- C. 1. Purchase price to be \$75,000.00

D. The following attached addenda are incorporated into this Counter Offer: ☐ Addendum No. _____

2. RIGHT TO ACCEPT OTHER OFFERS: If this is a Seller Counter Offer, (i) Seller has the right to continue to offer the Property for sale or for another transaction, and to accept any other offer at any time prior to Acceptance, as described in paragraph 3 and (ii) Seller's acceptance of another offer prior to Buyer's Acceptance of this Counter Offer, shall revoke this Counter Offer.
3. EXPIRATION: This Counter Offer shall be deemed revoked and the deposits, if any, shall be returned unless this Counter Offer is signed by the Buyer or Seller to whom it is sent and a Copy of the signed Counter Offer is personally received by the person making this Counter Offer or by _____, who is authorized to receive it, by 5:00 PM on the third Day After the later date specified in paragraph 5 or, (if checked) by ☐ AM ☐ PM. This Counter Offer may be executed in counterparts.

4. ☐ (If checked:) MULTIPLE COUNTER OFFER: Seller is making a Counter Offer(s) to another prospective buyer(s) on terms that may or may not be the same as in this Counter Offer. Acceptance of this Counter Offer by Buyer shall not be binding unless and until it is subsequently re-Signed by Seller in paragraph 7 below and a Copy of the Counter Offer Signed in paragraph 7 is personally received by Buyer or by _____, who is authorized to receive it, by 5:00 PM on the third Day After the later date specified in paragraph 5 or, (if checked) by ☐ AM ☐ PM. Prior to the completion of all of these events, Buyer and Seller shall have no duties or obligations for the purchase or sale of the Property. NOTE TO SELLER: Sign and date in paragraph 5 to make this Counter Offer.

5. OFFER: ☐ BUYER OR ☒ SELLER MAKES THIS COUNTER OFFER ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY.

Date 10/5/11
Date _____

6. ACCEPTANCE: I/we accept the above Counter Offer (if checked ☐ SUBJECT TO THE ATTACHED COUNTER OFFER) and acknowledge receipt of a Copy.

Date 10/6/2011 Time 1:25 ☐ AM ☒ PM
Date _____ Time _____ ☐ AM ☐ PM

7. MULTIPLE COUNTER OFFER SIGNATURE LINE: By signing below, Seller accepts this Multiple Counter Offer. NOTE TO SELLER: Do NOT sign in this box until after Buyer signs in paragraph 6. (Paragraph 7 applies only if paragraph 4 is checked.)

Date _____ Time _____ ☐ AM ☐ PM
Date _____ Time _____ ☐ AM ☐ PM

(Initials) Confirmation of Acceptance: A Copy of Signed Acceptance was personally received by the maker of the Counter Offer, or that person's authorized agent as specified in paragraph 3 (or, if this is a Multiple Counter Offer, the Buyer or Buyer's authorized agent as specified in paragraph 4) on (date) October 6, 2011 at 4:00 ☐ AM ☒ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by the the maker of the Counter Offer, or that person's authorized agent (or, if this is a Multiple Counter Offer, the Buyer or Buyer's authorized agent) whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; It is solely intended to evidence the date that Acceptance has occurred.

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Reviewed by _____ Date _____



CO REVISED 11/10 (PAGE 1 OF 1)

COUNTER OFFER (CO PAGE 1 OF 1)

Agent: Dean Farmer Phone: 910-812-3361 Fax: 760-832-8874 Prepared using zipForm® software
Broker: Palm Springs Homes and Leasing 3501 E Ramon Avenue Palm Springs, CA 92264



CALIFORNIA
ASSOCIATION
OF REALTORS®

REQUEST FOR REPAIR No. One
(Or Other Corrective Action)
(C.A.R. Form RR, Revised 4/09)

In accordance with the terms and conditions of the: ☒ California Residential Purchase Agreement or ☐ Other _____
("Agreement"), dated October 4, 2011
on property known as 222 W. Calle El Segundo #528, Palmdale, CA 92262
("Property"), between Glenn Ronald Ducat ("Buyer"),
and CNM Real Estate ("Seller").

1. BUYER REQUEST:

- A. (i) ☐ Buyer requests that Seller, prior to final verification of condition, repair or take the other specified action for each item listed below, or if checked, ☐ on the attached list dated _____:

SEE HEALTH AND SAFETY ISSUES BELOW

- (ii) ☒ Buyer requests that Seller credit Buyer \$ 500.00 at Close of Escrow.
Water htr is not stopped, toilet tank leaks, bathroom hot faucet is inoperable, leak under lav sink, tub/shower stoppers inoperable, garbage disposal very noisy, no GFI in kitchen, no CO2 Det.

- B. A copy of the following inspection or other report is attached.

☐ _____
Buyer X Glenn Ronald Ducat Date 10/21/2011
Buyer _____ Date _____

2. SELLER RESPONSE TO BUYER REQUEST:

- A. If Buyer agrees to (i) remove in writing the contingency(ies) identified on the attached Contingency Removal form (C.A.R. Form CR No. _____), and (ii) release Seller and Brokers from any loss, liability, expense, claim or cause of action regarding the disclosed condition of the Property (Release), (Check all that apply):

- (i) ☐ Seller agrees to all of Buyer's requests in 1A above.

- (ii) ☒ Seller agrees to all of Buyer's requests in 1A above, except:

BUYER TO INSTALL CO2 DETECTOR

- (iii) ☐ Seller agrees, at Close of Escrow, to credit Buyer \$ _____

OR B. ☐ Seller does not agree to any of Buyer's requests.

OR C. ☐ Other _____

Seller X CNM Real Estate Date 10/25/11
Seller _____ Date _____

3. BUYER REPLY TO SELLER RESPONSE:

- A. ☐ Buyer accepts Seller's response, withdraws all requests for items and credits that Seller has not agreed to, and both removes the contingency(ies) identified on the attached C.A.R. Form CR and agrees to the Release identified in 2A above.

- B. ☐ Buyer withdraws the request in 1A above, and makes a new request as specified in the attached Request for Repair No. _____

Buyer X Glenn Ronald Ducat Date _____
Buyer _____ Date _____

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Reviewed by _____ Date _____



RR REVISED 4/09 (PAGE 1 OF 1)

REQUEST FOR REPAIR (RR PAGE 1 OF 1)

Agent: Mary Nimocks Phone: 562.212.1877 Fax: 562.222.7922 Prepared using zipForm® software
Broker: Sandpiper Properties 5924 E Naples Pk Long Beach, CA 90803



CALIFORNIA
ASSOCIATION
OF REALTORS®

CONTINGENCY REMOVAL No. 001

(C.A.R. Form Revised CR, 04/10)

In accordance with the terms and conditions of the: ☒ California Residential Purchase Agreement (C.A.R. Form RPA-CA), or
☐ Residential Income Property Purchase Agreement (C.A.R. Form RIPA), or ☐ Commercial Property Purchase Agreement (C.A.R.
Form CPA), or ☐ Vacant Land Purchase Agreement (C.A.R. Form VLP) or ☐ Other

("Agreement"), dated October 6, 2011, on property known as
222 N. Calle El Segundo #528, Palm Springs CA 92262 ("Property"),
between Glenn Ronald Ducat, ("Buyer")
and CWM Real Estate, ("Seller").

A. **BUYER REMOVAL OF BUYER CONTINGENCIES:** Buyer removes those contingencies specified below. With respect to any
contingency and cancellation right that Buyer removes, unless otherwise specified in a separate written agreement between Buyer
and Seller (such as C.A.R. Form RR), as applicable, Buyer shall conclusively be deemed to have: (i) completed all Buyer
Investigations and review of reports and other applicable information and disclosures; (ii) elected to proceed with the transaction;
and (iii) assumed all liability, responsibility and, expense, if any, for Repairs, corrections, or for the inability to obtain financing.

1. **ONLY the following individually checked Buyer contingencies are removed:**

- A. ☐ Loan (Paragraph 3H) (NOTE: Removing the loan contingency also removes the appraisal contingency unless the
appraisal contingency is separately selected in the Agreement.)
B. ☐ Appraisal (Paragraph 3I)
C. ☐ Reports/Disclosures (Paragraphs 4 and 6)
D. ☐ Condominium/Planned Development (HOA or OA) Disclosures (Paragraph 7B)
E. ☐ Buyer's Investigation, including insurability (Paragraph 10)
F. ☐ Title: Preliminary Report (Paragraph 12)
G. ☐ Sale of Buyer's Property (Paragraph 13)
H. ☐
I. ☐
J. ☐

OR 2. ☐ **ALL Buyer contingencies are removed, EXCEPT:** ☐ Loan Contingency (Paragraph 3H); ☐ Appraisal Contingency
(Paragraph 3I); (NOTE: Unless separately selected in the Agreement, the appraisal contingency is removed when the loan
contingency is removed); ☐ Contingency for the Sale of Buyer's Property (C.A.R. Form COP) (Paragraph 13); ☐ Condominium/
Planned Development (HOA) Disclosures (Paragraph 7B);
☐ Other

3. ☒ **BUYER HEREBY REMOVES ANY AND ALL BUYER CONTINGENCIES.**

NOTE: Paragraph numbers refer to the California Residential Purchase Agreement (C.A.R. Form RPA-CA). Applicable paragraph numbers for each
contingency or contractual action in other C.A.R. contracts are found in Contract Paragraph Matrix (C.A.R. Form CPM).

Once all contingencies are removed, whether or not Buyer has satisfied him/herself regarding all contingencies or received any information
relating to those contingencies, Buyer may not be entitled to a return of Buyer's deposit if Buyer does not close escrow. This could happen
even if, for example, Buyer does not approve of some aspect of the Property or lender does not approve Buyer's loan.

Glenn Ronald Ducat
Buyer Glenn Ronald Ducat

Date 10/26/2011

Buyer

Date

B. **SELLER REMOVAL OF SELLER CONTINGENCIES:** Seller hereby removes the following Seller contingencies: ☐ Contingency for
Seller's purchase of replacement property (C.A.R. Form COP); ☐ Other

CWM Real Estate
Seller CWM Real Estate

Date

Seller

Date

(/ /) (Initials) **CONFIRMATION OF RECEIPT:** A copy of this signed Contingency Removal was personally
received by ☐ Buyer ☐ Seller or authorized agent on _____ (date), at _____ ☐ AM/ ☐ PM.

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CR REVISED 04/10 (PAGE 1 OF 1)

CONTINGENCY REMOVAL (CR PAGE 1 OF 1)

Agent: Dean Farmer

Phone: 510-812-3361

Fax: 760-832-9974

Prepared using zipForm® software

Broker: Palm Springs Homes and Leasing 3501 E Ramon Avenue Palm Springs, CA 92264

EXHIBIT 2

ADDENDUM TO CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS ADDENDUM TO CALIFORNIA RESIDENTIAL PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("**Addendum**"), dated November __, 2011, is entered into by and between Glenn R. Ducat, TTEE ("**Buyer**") and Thomas Hebrank, as "**Receiver**" for Copeland Wealth Management, a Real Estate Corporation ("**Seller**").

RECITALS:

WHEREAS, Seller and Buyer have entered into that certain California Residential Purchase Agreement and Joint Escrow Instructions dated as of October 4, 2011 (the "**Original Purchase Agreement**"), whereby Seller agreed to sell to Buyer certain real property (the "**Property**") located at 222 North Calle El Segundo #528, Palm Springs, California 92262, as the Property is more particularly described in the Original Purchase Agreement. The Original Purchase Agreement was subsequently amended by (i) that certain Counter Offer No. 1 dated as of October 5, 2011 ("**Counteroffer**"), (ii) that certain Request for Repair No. 1 last signed by Buyer on October 26, 2011 ("**Request for Repair**") and (iii) that certain Contingency Removal No. 1 dated October 26, 2011 ("**Contingency Removal**"). The Original Purchase Agreement, as amended by the Counteroffer, the Request for Repair and the Contingency Removal may be referred to herein as the "**Purchase Agreement**." Seller was incorrectly referred to in the Purchase Agreement as CWM Real Estate instead of more accurately as Copeland Wealth Management, a Real Estate Corporation; and

WHEREAS, Seller and Buyer desire to enter into this Addendum to modify the Purchase Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, Buyer and Seller hereby agrees as follows:

TERMS:

1. **Defined Terms.** Any term or phrase capitalized but not defined in this Addendum shall have the meaning given to such term or phrase in the Original Purchase Agreement.

2. **Condition Precedent to Closing.** It shall be a condition to Seller's obligation to close the transaction contemplated by the Purchase Agreement that the United States District Court for the Central District of California has entered an order authorizing the Receiver to proceed with the sale of the Property as set forth in the Purchase Agreement as amended by this Addendum ("**District Court Authorization**"). If the District Court Authorization has not occurred on or before December 31, 2011, then Seller or Buyer may thereafter elect to terminate the Purchase Agreement at any time prior to the occurrence of the District Court Authorization. Notwithstanding anything to the contrary in the Purchase Agreement, the Close of Escrow shall occur within three (3) business days following the District Court Authorization.

3. **As-Is.** Prior to the Close of Escrow, Seller shall replace the smoke detectors in the Property and brace the water heater at the Property (collectively, "**Seller's Work**"). AS A MATERIAL PART OF THE CONSIDERATION FOR SELLER ENTERING INTO THIS ADDENDUM AND NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PURCHASE AGREEMENT, EXCEPT FOR THE COMPLETION OF SELLER'S WORK, BUYER AGREES TO ACCEPT THE PROPERTY ON AN "AS IS" AND "WHERE IS" BASIS, WITH ALL FAULTS AND WITHOUT REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY TYPE, KIND, CHARACTER OR NATURE, AND WITHOUT RECOURSE OF ANY NATURE TO SELLER. THE PROVISIONS OF THIS PARAGRAPH SHALL SURVIVE INDEFINITELY ANY CLOSING OR TERMINATION OF THE PURCHASE AGREEMENT AND SHALL NOT BE MERGED INTO ANY DOCUMENTS, EXECUTED OR DELIVERED AT CLOSING.

4. Miscellaneous. This Addendum may be executed in counterparts and signatures may be exchanged by electronic mail or facsimile. Except as set forth in this Addendum, the Purchase Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, Seller and Buyer have executed this Addendum as of the date set forth above.

"BUYER"

"SELLER"

THOMAS HEBRANK,
AS RECEIVER FOR COPELAND WEALTH
MANAGEMENT, A REAL ESTATE CORPORATION


GLENN R. DUCAT, TTEE

By: _____

Name: Thomas Hebrank

Title: Receiver

4. Miscellaneous. This Addendum may be executed in counterparts and signatures may be exchanged by electronic mail or facsimile. Except as set forth in this Addendum, the Purchase Agreement remains unmodified and in full force and effect.

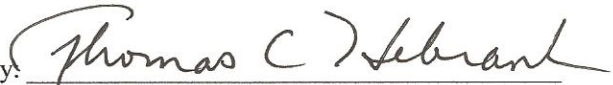
IN WITNESS WHEREOF, Seller and Buyer have executed this Addendum as of the date set forth above.

"BUYER"

GLENN R. DUCAT, TTEE

"SELLER"

THOMAS HEBRANK,
AS RECEIVER FOR COPELAND WEALTH
MANAGEMENT, A REAL ESTATE CORPORATION

By: 
Name: Thomas Hebrank
Title: Receiver