

AGREEMENT OF PURCHASE AND SALE AND ESCROW INSTRUCTIONS

THIS AGREEMENT OF PURCHASE AND SALE AND ESCROW INSTRUCTIONS ("**Agreement**"), dated for reference purposes as of September __, 2011, is made by and between UCP East Garrison LLC, a Delaware limited liability company ("**Seller**"), and Marina Coast Water District ("**MCWD**" or "**Buyer**"), who agree as follows:

ARTICLE I. INTRODUCTORY MATTERS

1.1 Seller is the owner of that certain real property located in the County of Monterey, State of California, commonly known as the East Garrison Property. Buyer wishes to purchase a small portion of Seller's property and as more particularly described in Exhibit "A" attached hereto (the "Purchase Property").

1.2 MCWD is a County Water District organized and existing under the County Water District Law, sections 30000 et seq. of the California Water Code. With the closure of the Fort Ord military base in 1997, the Army contracted with MCWD to operate its water and wastewater systems and, in 2001, officially transferred the systems to MCWD.

1.3 MCWD is interested in purchasing the Purchase Property, including, to the extent applicable, all land and improvements located on, above, and below the surface of the land, and including all rights, easements, rights-of-way, entitlements, water rights and appurtenances in connection with the land for the purpose of installing, maintaining and operating a well lot and water collection, treatment, storage and distribution system. The improvements contemplated by MCWD are identified hereto as Exhibit "B".

1.3.1 Buyer's Acceptance of Current Condition of Purchase Property. Buyer understands that Purchase Property is not fully improved or fully entitled and that Seller is not the original owner, subdivider or developer of the Purchase Property. During Buyer's feasibility period, Buyer will satisfy itself as to all aspect of the Purchase Property, including but not limited to the status of the land development improvements and the entitlement status. Buyer will be solely responsible for the installation of any and all remaining land development, all map fees and other fees and to acquire any and all remaining entitlements such that a water distribution system or well site can be developed on the Purchase Property.

1.4 For no additional consideration, at close of escrow, Seller will grant Buyer a non-exclusive Underground Utility Easement for ingress, egress and the placement of Buyer's 16 and 24 inch water mains up Watkins Gate Road, together with a temporary, non-exclusive construction easement for use in the initial installation and construction of the water mains and subsequent repair or replacement of the pipelines, as needed, the location of which is more particularly identified in the attached Exhibit "C" (collectively "Underground Utility Easement"). Seller shall grant Buyer the Underground Utility Easement at the Close of Escrow by recording an easement deed in the form attached hereto as Exhibit "E" ("Easement Deed").

1.5 Seller is willing to sell the Purchase Property and grant the Underground Utility Easement to Buyer, subject to the terms and conditions as outlined herein.

1.6. Purpose. The purpose of this Agreement is to set forth the terms and conditions of the purchase and sale of the Purchase Property and Seller's and Buyer's rights and obligations in connection therewith.

1.7. Definitions. Capitalized terms used in this Agreement shall have the meanings ascribed to them by the section in which such term is defined. This Agreement includes all exhibits, schedules and other attachments as well as any other documents referred to herein.

1.8. Effective Date. For purposes hereof, the term “**Effective Date**” shall mean the date that the Acceptance by Escrow Holder is delivered to Buyer and Seller evidencing that this Agreement has been executed by Buyer and Seller and a signed copy of this Agreement has been delivered to First American Title Company, 6681 Owens Drive, Pleasanton, CA 94588 attention Michelle Chan (“**Escrow Holder**” and “**Title Company**”). Upon such receipt, Escrow Holder shall execute and deliver to Buyer and Seller the Acceptance by Escrow Holder in the form attached hereto.

ARTICLE II. PURCHASE AND SALE

2.1. Purchase and Sale. Seller shall sell the Purchase Property to Buyer, and Buyer shall purchase the Purchase Property from Seller on the terms and conditions specified in this Agreement.

2.2. Purchase Price. The Total “**Purchase Price**” for the Purchase Property is One Hundred Dollars (\$100.00). In addition to the Purchase price, Buyer agrees to provide Seller with the following concessions, which will be part of the Grant Deed that Buyer receives from Seller and which will run with the land.

2.2.1 Future Right of Way. The parties agree and understand that after the close of escrow, Seller or the County may require that part of the Purchase Property, depicted on the attached Exhibit “F” (“Dedication Area”), is given or dedicated for future road lane expansion. Buyer agrees that Seller will reserve for itself the potential to request future dedication of the Dedication Area if it is determined that a Right of Way is needed from a portion of the Purchase Property, provided, in no event shall Buyer be required to dedicate any portion of the Purchase Property other than the Dedication Area, without Buyer’s consent, which may be withheld in its sole and absolute discretion. Buyer understands and agrees that if a future dedication of the Dedication Area is needed or requested, Buyer will make such dedication at no cost or expense to Seller.

2.2.2. Buyer agrees that all of Buyer’s power Utilities to, through and on the Purchase Property will be underground. Specifically, there will be no overhead utilities on the Purchase Property or within 200 feet of the Purchase Property for utilities providing power to Buyer’s improvements.

2.2.3 Buyer covenants and warrants that all improvements, buildings, structures, landscaping or the like, shall be built, erected and maintained in attractive condition by Buyer. Buyer understands that the Purchase Property is located near the entrance of Seller's subdivision and Buyer agrees to use its best efforts to landscape the Purchase Property in an effort to screen the improvements from view, without interfering with the use of the Purchase Property for water production, treatment, and storage and distribution purposes. Buyer shall, at its sole cost, keep the Purchase Property free of weeds and debris, and shall maintain, repair and, when necessary, replace all buildings and improvements in a good and workman like condition so as to comply with all minimum standards of the County and any other applicable governmental regulations.

2.2.4 At Close of Escrow, Seller will reserve from the Purchase Property a non-exclusive easement for ingress and egress and through traffic, over and across a portion of the Purchase Property, as set forth in the Grant Deed, until the ultimate Watkins Gate Road is built in its final configuration and fully accepted as a County road by the County of Monterey or any subsequent jurisdiction. Buyer understands that the County of Monterey will utilize this easement on an as needed basis.

2.2.5 Seller will grant to Buyer the Underground Utility Easement up the Watkins Gate Road by Easement Deed in the form attached hereto as Exhibit "E" as identified in the attached Exhibit "C". Buyer agrees that in the event Seller proposes to make improvements within the Underground Utility Easement that cannot reasonably be constructed in such a manner to avoid Buyer's in-place water pipelines and other facilities, Seller may request Buyer to relocate such water pipelines and other facilities and Buyer shall perform the necessary relocation at Buyer's sole cost and expense.

2.3. Payment of Purchase Price. The Purchase Price shall be paid as follows, subject to various prorations and adjustments as provided herein.

2.4. Deposit. Buyer shall make the deposit(s) as set forth in this Section 2.4:

2.4.1. Initial Deposit. Not later than three (3) business days following the Effective Date, Buyer shall deposit with Escrow Holder, in cash or other immediately available funds, the sum of One Hundred (\$100.00) (the "**Deposit**"). If Buyer fails to timely deliver the Deposit to Escrow Holder as provided herein, this Agreement shall immediately terminate and neither party shall have any further rights or obligations under this Agreement.

2.4.4. Refundability of Deposit. The Deposit shall be refundable to Buyer during Buyer's Feasibility Period as hereinafter described.

2.4.5. Nonrefundability; Application of Deposit. If Buyer delivers the Buyer's Approval Notice as stated in section 4.1.1(a), the **Deposit** in the amount of \$100.00 **shall be immediately disbursed by the Escrow Holder to Seller as payment of the Purchase Price**, and shall become nonrefundable, except in the event of a default by Seller or the failure of any of Buyer's Conditions to Close. If Escrow closes, the Deposit shall be applied to the Purchase Price. If any event occurs which entitles Buyer to a refund of the Deposit under the terms of this Agreement, Seller agrees to return the

Deposit immediately to Buyer and to instruct the Escrow Holder in writing to return the Deposit immediately to Buyer.

2.5. LIQUIDATED DAMAGES. IF AFTER BUYER'S DELIVERY OF THE BUYER'S APPROVAL NOTICE ON OR PRIOR TO THE END OF FEASIBILITY, BUYER FAILS TO COMPLETE THE PURCHASE PROVIDED FOR IN THIS AGREEMENT BY REASON OF THE DEFAULT OF BUYER HEREUNDER, THEN SELLER SHALL BE RELEASED FROM SELLER'S OBLIGATION TO SELL THE PURCHASE PROPERTY TO BUYER. BY INITIALING THIS SECTION 2.5, BUYER AND SELLER AGREE THAT IN EVENT THAT IF AFTER BUYER'S DELIVERY OF THE BUYER'S APPROVAL NOTICE ON OR PRIOR TO THE END OF FEASIBILITY ESCROW FAILS TO CLOSE DUE TO OF SUCH DEFAULT BY BUYER (1) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES; (2) AN AMOUNT EQUAL TO THE DEPOSIT MADE BY BUYER PURSUANT TO SECTION 2.4 OF THIS AGREEMENT IS A FAIR AND REASONABLE ESTIMATE OF SUCH DAMAGES AND SHALL CONSTITUTE LIQUIDATED DAMAGES PAYABLE TO SELLER; (3) THE PAYMENT OF THE DEPOSIT AS LIQUIDATED DAMAGES TO SELLER SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY OF SELLER AT LAW OR IN EQUITY, AND SELLER WAIVES ALL OTHER CLAIMS, DAMAGES AND OTHER REMEDIES AGAINST BUYER, INCLUDING, WITHOUT LIMITATION, ANY RIGHT TO SPECIFIC PERFORMANCE; (4) SELLER MAY RETAIN THAT PAYMENT ON ACCOUNT OF THE PURCHASE PRICE FOR THE PURCHASE PROPERTY AS LIQUIDATED DAMAGES; AND (5) PAYMENT OF THE DEPOSIT TO SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE.

Seller

Seller

Buyer

2.6. Assignment of Fee Credits and Reimbursements. No fee credits or reimbursements will be assigned to Buyer.

2.7. Maintenance of Purchase Property During Escrow Period. Buyer shall be responsible at Buyer's sole cost and expense to maintain the condition of the Purchase Property in good condition up and through the final close of escrow as contemplated herein.

ARTICLE III. ESCROW

3.1. Opening. The purchase and sale of the Purchase Property shall be consummated through an escrow (the "Escrow") opened with Escrow Holder.

3.2. Instructions. This Agreement constitutes escrow instructions to Escrow Holder. Any supplemental escrow instructions given to Escrow Holder shall be consistent with the terms of this Agreement and shall provide that, as between the parties, the terms of this Agreement shall prevail if there is any inconsistency.

3.3. Close of Escrow. "**Closing**" or the "**Close of Escrow**" shall mean the date upon which the Grant Deed has been recorded with the county recorder.

3.3.1. Closing Date. Provided that Buyer approves the Feasibility Matters by timely delivering the Feasibility Approval Notice in accordance with Section 4.1, below, the Close of Escrow (the "**Closing**") for the Property shall occur on or before October 21, 2011. Such date is referred to herein as the "**Closing Date.**"

3.3.2. Allocation of Costs. Charges and expenses incurred in the Escrow are to be borne by the parties as follows:

- (a) Seller's Costs. Seller shall bear NO cost of escrow and title.
- (b) Buyer's Costs. Buyer shall bear ALL costs of escrow and title.
- (c) Miscellaneous Costs. All other fees and miscellaneous costs not specifically allocated above shall be borne by the Buyer. Each party shall pay its own attorneys' fees.

3.4. Prorations and Adjustments. Nondelinquent real property taxes and assessments (collectively, "**Taxes and Assessments**") shall be prorated as of the Closing. Prorations for Taxes and Assessments shall be based upon the latest available tax bills. With respect to any prorations based on estimates rather than bills for the period covered by the proration, if and when the actual bill for the tax, assessment or other charge related thereto is finally issued by the appropriate agency, the parties shall adjust said proration, as necessary, within thirty (30) calendar days of such bill becoming available, based on such final billing. The party owing reimbursement following any such adjustment shall make full payment within thirty (30) calendar days following the date written notice containing the basis for the adjustment and the amount due is sent by the other party.

3.5. Deliveries to Escrow by Seller. Prior to Closing, Seller shall deliver into Escrow the following items to be delivered and/or recorded at Closing:

3.5.1. Grant Deed and Easement Deed. A duly executed and acknowledged grant deed for the Purchase Property in the form attached hereto as Exhibit "D" (the "**Grant Deed**") and a duly executed and acknowledged Easement Deed for the Underground Utility Easement in the form attached hereto as Exhibit "E."

3.5.2. Nonforeign Certification. A sworn affidavit stating under penalty of perjury that Seller is not a "foreign person" as such term is defined in Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or such other evidence as Buyer and Escrow Holder may require showing that Buyer is not required to withhold taxes from the Purchase Price under Section 1445(a) of the Code, and a Form 593-C signed by Seller to satisfy the requirements of California Revenue and Taxation Code Sections 18662 and 18668.

3.5.3. A certificate (the "**Withholding Certificate**") duly and validly executed by Seller in favor of Buyer as required under California Revenue and Taxation Code Sections 18805 and 26131;

3.5.4. Such proof of Seller's authority and authorization to enter into this Agreement and the transactions contemplated hereby, and such proof of the power and authority of the individual(s) executing and/or delivering any instruments, documents or certificates on behalf of Seller to act for and bind Seller as may be reasonably required by the Title Company;

3.5.5. Miscellaneous. Such other documents and instructions as may be reasonably required by the Escrow Holder in order to close Escrow in accordance with the terms of this Agreement.

3.6. Deliveries to Escrow by Buyer. Prior to Closing, Buyer shall deliver into Escrow the following items to be delivered and/or recorded at such Closing:

3.6.1. Purchase Price. The Purchase Price as set forth in section 2.4 above.

3.6.2. Grant Deed. A duly executed and acknowledged grant deed for the Purchase Property in the form attached hereto as Exhibit "D" (the "**Grant Deed**").

3.6.3. Miscellaneous. Such other documents and instructions as may be reasonably required by the Escrow Holder in order to close Escrow in accordance with the terms of this Agreement.

ARTICLE IV. CONDITIONS TO CLOSE OF ESCROW

4.1. Buyer's Conditions to Close of Escrow. Buyer's obligation to purchase the Purchase Property and close Escrow is subject to the fulfillment of each and every one of the conditions in this Section 4.1. Except where a different time period is specifically set forth, satisfaction of each condition shall occur no later than the Close of Escrow. If any of such conditions are not satisfied or waived by Buyer by the date for satisfaction, then so long as Buyer is not in default, Buyer, as Buyer's sole remedy, shall have the right to terminate this Agreement by giving written notice to Seller, upon such termination Escrow Holder shall promptly return the Deposit to Buyer, and upon such return of the Deposit, the parties shall have no further obligation to each other (other than such obligations that expressly survive the termination of this Agreement).

4.1.1. Feasibility. During the period that the provisions of this Agreement were being negotiated, Buyer has had the right to conduct such investigations, studies and examinations with respect to the Purchase Property and such other matters as Buyer, in its sole and absolute discretion, deems appropriate. Buyer shall continue to have the right to conduct such investigations, studies and examinations with respect to the Purchase Property and such other matters as Buyer, in its sole and absolute discretion, deems appropriate (provided, however, Buyer shall not perform any invasive testing on the Purchase Property without Seller's prior written consent). Feasibility issues shall include all issues which Buyer determines to be relevant and material to its determination to

purchase the Purchase Property, including, without limitation, political, planning, zoning and entitlement matters, geology, environmental, economic and marketing issues. Buyer agrees that it will not perform or conduct any building, drilling, grading, or other development on the Purchase Property until after the close of escrow.

(a) Feasibility Period. Buyer shall have twenty-five (25) days from the Effective Date (the “**Feasibility Period**” or “**End of Feasibility**”), to give written notice (“**Buyer’s Approval Notice**”) to Seller that Buyer wishes to proceed with this transaction. If Buyer fails to timely deliver the Buyer’s Approval Notice to Seller for any reason or for no reason, then this Agreement shall automatically terminate, the Deposit shall be returned to Buyer and the parties shall have no further obligation to each other.

(b) Documents and Materials. To the extent such documents and materials exist and are in Seller’s possession, Seller has and will continue to provide Buyer copies of certain studies, reports, agreements, documents, plans, permits and entitlements pertinent to the Purchase Property and its improvement and development (the “**Documents and Materials**”). Upon any termination of this Agreement, Buyer shall return the Documents and Materials to Seller. In no event shall the Documents and Materials include internal memoranda, correspondence, analyses or any other documents that Seller in good faith deems confidential or proprietary information. Seller shall promptly provide, upon Buyer’s reasonable request, additional Documents and Materials in Seller’s possession or under Seller’s control. Seller makes no representation concerning the adequacy or accuracy of any of the Documents and Materials.

4.1.2. Title; Title Policy.

(a) Title and Title Insurance. Within five (5) days of the Effective Date, Seller will cause the Title Company to issue and deliver to Buyer a preliminary report for a CLTA standard coverage policy for the Purchase Properties, setting forth matters affecting Seller’s title to the Purchase Properties together with copies of all documents relating to title exceptions referred to in the preliminary report (“**Preliminary Report**”). At the Close of Escrow, Seller shall cause title to the Purchase Property to be delivered subject only to Conditions of Title (defined below). At the Close of Escrow, Seller shall cause a CLTA standard coverage policy of title insurance (or at Buyer’s election an ALTA extended coverage policy) to be issued to Buyer listing only Conditions of Title as exceptions, with liability in the amount of the Purchase Price for the Purchase Property (“**Buyer’s Title Policy**”). The cost of the premium for Buyer’s Title Policy shall be paid by Buyer as set forth in section 3.3.2. Buyer may elect to obtain an ALTA extended coverage title policy for the Purchase Property at Closing, provided no delay to the Closing Date results from Buyer’s election.

(b) Buyer’s Title Notice. Buyer shall have fifteen (15) days from the Effective Date to inform Seller (“**Buyer’s Title Notice**”) of Buyer’s approval or disapproval of every item or exception set forth in the Preliminary Report (and, if

Buyer orders a survey, in such survey). Buyer's failure to timely give the Buyer's Title Notice shall be deemed to be Buyer's approval of title to the Purchase Property. Notwithstanding anything herein to the contrary, Buyer shall automatically be deemed to object to, and Seller shall automatically be deemed to agree to remove all delinquent assessments and taxes and all other monetary liens (other than non-delinquent real property taxes or assessments and monetary liens caused by Buyer) affecting the Purchase Property.

In the event that the Buyer's Title Notice disapproves or is deemed to disapprove of any item or exception or title to the Purchase Property, Seller shall have Ten (10) calendar days after such written notice to give Buyer written notice ("**Seller's Title Notice**") of those disapproved title matters, if any, which Seller is willing or able to remove by the Closing. If Seller agrees to remove any such title matters in Seller's Title Notice, then Seller shall remove such title matters prior to the Close of Escrow. Seller's failure to timely give the Seller's Title Notice shall be deemed to be Seller's refusal to remove all items objected to in Buyer's Title Notice. If Seller's Title Notice refuses or is deemed as a refusal to remove the items disapproved in Buyer's Title Notice, Buyer shall have until the End of Feasibility to give Seller written notice ("**Buyer's Title Waiver Notice**") that Buyer waives its prior disapproval with respect to all items that Seller has refused to remove. Buyer's giving of Buyer's Approval Notice shall be deemed to be the giving of Buyer's Title Waiver Notice. If, prior to the End of Feasibility, Buyer fails to timely give or is not deemed to have given the Buyer's Title Waiver Notice, this Agreement shall terminate, Seller or Escrow Holder shall immediately return to Buyer the Deposit, and, except as otherwise provided in this Agreement, the parties shall have no further obligations to each other.

(c) Seller's Obligation to Remove. Seller shall have until the Close of Escrow to discharge, satisfy, release or terminate of record in a manner reasonably satisfactory to Buyer and Escrow Holder those matters that Seller is required to remove pursuant to Section 4.1.2(b). Exceptions that are approved by Buyer pursuant to Section 4.1.2(b) above are called the "**Approved Exceptions.**"

(d) Condition of Title at Close. Seller shall cause title to the Purchase Property to be conveyed to Buyer by Grant Deed subject only to matters ("**Conditions of Title**") consisting of (1) nondelinquent real property taxes and assessments encumbering the Purchase Property, (2) Approved Exceptions, and (3) such other exceptions as may be created by Seller with Buyer's prior written approval, and shall cause the Escrow Holder's underwriter to issue the Buyer's Title Policy with respect to the Purchase Property to Buyer at Close of Escrow.

4.1.3. Seller's Performance. Seller shall have timely performed all of its material obligations under this Agreement.

4.1.4. Representations and Warranties True. Each and every one of Seller's representations and warranties contained in this Agreement shall be true and correct in every material respect as of the Effective Date of this Agreement and as of the Close of

Escrow.

4.1.5. Condition of the Purchase Property. No material adverse change shall have occurred in the condition of the Purchase Property from and after the End of Feasibility; provided, however, such adverse change shall not be deemed a default by Seller unless such change was caused by the gross negligence or willful misconduct of Seller.

4.2. Seller's Conditions to Close of Escrow. Seller's obligation to sell the Purchase Property and to close Escrow is subject to the fulfillment of each and every one of the conditions in this Section 4.2. Except where a different time period is specifically set forth, satisfaction of each condition shall occur no later than Close of Escrow. If any of such conditions are not satisfied or waived by Seller by the date for satisfaction, then Seller shall have the right to terminate this Agreement by giving written notice to Buyer, in which case the parties shall have no further obligations to each other (except for such obligations that expressly survive the termination).

4.2.1. Buyer's Performance. Buyer shall have timely performed all of its material obligations under this Agreement.

4.2.2. Representations and Warranties True. Each and every one of Buyer's representations and warranties contained in this Agreement shall be true and correct in every material respect as of the Effective Date of this Agreement and as of the Close of Escrow.

4.2.3. Deposits. Buyer shall have timely paid the Deposit.

4.3. Right of Entry. Buyer and Buyer's employees, representatives contractors and authorized agents shall have the right to enter on the Purchase Property and Underground Utility Easement from the Effective Date to the Close of Escrow or the earlier termination of this Agreement, for construction mobilization, to undertake inspections and investigations and make such tests, surveys and other studies of the Purchase Property and Underground Utility Easement as Buyer deems appropriate (provided, however, Buyer shall not perform any invasive testing on the Purchase Property without Seller's prior written consent). Seller shall provide Buyer and Buyer's employees, representatives contractors and authorized agents with reasonable access to the Purchase Property and Underground Utility Easement at reasonable business hours for such purposes. Seller shall permit Buyer to contact any contractors or consultants who have performed any work or inspections relating to the Purchase Property. Prior to any entry upon the Purchase Property Buyer shall provide Seller with proof of commercial general liability insurance on an occurrence basis (CG 11-93 form including ISO 2010 11-85 or equivalent, if available) with limits not less than \$1,000,000 per occurrence for bodily injury or property damage and \$2,000,000 aggregate, and naming Seller as additional insured. Buyer shall bear the entire cost of all tests and studies performed by Buyer or at Buyer's direction. Buyer shall defend, indemnify and hold Seller and the Purchase Property harmless from any and all costs, expenses, claims, losses, liabilities and demands arising from the exercise of these rights referred to in this Section 4.3.. Notwithstanding anything to the contrary in this Agreement, the

indemnification obligations set forth in this section shall survive the termination of this Agreement.

ARTICLE V. DISCLAIMERS, REPRESENTATIONS AND WARRANTIES

5.1. Buyer's Acceptance of Property "As-Is

5.1.1. Disclaimer. BUYER ACKNOWLEDGES AND AGREES THAT (A) BUYER IS A SOPHISTICATED PURCHASER WHO IS FAMILIAR WITH THIS TYPE OF PROPERTY, (B) EXCEPT AS MAY BE EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER HAS NOT MADE ANY EXPRESS OR IMPLIED REPRESENTATIONS, WARRANTIES, GUARANTIES, PROMISES, STATEMENTS OR ASSURANCES WHATSOEVER, DIRECTLY OR THROUGH ANY AGENT, REPRESENTATIVE, BROKER, OFFICER, DIRECTOR, OR EMPLOYEE, WHETHER ORAL OR IN WRITING, AS TO THE CONDITION OF THE PURCHASE PROPERTY, THE SALE OF THE PURCHASE PROPERTY OR ANY OTHER MATTER, INCLUDING WITHOUT LIMITATION, THE PRESENCE OF HAZARDOUS MATERIALS, THE AVAILABILITY OF WATER RIGHTS TO SERVICE THE PURCHASE PROPERTY AND ITS DEVELOPMENT, OR ANY OTHER MATTER AND (C) BUYER HAS BEEN AND WILL BE AFFORDED THE OPPORTUNITY TO MAKE ANY AND ALL INSPECTIONS OF THE PURCHASE PROPERTY AND SUCH RELATED MATTERS AS BUYER MAY REASONABLY DESIRE .

5.1.2. Reports. Except to the extent of Seller's representations or warranties expressly set forth in this Agreement, Buyer acknowledges and agrees that, all materials, data and information delivered by Seller, or any agent or representative of Seller, in connection with the transaction contemplated hereby, including without limitation, the Documents and Materials, are provided to Buyer as a convenience only and that any reliance on or use of such materials, data or information by Buyer, except as otherwise expressly set forth in this Agreement, shall be at the sole risk of Buyer. Except to the extent of Seller's representations or warranties expressly set forth in this Agreement, Buyer acknowledges and agrees that Seller shall not have any liability to Buyer for any inaccuracy in, or omission from, any such reports. Except to the extent of Seller's covenants, representations and warranties expressly set forth in this Agreement, Buyer shall rely solely upon its own independent inspection, investigation and analysis of the Purchase Property in deciding whether to acquire the Purchase Property from Seller. Buyer further acknowledges that Seller has provided or will have provided Buyer with the opportunity to fully inspect the Purchase Property prior to the Closing Date. Except for Seller's representations or warranties expressly set forth in this Agreement, neither Seller nor its agents, representatives, brokers, managers, members, officers, directors, shareholders, or employees has made any representation or warranty regarding the accuracy, completeness or correctness of any of the material, data, or information provided to Buyer.

5.1.3. Property "As-Is. Except for Seller's representations or warranties

expressly set forth in this Agreement, Seller is selling, and Buyer is acquiring, the Purchase Property “as-is”, “with all faults”, and in its current physical condition, without any representations or warranties, express or implied, as to the nature or condition of or title to the Purchase Property, including without limitation, any representations or warranties concerning the physical condition or value of the Purchase Property, the condition of any improvements located on the Purchase Property, the suitability of the Purchase Property for Buyer’s intended use, the compliance with building or zoning codes, the presence or absence of any latent or patent condition, hazardous or otherwise, the availability of water rights for the Purchase Property or any other matters affecting the Purchase Property. Except for Seller’s representations or warranties expressly set forth in this Agreement, Buyer shall accept the Purchase Property at the Close of Escrow (in the event such Closing occurs) in its current “as-is” condition. Buyer also acknowledges that the purchase price reflects and takes into account that the Purchase Property is being sold “as-is”. Except as otherwise expressly set forth in this Agreement, Buyer has not relied and will not rely on, and Seller is not liable for or bound by, any express or implied representations, statements, agreements, warranties, guaranties, studies, plans, reports, descriptions, guidelines or other information or material furnished by Seller or its agents or representatives, whether oral or written.

5.1.4. Disclaimer. SUBJECT TO SELLER’S REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS AS TO THE PURCHASE PROPERTY: (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY; (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND (C) ANY IMPLIED WARRANTY WITH RESPECT TO THE CONDITION OF THE PURCHASE PROPERTY, OR THE USES PERMITTED ON, THE DEVELOPMENT REQUIREMENTS FOR, OR ANY OTHER MATTER OR THING RELATING TO THE PURCHASE PROPERTY.

5.1.5. Release. UPON CLOSING, EXCEPT (i) TO THE EXTENT OF SELLER’S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, OR (ii) FOR CLAIMS OF PERSONAL INJURY OR DEATH ARISING OR ACCRUING DURING SELLER’S OWNERSHIP OF THE PURCHASE PROPERTY, UNLESS ARISING FROM BUYER’S EXERCISE OF ITS RIGHTS UNDER SECTION 4.3, BUYER ASSUMES ALL RISK THAT ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS MAY NOT HAVE BEEN REVEALED BY BUYER’S INVESTIGATIONS, AND BUYER, UPON CLOSING, EXCEPT AS SET FORTH IN (i) AND (ii) ABOVE, AND TO THE GREATEST EXTENT ALLOWED BY LAW, SHALL BE DEEMED TO HAVE ABSOLUTELY AND UNCONDITIONALLY WAIVED, RELINQUISHED AND RELEASED SELLER AND SELLER’S MEMBERS AND MANAGERS (AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, TRUSTEES, BENEFICIARIES, EMPLOYEES AND AGENTS OF SELLER AND SELLER’S MEMBERS AND MANAGERS) (COLLECTIVELY “**RELEASED PARTIES**”) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEY’S FEES) OF ANY AND EVERY KIND OR

CHARACTER, KNOWN OR UNKNOWN, WHICH BUYER MIGHT HAVE ASSERTED OR ALLEGED AGAINST THE RELEASED PARTIES AT ANY TIME BY REASON OF OR ARISING OUT OF OR ASSOCIATED WITH THE PURCHASE PROPERTY, ANY IMPROVEMENTS THEREON OR PLANS WITH RESPECT THERETO, ANY LATENT OR PATENT DEFECTS OR THE PHYSICAL CONDITION OF THE PROPERTY, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR OTHER MATTERS REGARDING THE PURCHASE PROPERTY, INCLUDING WITHOUT LIMITATION, ALL OBLIGATIONS FOR OR PERTAINING TO THE EXISTENCE OF HAZARDOUS SUBSTANCES CONDITIONS AT, IN, ON, UNDER OR FROM THE PURCHASE PROPERTY ARISING UNDER OR BASED UPON ENVIRONMENTAL LAWS AND ANY OTHER FEDERAL, STATE, LOCAL OR FOREIGN LAWS OR REGULATIONS, OR COMMON LAW, WHETHER NOW OR HEREAFTER IN EFFECT, INCLUDING, WITHOUT LIMITATION, THOSE PROVISIONS OF LAW THAT EXCLUDE OR MAY EXCLUDE UNKNOWN OR UNSUSPECTED CLAIMS FROM A GENERAL RELEASE. THIS WAIVER AND RELEASE BY BUYER SPECIFICALLY, BUT WITHOUT LIMITATION, INCLUDES WITH RESPECT TO THE MATTERS RELEASED BY BUYER ABOVE BUYER'S WAIVER AND RELEASE OF ANY CLAIMS UNDER SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT 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.”

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO EACH AND EVERY PROVISION THEREOF.

BUYER'S INITIALS (_____)

5.1.6. Survival. The provisions of this Section 5.1 shall survive the Closing and the delivery of the deed.

5.2. Representations and Warranties in General.

5.2.1. Knowledge Representations. As used in this Agreement, warranties or representations of Seller modified by a phrase such as "to the best knowledge" or "to the knowledge" shall mean that the warranty or representation is given to the extent the subject matter is within the actual present knowledge of Jim Fletcher, who is the representative of Seller with the most knowledge about the Purchase Property. No knowledge of other persons shall be imputed, and there shall be no implication or duty of inquiry or investigation.

5.2.2. Restatement. Except as modified by the operation of Section 5.5, the representations made by Seller and Buyer shall be deemed to be restated by Seller and

Buyer, respectively, immediately prior to Close of Escrow. The representations, as restated, shall survive the applicable Close of Escrow for a period of six (6) months and any claims in connection therewith shall be made in writing within said six (6) month period.

5.2.3. Effect of Disclosures. The representations and warranties of Seller set forth in Section 5.3 below shall be qualified by the items which are disclosed in this Agreement and the exhibits hereto, the Documents and Materials actually delivered to Buyer from Seller, any matter discovered by Buyer during the Feasibility Period, and the information set forth in all documents recorded against the Purchase Property as of the Effective Date.

5.3. Representations and Warranties by Seller. Seller hereby represents and warrants to Buyer that:

5.3.1. Authority. Seller, a duly formed Delaware limited liability company, is existing and in good standing under the laws of the State of California, and has the right, power and authority to enter into this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of Seller have the right, power and authority to do so. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally. This Agreement does not violate any provision of any other agreement or document to which Seller is a party or to which Seller is bound.

5.3.2. Hazardous Materials. To the best knowledge of Seller, neither Seller nor any agent of Seller or any third party has used Hazardous Materials on, from or affecting the Purchase Property in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. Seller has not received any notice of any violation of federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, handling, production or disposal of Hazardous Materials, and, to the best of Seller's knowledge, except as disclosed to Buyer by Seller in writing, there have been no actions commenced or threatened by any party for noncompliance therewith. For purposes of this Agreement, "**Hazardous Materials**" means any flammable materials, explosive, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as now or hereafter amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as now or hereafter amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as now or hereafter amended (42 U.S.C. Sections 9601, et seq.), and in the regulations promulgated pursuant thereto, or any other federal, state or local governmental law, ordinance, rule or regulation.

5.3.3. No Violation. To the best knowledge of Seller, there is not now, and as of the Closing of the transaction contemplated by this Agreement there shall not be, any

violation of any law, ordinance, rule, regulation or administrative or judicial order affecting the Purchase Property. The execution and delivery of this Agreement by Seller, the execution and delivery of every other document and instrument delivered pursuant hereto by or on behalf of Seller, and the consummation of the transactions contemplated hereby and thereby will not (i) constitute or result in a violation of any order, decree, or injunction with respect to which Seller and/or the Purchase Property is bound; or (ii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Purchase Property.

5.3.4. No Claims. There is no litigation, arbitration, action, suit or proceeding pending, or to the best of Seller's knowledge, threatened, before any court or administrative agency (or any other condition) that relates to or affects the Purchase Property, Seller's performance hereunder or which could result in a lien, charge, encumbrance or judgment against any part of or any interest in the Purchase Property.

5.3.5. No Condemnation. There are no pending or, to the best knowledge of Seller, any threatened condemnation proceedings affecting the Purchase Property, and, to the best knowledge of Seller, no such proceeding is contemplated by any governmental authority. Seller has received no notice of any such proceedings.

5.3.6. No Attachments. There are no attachments, executions or assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor-relief laws pending affecting Seller or its assets or, to the best of Seller's knowledge, threatened against Seller.

5.3.7. No Third Party Rights. To Seller's knowledge, no other person or entity has a contract or option to purchase, right of first refusal or first offer, or similar rights with respect to the Purchase Property that is now outstanding, except for any contract or option to purchase the Purchase Property that is contingent upon the prior termination of this Agreement.

5.4. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Seller that:

5.4.1. Authority. Buyer is a public agency organized and operating under the County Water District Law, sections 30000 and following, of the State of California, all requisite action has been taken by Buyer in connection with this Agreement, Buyer has the right, power and authority to enter into this Agreement and to perform its obligations hereunder, and the person(s) executing this Agreement on behalf of Buyer have the right, power and authority to do so. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, moratorium and other principles relating to or limiting the rights of contracting parties generally. This Agreement does not violate any provision of any other agreement or document to which Buyer is a party or to which Buyer is bound.

5.4.2. No Attachments. There are no attachments, executions or assignments for

the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor-relief laws pending affecting Buyer or its assets or, to the best of Buyer's knowledge, threatened against Buyer.

5.5. Exculpation. Notwithstanding anything to the contrary contained herein, no member of Seller, nor any direct or indirect shareholder, manager, officer, director, trustee or employee in or of any of them (a "**Seller Nonrecourse Party**,") shall be personally liable in any manner or to any extent under or in connection with this Agreement, and neither Buyer nor any successor, assignee, manager, member, partner, officer, director or employee of Buyer shall have any recourse to any assets of a Seller Nonrecourse Party to satisfy any liability, judgment or claim that may be obtained or made against any such Seller Nonrecourse Party under this Agreement. The limitation of liability provided in this subsection is in addition to, and not in limitation of, any limitation on liability applicable to a Seller Nonrecourse Party provided by law or by this Agreement or any other contract, agreement or instrument. Buyer agrees that it shall look solely to the assets of Seller for the enforcement of any claims arising hereunder or related hereto. The terms of this paragraph are a material consideration and inducement to Seller to enter into this Agreement, and but for the inclusion of such provision in this Agreement, Seller would not enter into this Agreement.

5.6. Seller Default. In the event of a Seller Default, Buyer shall provide Seller with written notice of such default and Seller shall have five (5) business days after Seller's receipt from Buyer of such written notice to cure such default, or if such default cannot be cured in such period, to commence the cure during such period and thereafter diligently complete such cure. If after such notice, the Close of Escrow fails to occur due to such Seller Default; Buyer may elect, as its sole remedy, to either (i) terminate this Agreement and receive the return of the Deposit, or (ii) commence an action against Seller for specific performance of its obligations under this Agreement. **In any event, Seller will not be liable for any damages incurred by Buyer, including but not limited to general, special or consequential damages.** Any such action for specific performance must be commenced within sixty (60) days after the then scheduled Closing Date. If Buyer elects to terminate this Agreement, (a) this Agreement shall not be terminated automatically, but only upon delivery to Escrow Holder and Seller of written notice of termination from Buyer; and (b) Escrow Holder shall return all sums (including the Deposit and all interest earned thereon while held in the Escrow) deposited by Buyer. As used in this Agreement, a "**Seller Default**" shall mean the (i) the failure by the Seller to deliver the Grant Deed or Easement Deed as set forth in Section 3.5.1; (ii) the failure by the Seller to discharge, satisfy, release or terminate of record the matters Seller is required to remove from title as set forth in Section 4.1.2(c) above; (iii) any breach of representation, warranty or covenant of Seller hereunder, or (iv) the failure by the Seller to perform any of Seller's other obligations under this Agreement.

ARTICLE VI. POST-CLOSING MATTERS CONCERNING THE PURCHASE PROPERTY

6.1. Protection of Water, Sewer, Drainage. If required and applicable, Seller has obtained approved Storm Water Pollution Prevention Plans ("**SWPPP**") with the Regional Water Quality Control Board with respect to the Seller's Project. From and after the Close of Escrow:

6.1.1 Buyer's SWPPP. If required to comply with State law, Buyer shall timely

submit its own notices of intent to the Regional Water Quality Control Board and use commercially reasonable efforts to obtain the approval of Buyer's own SWPPP from the Regional Water Quality Control Board with respect to the Purchase Property.

6.1.2 Protection of Systems. Prior to the approval of Buyer's SWPPP, Buyer and its contractors shall continue to take the remaining measures set forth in the Seller's SWPPP with respect to the Purchase Property if required to comply with State law. Buyer shall also comply with Buyer's own SWPPP if required to comply with State law.

6.2. Indemnification by Buyer. Buyer hereby agrees to indemnify, defend and hold Seller, its successors and assigns, members, managers, shareholders, officers, directors and/or employees of each of them (collectively, "**Seller Indemnified Parties**"), harmless from and against any and all obligations, liabilities, claims, liens, encumbrances, losses, damages, costs and expenses, including, without limitation, attorneys' fees, whether direct, contingent or consequential (collectively, "**Claims**"), incurred or suffered by, or asserted or awarded against any one or more of the Seller Indemnified Parties relating to or arising from any one or more of the following: (i) the activities of Buyer, its successors and assigns as owners of the Purchase Property, and their agents, employees or contractors on the Purchase Property; (ii) any breach of any material covenant, representation or warranty of Buyer contained in this Agreement; (iii) and the violation by Buyer, its successors and assigns as owners of the Purchase Property, or their agents, employees or contractors, of any federal, state or local law, ordinance or regulation, occurring or allegedly occurring with respect to the Purchase Property subsequent to the Close of Escrow; and (iv) any matter concerning the physical condition of the Purchase Property, including without limitation, matters arising from work done on the Purchase Property by Buyer prior to the Close of Escrow. The foregoing indemnity shall not apply, however, to the gross negligence or willful misconduct of Seller.

6.6 Survival. The provisions of this Article 6 shall survive the Close of Escrow and delivery of the deed.

ARTICLE VII. MISCELLANEOUS

7.1. Brokers and Consultants; Commissions

7.1.1. Brokers. There are no Brokers representing either party in this transaction.

7.1.2. Indemnity Against Broker Claims. Each party shall indemnify, defend and hold harmless the other on account of any claims, demands, causes of action, or judgments respecting payment of any sales commission, brokerage commission or finder's fee, including attorneys' fees and court costs, arising from or brought by any third party who has dealt or claims to have dealt with such indemnifying party pertaining to the purchase and sale transaction described in this Agreement. The obligations under this Section 7.1 shall survive the Close of Escrow.

7.2. Notices. Any notices, requests, demands or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been

duly given on the date of service if served personally (FedEx and similar services shall be considered to be personal service) or by facsimile (provided that the sender of a telephone facsimile has received a return receipt signed by the party so notified, or has other written evidence of receipt including without limitation, confirmation of successful transmission by the sending fax machine), and upon the second business day after mailing, if mailed to the party to whom notice is to be given, by first-class mail, registered or certified, postage prepaid, return receipt requested, and properly addressed as follows:

If to any Seller: James W. Fletcher
UCP East Garrison, LLC
6489 Camden Avenue, Suite 204
San Jose, CA 95120
Office Ph. (408) 323-1113
Cell Ph. (831) 578-9187

With copy to: W. Allen Bennett
Vice President and General Counsel
Union Community Partners
548 W. Cromwell, Suite 104
Fresno, CA 93711
559-439-4464, ext 452 (office)
559-360-1533 (Cell)

If to MCWD: Jim Heitzman, General Manager
Marina Coast Water District
11 Reservation Road
Marina, CA 93933
Telephone: (831) 384-6131
Facsimile: (831) 883-5995

With a Copy to: Lloyd W. Lowrey, Jr., Esq.
Noland, Hamerly, Etienne & Hoss
333 Salinas Street, P.O. Box 2510
Salinas, CA 93902
Telephone: (831) 424-1414
Facsimile: (831) 424-1975

Escrow Holder: First American Title Company,
Michelle Chan, Escrow Officer
6681 Owens Drive
Pleasanton, CA
Ph: 925-201-6625
Fax: 866-648-7806
mlchan@firstam.com

Any party may change its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

7.3. Legal; Interpretation. The validity, meaning and effect of this Agreement shall be determined in accordance with the laws of the State of California. This Agreement has been executed in the County of Monterey. The headings and captions of articles and sections used in this Agreement are for convenience only, and this Agreement shall be interpreted without reference to any headings or captions. Similarly, the presence or absence of language in prior drafts of this document shall not be used to interpret any provision hereof. This Agreement has been prepared and revised by attorneys for both parties so any rule of law or construction that ambiguities are to be construed against the party responsible shall not apply. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect and shall in no way be impaired or invalidated, and the parties agree to substitute for the invalid or unenforceable provision a valid and enforceable provision that most closely approximates the intent and economic effect of the invalid or unenforceable provision.

7.4. Successors Bound. The provisions hereof shall be binding upon and inure to the benefit of the successors and assigns of Buyer and Seller. Without limiting the foregoing, the parties acknowledge and agree that Buyer may assign this Agreement to its affiliated designee and/or instruct Escrow Holder to insert the name of its affiliated designee as "Grantee" on the Grant Deed.

7.5. Time of Essence. Time is of the essence of this Agreement and of the Escrow provided for herein.

7.6. Attorneys' Fees. In the event any of the parties shall commence legal proceedings for the purpose of enforcing any provision or condition hereof, or by reason of any breach arising under the provisions hereof, then the successful party in such proceeding shall be entitled to court costs and reasonable attorneys' fees to be determined by the adjudicator. Without limiting the generality of the foregoing: (i) the prevailing party shall be entitled to recover its attorneys' fees and other legal expenses incurred in connection with a bankruptcy or other insolvency-related proceeding of the other party (and including such fees and expenses incurred in efforts, whether successful or not, to obtain adequate protection, annulment, modification or termination of the automatic stay); and (ii) the prevailing party shall be entitled, in addition to and separately from the amounts recoverable under clause "(i)," to the payment by the losing party of the prevailing party's reasonable attorneys' fees, costs and litigation expenses incurred in connection with any review of any judgment rendered or of any other ruling in such action or proceeding, and any proceeding to enforce a judgment in such action and proceeding. It is the intent of the

parties that the provisions of clause "(ii)" be distinct and severable from the other rights of the parties under this Agreement, shall survive the entry of judgment in any action or proceeding and shall not be merged into such judgment.

7.7. Integration. This Agreement and the Exhibits hereto contain the entire agreement of the parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein, including, without limitation, any letters of intent or letters of interest between the parties. **THERE ARE NO REPRESENTATIONS, AGREEMENTS, ARRANGEMENTS OR UNDERSTANDINGS, ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER WHICH ARE NOT FULLY EXPRESSED HEREIN.**

7.8. Additional Documents. From time to time prior to and after the Close of Escrow, each party shall execute and deliver such instruments of transfer and other documents as may be reasonably requested by the other party to carry out the purpose and intent of this Agreement.

7.9. Dependency and Survival of Provisions. The respective warranties, representations, covenants, agreements, obligations and undertakings of each party hereunder shall be construed as dependent upon and given in consideration of those of the other party, and shall survive the Close of Escrow and delivery of the deed for the period set forth herein.

7.10. Counterparts; Facsimile Signatures. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but which together shall constitute a single document. Signatures transmitted by facsimile or email shall be binding; provided, however, that any person transmitting his or her signature by facsimile or email shall promptly send an original signature to the other parties in accordance with Section 7.2.

7.11. "Business Days". Any and all references in the Agreement to time periods which are specified by reference to a certain number of days refer to calendar days, unless "business days" is otherwise expressly provided. Therefore, if any date by which a party is required to provide the other party with notice hereunder, occurs on a Saturday or Sunday or a banking holiday in the jurisdiction where the Purchase Property is located, then and in any of such events, such applicable date shall be deemed to occur, for all purposes of this Agreement, on that calendar day which is the next succeeding day, which is not a Saturday, Sunday or banking holiday in the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth below its name below.

SELLER:

UCP East Garrison, LLC, a Delaware limited liability company

BY: UCP, LLC, a Delaware limited Liability company, its sole member

By: _____
Dustin Bogue, President

Dated: September_, 2011

BUYER:

MARINA COAST WATER DISTRICT

By _____
William Y. Lee, President

By _____
Jim Heitzman, Secretary

Dated: September _, 2011

DRAFT

ACCEPTANCE BY ESCROW HOLDER

The undersigned Escrow Holder hereby acknowledges that on September _____, 2011, the undersigned received a fully executed duplicate original of the foregoing Agreement of Purchase and Sale by and between UCP East Garrison LLC a Delaware limited liability company, as Seller, and Marina Coast Water District, as Buyer. Subject to Escrow Holder's receipt of acceptable escrow instructions, Escrow Holder agrees to act as the Escrow Holder under this Agreement, and to comply with these instructions. Escrow Holder has assigned Escrow No. _____ for that purpose.

First American title Company

Dated: September_, 2011

By: _____

Its: _____

DRAFT

EXHIBIT A
LEGAL DESCRIPTION

[1147.705\psa_v.1]

12400\164\486187.2\9/7/11

EXHIBIT "A"
LEGAL DESCRIPTION
WATKINS GATE WELL PROPERTY AND ACCESS EASEMENT
BEING A PORTION OF PARCEL R1.5 (24 C&T 7)
MONTEREY COUNTY, CALIFORNIA

PARCEL A

Certain real property situate in Monterey City Lands Tract No. 1, County of Monterey, State of California, described as follows:

Being a portion of Parcel R1.5, as said Parcel R1.5 is shown and so designated on the map of Tract 1489, recorded June 28, 2007, in Volume 24 of Cities and Towns at Page 7, in the office of the county recorder of Monterey County, more particularly described as follows:

Beginning at a point on the southerly boundary of said Parcel R1.5, said point being the most southerly terminus of the course labeled N36°27'16"E 553.37' on said Map, said point also being on the westerly line of the Monterey County right-of-way for Reservation Road; thence departing said County right-of-way along the boundary of said Parcel R1.5

- 1) South 73°06'22" West 50.77 feet; thence
- 2) North 08°15'34" East 62.65 feet; thence
- 3) North 05°27'17" West 95.25 feet; thence
- 4) Along a tangent arc of a 114.71 foot radius curve to the left, through a central angle of 39°56'07", an arc distance of 79.95 feet; thence departing said boundary
- 5) North 44°36'36" East 39.09 feet; thence
- 6) Along a non-tangent arc of a 405.00 foot radius curve to the right, the center of which bears South 17°04'46" West, through a central angle of 03°40'22", an arc distance of 25.96 feet; thence
- 7) Along a tangent arc of a 187.00 foot radius curve to the right, the center of which bears South 20°45'08" West, through a central angle of 17°06'07", an arc distance of 55.82 feet; thence
- 8) South 52°08'45" East 23.49 feet; thence
- 9) Along a tangent arc of a 213.00 foot radius curve to the left, through a central angle of 10°08'52", an arc distance of 37.72 feet; thence
- 10) South 62°17'37" East 46.62 feet to a point on the westerly line of said County right-of-way; thence along said westerly line
- 11) South 36°27'16" West 184.67 feet to the **Point of Beginning**.

Containing 23,822 square feet of land, more or less.

Reserving therefrom an access easement over a strip of land 20 feet wide, the centerline of which follows a road commonly known as Watkins Gate Road, said centerline being described as follows:

Beginning at a point on the westerly line of said County right-of-way for Reservation Road, said point lying North 36°27'16" East, 40.34 feet from the southerly terminus of the course labeled N36°27'16"E 553.37' on said Map; thence, leaving said line

- 1) North 53°32'44" West 49.51 feet; thence
- 2) North 05°39'35" West 144.47 feet; thence
- 3) North 20°13'11" West 32.64 feet to a point on the northerly line of said Parcel A, said point herein defined as Point 'A' for the purpose of future reference;

The sidelines of said strip of land shall be shortened or prolonged to terminate on the boundary of said Parcel A.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof.

END OF DESCRIPTION

PREPARED BY:

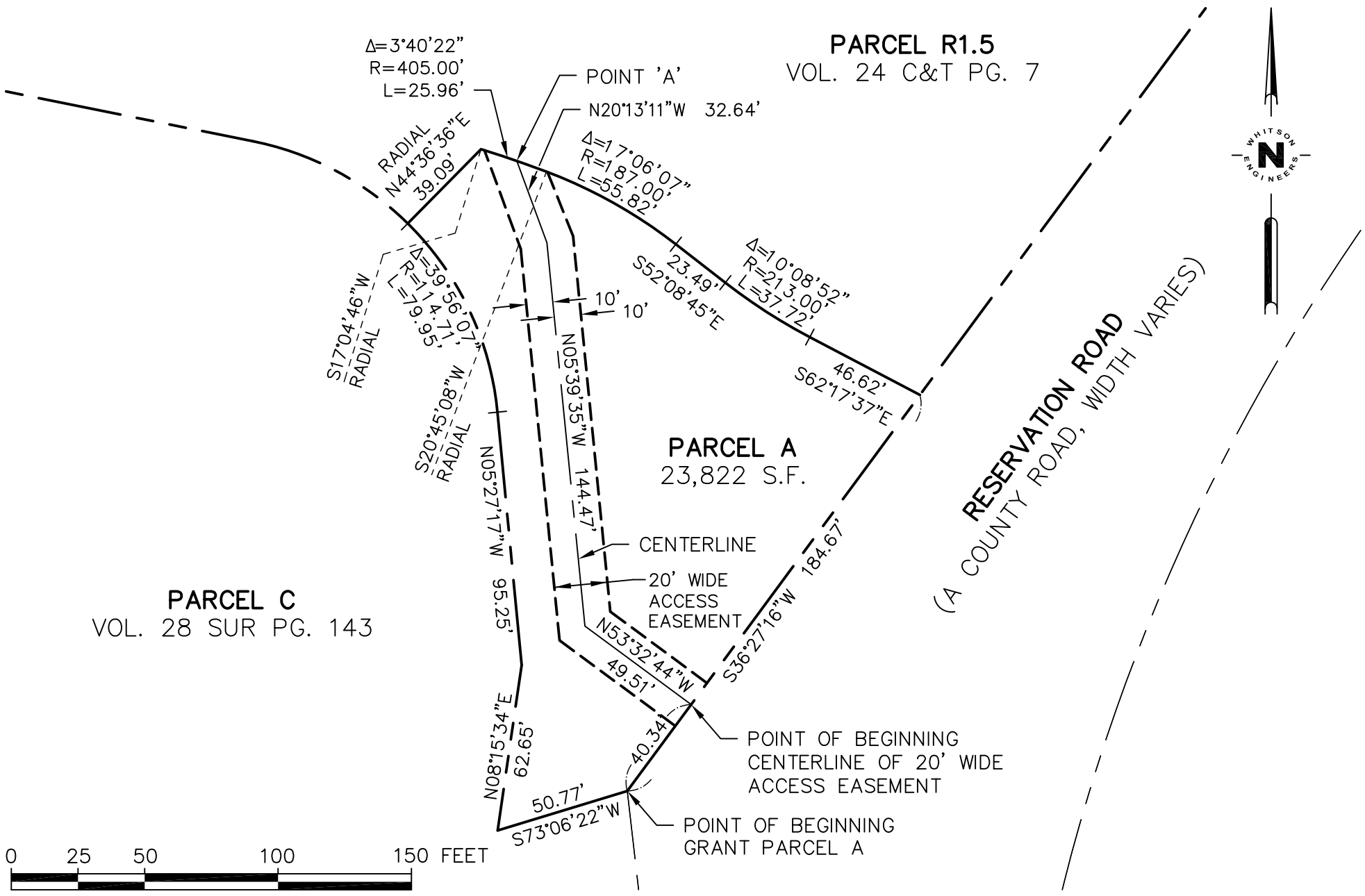
WHITSON ENGINEERS



RICHARD P. WEBER P.L.S.
L.S. No. 8002



Job No.: 2707.01



ATTACHMENT TO EXHIBIT 'A'



MONTEREY COUNTY

CALIFORNIA

WATKINS GATE WELL PROPERTY AND ACCESS EASEMENT

DRAWING PATH: T:\Monterey Projects\2707\2707-01-Watkins Gate Well\Cad\Base\Mstr-WG Well.dwg

DATE:	SEPT. 1, 2011
SCALE:	1" = 50'
DRAWN:	SMG
CHECKED:	RPW
PROJECT No.:	2707.01

SHEET

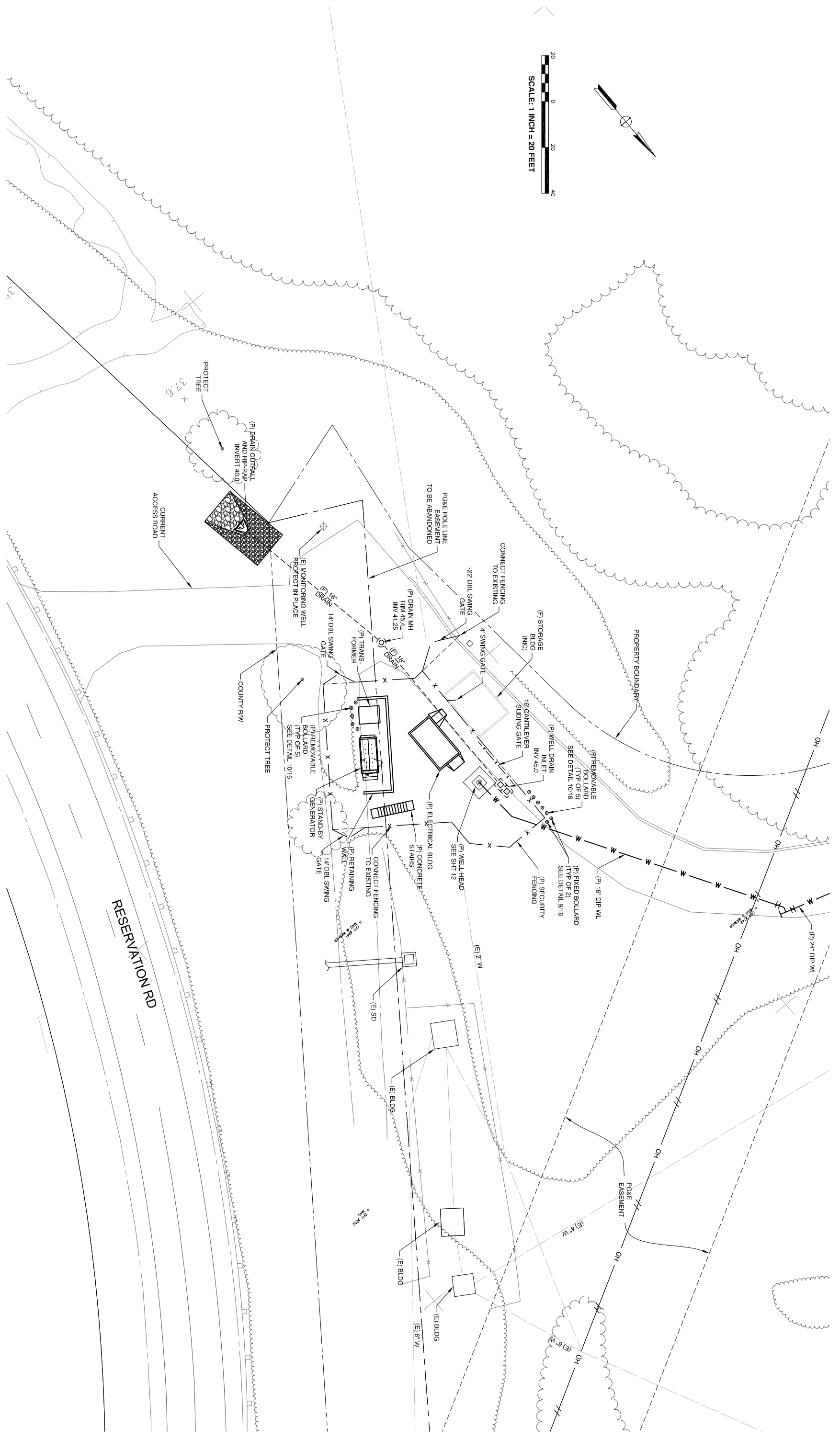
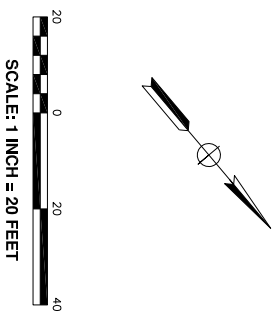
1

OF 1

EXHIBIT B
BUYER'S IMPROVEMENTS

[1147.705\psa_v.1]

12400\164\486187.2\9/7/11



NO.	REVISION DESCRIPTION	DATE	APPR



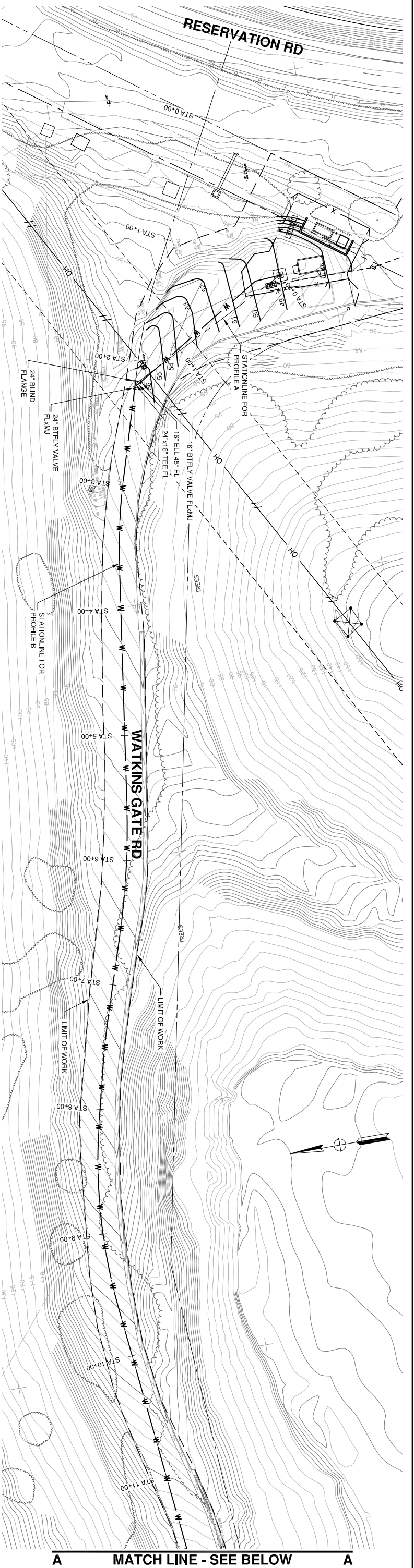
MARINA COAST WATER DISTRICT
 11 RESERVATION ROAD
 MARINA, CA 93933
 (831) 384-6131

Schaaf & Wheeler
 CONSULTING CIVIL ENGINEERS
 3239 IMJIN ROAD - SUITE 129
 MARINA, CA 93933
 (831) 883-4848

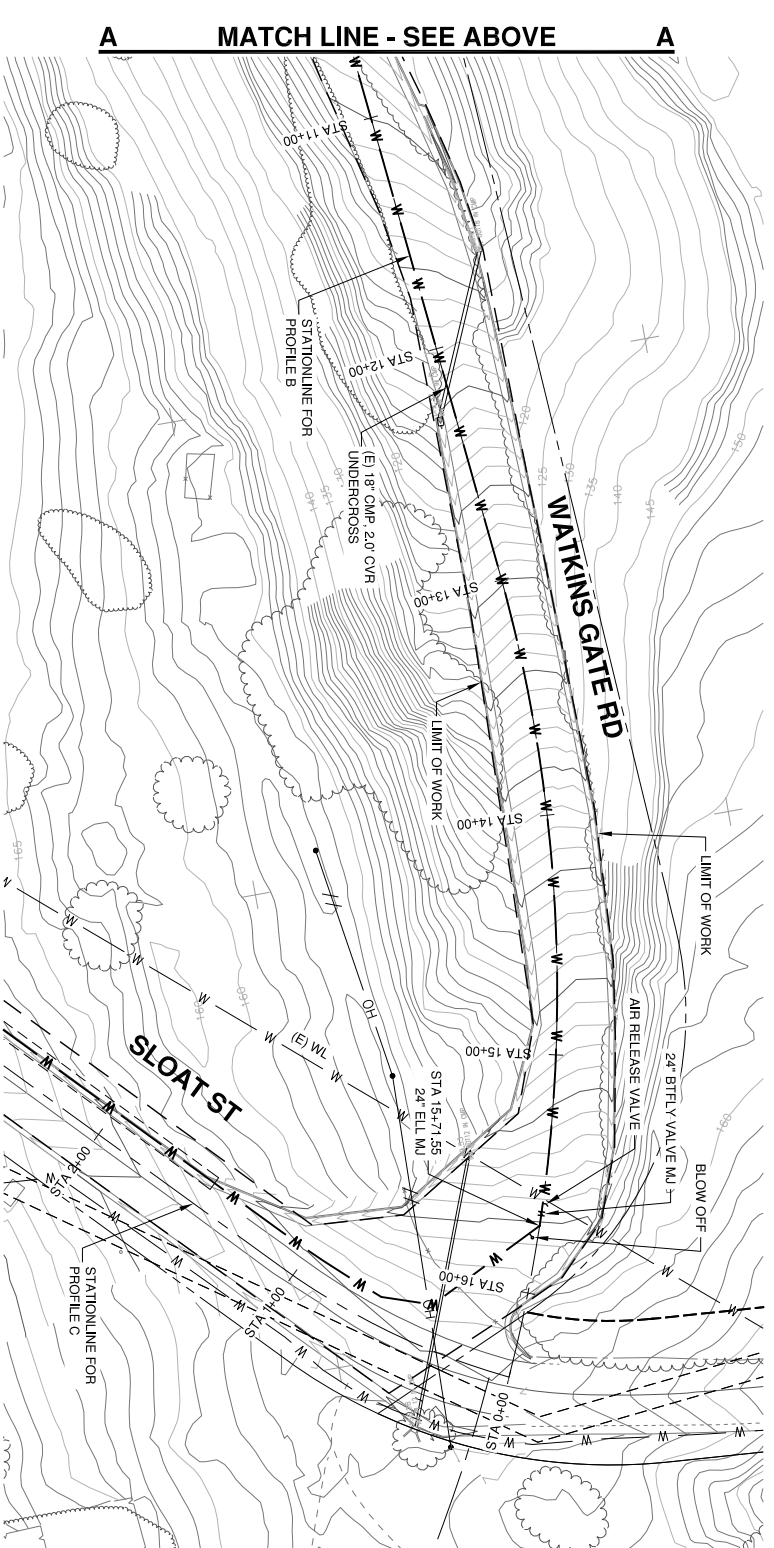


WATKINS GATE WELL AND PIPELINE PROJECT
IMPROVEMENT SITE PLAN

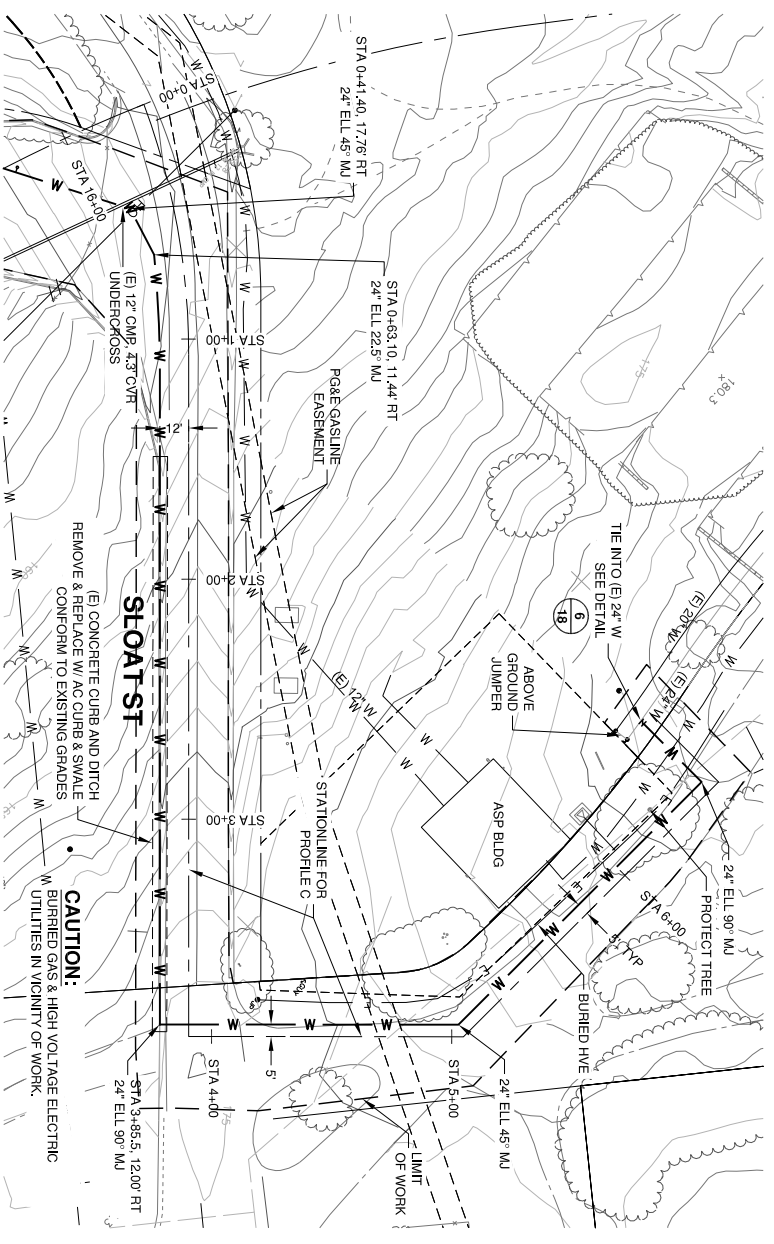
MCVWD REVIEW	DATE: 8/30/11
DE	SCALE: AS NOTED
ENG	DESIGN: LMC
OSM	DRAWN: LJK
CHECK: PCJ	



PLAN
SCALE: 1" = 40'



PLAN
SCALE: 1" = 40'



PLAN
SCALE: 1" = 40'

A MATCH LINE - SEE ABOVE A

A MATCH LINE - SEE BELOW A

NO.	REVISION DESCRIPTION	DATE	APP'D



MARINA COAST WATER DISTRICT
11 RESERVATION ROAD
MARINA, CA 93933
(831) 384-6131

Schaaf & Wheeler
CONSULTING CIVIL ENGINEERS
3239 IMJIN ROAD - SUITE 129
MARINA, CA 93933
(831) 883-4848



WATKINS GATE WELL AND PIPELINE PROJECT
PIPELINE PLAN

MCVWD REVIEW	DATE: 8/30/11	EXHIBIT B
DE	SCALE: AS NOTED	
ENG	DESIGN: LMC	
OSM	DRAWN: LJK	

CHECK: PCJ
2 OF 2

EXHIBIT C

UNDERGROUND UTILITY EASEMENT

EXHIBIT "C"
LEGAL DESCRIPTION
WATER LINE EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT
BEING A PORTION OF PARCEL R1.5 (24 C&T 7)
MONTEREY COUNTY, CALIFORNIA

Certain real property situate in Monterey City Lands Tract No. 1, County of Monterey, State of California, described as follows:

Being a portion of Parcel R1.5, as said Parcel R1.5 is shown and so designated on the map of Tract 1489, recorded June 28, 2007, in Volume 24 of Cities and Towns at Page 7, in the office of the county recorder of Monterey County, more particularly described as follows:

A strip of land 20 feet wide for a water line easement and a strip of land 40 feet wide for a temporary construction easement, the centerlines of which are coincident, and are described as follows:

Beginning at Point 'A' on the northerly line of Parcel A as said Point and Parcel are described in Exhibit 'A' herein, said Point 'A' lying North 09°56'01" West, 239.86 feet from a point on the westerly line of the Monterey County right-of-way for Reservation Road and at the most southerly terminus of the course labeled N36°27'16"E 553.37' on said Map; thence leaving said Point 'A'

- 1) North 31°23'04" West 45.61 feet; thence
- 2) North 72°55'14" West 108.55 feet; thence
- 3) North 81°46'21" West 259.86 feet; thence
- 4) North 73°29'14" West 227.89 feet; thence
- 5) North 85°37'39" West 119.63 feet; thence
- 6) South 84°11'14" West 392.66 feet; thence
- 7) North 88°19'42" West 114.36 feet; thence
- 8) North 77°12'19" West 126.01 feet; thence
- 9) North 26°23'40" West 71.63 feet; thence
- 10) North 45°58'10" East 320.62 feet to a point on the southerly line of Parcel D, as said Parcel D is described and so designated on the quitclaim deed recorded February 1, 2007, in document 2007008907, Official Records, in the office of the county recorder of Monterey County, said point being distant North 47°43'00" West 157.09 feet from the most southerly corner of said Parcel D.

The sidelines of said strips of land shall be shortened or prolonged to terminate on the boundary of said Parcel A and Parcel D.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof.

END OF DESCRIPTION

PREPARED BY:

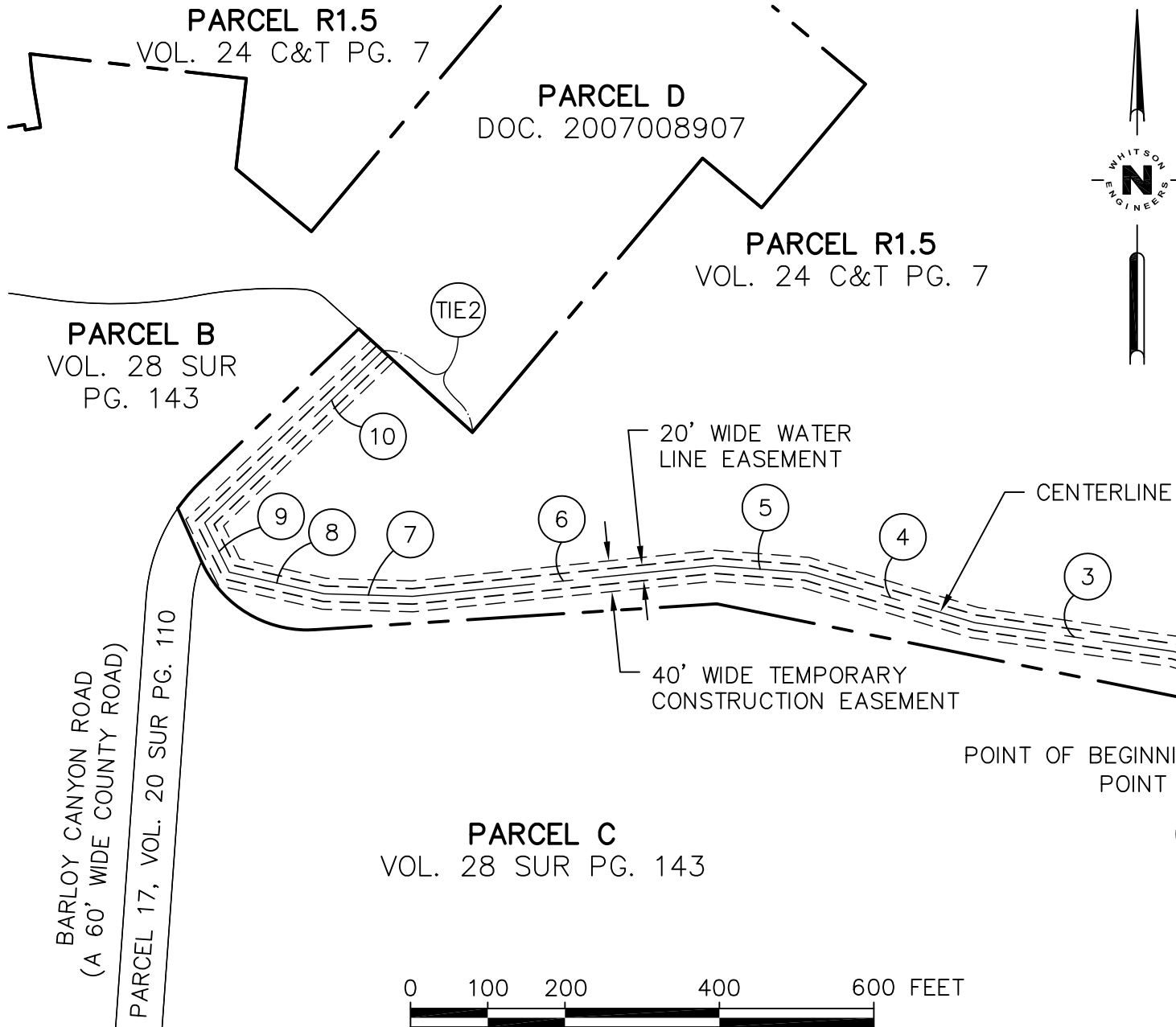
WHITSON ENGINEERS



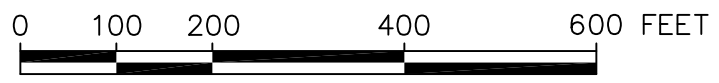
RICHARD P. WEBER P.L.S.
L.S. No. 8002



Job No.: 2707.01



CENTERLINE COURSE TABLE		
COURSE	BEARING	LENGTH
TIE1	N09°56'01"W	239.86'
1	N31°23'04"W	45.61'
2	N72°55'14"W	108.55'
3	N81°46'21"W	259.86'
4	N73°29'14"W	227.89'
5	N85°37'39"W	119.63'
6	S84°11'14"W	392.66'
7	N88°19'42"W	114.36'
8	N77°12'19"W	126.01'
9	N26°23'40"W	71.63'
10	N45°58'10"E	320.62'
TIE2	N47°43'00"W	157.09'



ATTACHMENT TO EXHIBIT 'C'

MONTEREY COUNTY CALIFORNIA

WATER LINE EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT

DRAWING PATH: T:\Monterey Projects\2707\2707-01-Watkins Gate Well\Cad\Base\Mstr-WG Well.dwg

DATE:	SEPT. 1, 2011
SCALE:	1" = 200'
DRAWN:	SMG
CHECKED:	RPW
PROJECT No.:	2707.01

SHEET

1

OF 1

EXHIBIT D
GRANT DEED

Order No.
Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

MARINA COAST WATER DISTRICT
11 RESERVATION ROAD
MARINA, CA 93933-2099

MAIL TAX STATEMENTS TO:

MARINA COAST WATER DISTRICT
11 RESERVATION ROAD
MARINA, CA 93933-2099

DOCUMENTARY TRANSFER TAX \$ NONE
Transfer to an exempt governmental agency. R&T Code §11922
Exempt from Recording Fees under Government Code § 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: a portion of 031-161-025

Signature of Declarant or Agent determining tax – Firm Name

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, **UCP EAST GARRISON LLC**, a Delaware limited liability company ("**Grantor**"), hereby grants to **MARINA COAST WATER DISTRICT** ("**Grantee**"), a County Water District and political subdivision of the State of California, organized under Division 12, sections 30000 and following, of the California Water Code, the real property in the County of Monterey, California, described in **Exhibit 1** attached hereto and incorporated in this Grant Deed by this reference.

THIS GRANT IS SUBJECT TO ALL MATTERS DESCRIBED IN EXHIBIT 1 AND EXHIBIT 2 ATTACHED HERETO.

Dated: _____, 20____ "**Grantor**"

STATE OF CALIFORNIA
COUNTY OF MONTEREY

UCP EAST GARRISON LLC, a Delaware limited liability company

On _____, _____, before me, _____
_____ (here insert name and title of the officer),
personally appeared _____,
who 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/she executed the same in his/her
authorized capacity, and that by his/her signature on the
instrument the person, or the entity upon behalf of which the
person acted, executed the instrument.

BY: _____
NAME: _____
ITS: _____

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

WITNESS my hand and official seal.

Signature _____

GRANTEE ACKNOWLEDGMENT, ACCEPTANCE AND AGREEMENT

Grantee, by acceptance and recordation of this Grant Deed, (a) accepts and approves this Grant Deed, (b) accepts, covenants, and agrees to be bound by all provisions of this Grant Deed and the exhibits attached hereto, and (c) understands that this grant is subject to and expressly conditioned upon the performance of such provisions and requirements to be performed by Grantee thereunder.

Dated: _____, 20_____ **“Grantee”**

STATE OF CALIFORNIA
COUNTY OF MONTEREY

**MARINA COAST WATER DISTRICT, a
county water district**

On _____, _____, before me, _____
_____ (here insert name and title of the officer),
personally appeared _____,
who 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/she executed the same in his/her
authorized capacity, and that by his/her signature on the
instrument the person, or the entity upon behalf of which the
person acted, executed the instrument.

BY _____
William Y. Lee, President

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

BY _____
Jim Heitzman, Secretary

WITNESS my hand and official seal.

Dated: _____, 20_____

STATE OF CALIFORNIA
COUNTY OF MONTEREY

On _____, _____, before me, _____
_____ (here insert name and title of the officer),
personally appeared _____,
_____,
who 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/she executed the same in his/her
authorized capacity, and that by his/her signature on the
instrument the person, or the entity upon behalf of which the
person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

Signature _____

**CERTIFICATE OF ACCEPTANCE
GOVERNMENT CODE SECTION 27281**

This is to certify that the interest in real property conveyed by the foregoing Grant Deed from **UCP EAST GARRISON LLC**, a Delaware limited liability company (“Grantor”), to **MARINA COAST WATER DISTRICT**, a public agency (“MCWD”) is hereby accepted by the undersigned officers on behalf of MCWD, pursuant to authority conferred by resolution of the MCWD Board of Directors adopted on _____, 2011, and MCWD consents to recordation thereof by its duly authorized officers.

Dated: _____, 20_____ **“Grantee”**

STATE OF CALIFORNIA
COUNTY OF MONTEREY

**MARINA COAST WATER DISTRICT, a
county water district**

On _____, _____, before me, _____
_____ (here insert names and title of the officer),
personally appeared _____,
who 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/she executed the same in his/her
authorized capacity, and that by his/her signature on the
instrument the person, or the entity upon behalf of which the
person acted, executed the instrument.

BY _____
William Y. Lee, President

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

BY _____
Jim Heitzman, Secretary

WITNESS my hand and official seal.

Signature _____

Dated: _____, 20_____

STATE OF CALIFORNIA
COUNTY OF MONTEREY

On _____, _____, before me, _____
_____ (here insert name and title of the officer),
personally appeared _____,
who 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/she executed the same in his/her
authorized capacity, and that by his/her signature on the
instrument the person, or the entity upon behalf of which the
person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

**EXHIBIT 1
TO
GRANT DEED
LEGAL DESCRIPTION**

[INSERT LEGAL DESCRIPTION OF PARCEL]

RESERVING THEREFROM, for the benefit of Grantor, its successors in interest and assignees, together with the right to transfer all or a portion of the same, nonexclusive easements for right of way, access, ingress, and egress, described as follows:

[INSERT LEGAL DESCRIPTION OF RESERVED EASEMENT]

SUBJECT TO : (a) all covenants, conditions, terms and restrictions set forth on the Addendum to Grant Deed attached as *Exhibit 2* to this Grant Deed; (b) all covenants, conditions, restrictions, easements, reservations, rights and rights-of-way of record; and (c) (i) matters discoverable or ascertainable by inspection or survey of the property, (ii) zoning ordinances and regulations and any other laws, ordinances or governmental regulations restricting or regulating the use, occupancy or enjoyment of the property, and (iii) any other matters created, permitted or approved by Grantee.

EXHIBIT 2

ADDENDUM TO GRANT DEED

This Addendum to Grant Deed (this “*Addendum*”) is attached to and made part of that certain Grant Deed between **UCP EAST GARRISON LLC**, a Delaware limited liability company (“*Grantor*”) and **MARINA COAST WATER DISTRICT** (“*Grantee*”), a County Water District and political subdivision of the State of California, organized under Division 12, sections 30000 and following, of the California Water Code, and provides that the property which is the subject of the Grant Deed (“*Property*”) is conveyed by Grantor subject to the reservation of easements, covenants and restrictions set forth below. Words and phrases used in this Addendum shall have the same meanings as in the Grant Deed unless specifically provided otherwise. If there is any conflict between the provisions of this Addendum and the provisions of the Grant Deed, the provisions of this Addendum will prevail.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Easement.

a. Reservation of Easement. Grantor hereby reserves for Grantor’s benefit a perpetual easement (the “*Easement*”) over, across, under and upon the Property for access, ingress and egress, and the construction, use, maintenance, repair and replacement of a right of way (the “*Right of Way*”), subject to and in accordance with the terms and conditions contained in this Addendum. Grantor and Grantee anticipate that Grantor’s needs and requirements relating to the use of the Easement will change in the future upon the final realignment and construction of Watkins Gate Road and its acceptance as a County road by the County of Monterey. Therefore, this Easement shall continue in effect until such time as Watkins Gate Road is realigned and the new entrance along Reservation Road is constructed and the Easement is no longer necessary to gain access to and along Watkins Gate Road, at which time the Easement shall automatically terminate and be of no further force or effect. Upon acceptance of the realigned Watkins Gate Road by the County of Monterey as a County road, Grantor shall quitclaim to Grantee all its right, title and interest in and to the Easement.

b. Maintenance and Use of Right of Way. Grantor shall, at its sole cost, maintain, repair and, when necessary, replace the Right of Way in a good and workman like condition so as to comply with all minimum standards of the County of Monterey and any other applicable governmental regulations. Grantee shall not place, construct or plant any structure or planting or other material which may damage, block access, ingress or egress, or otherwise interfere with or undermine the integrity or effectiveness of the Right of Way. Notwithstanding the forgoing, Grantee shall be permitted to construct, install and maintain a gate across the Right of Way, restricting access to the Right of Way and Property, provided Grantor shall have unrestricted access through such gate and Grantee shall provide Grantor with a key or combination to any lock placed upon such gate.

2. Restrictions and Covenants. Grantee acknowledges that the Property is located adjacent to land currently owned and under development by Grantor, which land is more particularly described as _____ **[INSERT LEGAL DESCRIPTION OF UCP'S ADJACENT PROJECT]** (the "*Grantor Project*"). Consequently, Grantor has an interest in the maintenance of the condition of the Property. Therefore, Grantee hereby agrees: (i) that all improvements, buildings, structures, landscaping or the like, shall be built, erected and maintained on the Property in attractive condition by Grantee; (ii) to use its best efforts to landscape the Property in an effort to screen the improvements from view, without interfering with the use of the Property for water production, treatment, and storage and distribution purposes; and (iii) that all of Grantee's power utilities to, through and on the Property shall be placed underground, specifically, there will be no overhead utilities on the Property or within 200 feet of the Purchase Property for utilities providing power to the Property.

3. Indemnification. Grantor shall hold harmless, release and indemnify Grantee from all losses, damages, liabilities, actions, causes of action, claims, demands, fines, penalties, judgments, costs and expenses, including, without limitation, attorney's fees, court costs, and disbursements ("*Claims*") arising out of, relating to or in connection with the use of the Easement by Grantor (or its successor in interest in and to the Grantor Project), and/or any employee, agent, representative, consultant, customer, supplier, subcontractor or guest, invitee or licensee of Grantor; and any violation of Grantor if its obligations under this Addendum with respect to the Easement, except to the extent caused by Grantee or any guest, invitee, licensee, contractor, or agent of Grantee (collectively, the "*Grantee Parties*"). Grantee shall hold harmless, release and indemnify Grantor from and against all Claims, to the extent arising out of any damage caused by Grantee or any Grantee Parties with respect to the Right of Way and the Easement.

4. Notices. Any notice, demand, or other correspondence required to be given under this Agreement shall be sent to the recipient at the address set forth below party's signature to this Agreement. Any required notice, demand or other correspondence shall be made by hand delivery or certified mail, and shall be deemed received on actual receipt or three (3) days after being sent by certified mailed, whichever first occurs.

5. Assignment; Dedication. Grantor shall have the right to assign this Agreement to any person or entity who intends to develop the Right of Way, in which event such assignee will assume all rights and obligations of Grantor hereunder. Grantee understands and agrees that the Right of Way may be used by the County of Monterey on an as needed basis, at Grantor's discretion.

6. Validity. The invalidation of any provision in this Agreement shall in no way affect any of the other provisions of this Agreement, which shall remain in full force and effect.

7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

8. FORA Deed. Buyer hereby acknowledges and assumes all responsibilities with regard to the Property placed upon Seller under the terms of that certain document entitled “Quitclaim Deed for a Portion of Former Fort Ord , Monterey, California”, executed by the United States of America in favor of the Fort Ord Reuse Authority, Recorded May 19, 2006, as Instrument No. 2006045190, Official Records, Monterey County, and re-recorded and amended January 12, 2007, by Instrument No. 2007003370, Official Records, Monterey County, and Seller grants to Buyer all benefits with regard to the Property under the terms of the aforesaid deed. Buyer, its successors or assigns, shall neither transfer the Property, nor any portion thereof, nor grant any interest, privilege or license whatsoever in connection with the Property without the inclusion, to the extent applicable to the Property or any portion thereof, of the following environmental protection provisions contained in above referenced deed: Exclusions and Reservations, Federal Facilities Agreement (FFA); CERCLA Covenants, Notice, and Environmental Remediation; Notice of the Presence of Asbestos and Covenant; Lead-Based Paint Warning and Covenant; Notice of Hazardous Substance Storage; Notice of the Potential for the Presence of Pesticides and Covenant; Notice of the Potential for the Presence of Polychlorinated Biphenyls (PCBs); Notice of the Presence of Contaminated Groundwater; Notice of the Potential for the Presence of Ordinance and Explosives; Endangered Species, and Air Navigation Reservation and Restrictions, Enforcement and Notice Requirement, and Buyer shall require the inclusion, to the extent applicable, of such environmental protection provisions in all further deeds, transfers, leases, or grant of any interest, privilege or license.

9. Run with Land. The terms of this Addendum are intended to and do attach to and run with the Property, for the benefit of the Grantor. This agreement is binding on Grantee and all persons claiming under Grantee and on Grantor and all persons claiming under Grantor. It is the intent of Grantor to create a continuing obligation and right on the part of Grantee and all subsequent owners of any portion of the Property during their respective periods of ownership.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

Dated: _____, 20__

STATE OF CALIFORNIA
COUNTY OF MONTEREY

On _____, _____, before me, _____
_____ (here insert name and title of the officer),

personally appeared _____ who 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/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

Grantor:

UCP EAST GARRISON LLC, a Delaware limited liability company

By: _____

Name: _____

Its: _____

UCP East Garrison, LLC
6489 Camden Avenue, Suite 204
San Jose, CA 95120
Office Ph. (408) 323-1113

Dated: _____, 20__

STATE OF CALIFORNIA
COUNTY OF MONTEREY

On _____, _____, before me, _____
_____ (here insert name and title of the officer),

personally appeared _____ who 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/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

Grantee:

MARINA COAST WATER DISTRICT, a county water district

BY _____

William Y. Lee, President

BY _____

Jim Heitzman, Secretary

Marina Coast Water District
11 Reservation Road
Marina, CA 93933
Telephone: (831) 384-6131
Facsimile: (831) 883-5995

EXHIBIT E
EASEMENT DEED

[1147.705\psa_v.1]

12400\164\486187.2\9/7/11

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

MARINA COAST WATER DISTRICT
11 RESERVATION ROAD
MARINA, CA 93933-2099

MAIL TAX STATEMENTS TO:

MARINA COAST WATER DISTRICT
11 RESERVATION ROAD
MARINA, CA 93933-2099

DOCUMENTARY TRANSFER TAX \$ NONE
Transfer to an exempt governmental agency. R&T Code §11922
Exempt from Recording Fees under Government Code § 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Signature of Declarant or Agent determining tax – Firm Name

GRANT OF EASEMENTS

THIS GRANT OF EASEMENTS, dated this ____ day of _____, 2011, is made by and between **UCP EAST GARRISON LLC**, a Delaware limited liability company (“Grantor”) and the **MARINA COAST WATER DISTRICT**, a County Water District and political subdivision of the State of California, organized under Division 12, sections 30000 and following, of the California Water Code (“Grantee”).

WHEREAS, Grantor is the owner of certain real property situated in an unincorporated area of the County of Monterey, State of California, hereinafter referred to as the “Servient Estate” and more particularly described in **Exhibit A**, attached hereto and incorporated herein.

WHEREAS, Grantee is the owner of certain real property situated in an unincorporated area of the County of Monterey, State of California, hereinafter referred to as the “Dominant Estate” and more particularly described as following in **Exhibit B**, attached hereto and incorporated herein.

WHEREAS, Grantor and Grantee collectively desire to execute a grant deed which provides Grantee the access, pipeline and temporary construction easements specifically described herein.

NOW THEREFORE, in consideration of and receipt of the mutual promises contained herein the parties agree as follows:

Subject to the terms and conditions set forth herein, Grantor, in consideration of value received from Grantee, hereby grants to Grantee, and its successors and assigns, a perpetual non-exclusive easement and right-of-way, appurtenant to the Dominant Estate and Grantee’s water distribution system located within Grantee’s service area, for purposes of: (i) egress and ingress over the Servient Estate, to and from the Dominant Estate, and the right to enter upon and to pass and re-pass over and along the Water Line Easement, described below, for all purposes, including, specifically, but not by way of

limitation, access to and from the Dominant Estate, construction, operation and maintenance of water pipelines and appurtenant facilities, including electric power and communications facilities, to be constructed in the Water Line Easement by Grantee or its successors and assigns, its officers, agents and employees and by persons under contract with Grantee or its successors and assigns; and (ii) for purposes of constructing, installing and maintaining water pipelines and appurtenant facilities for transmission purposes, including, specifically, but not by way of limitation, the right to lay, install, construct, reconstruct, remove and replace, renew, inspect, maintain, repair, improve, relocate and otherwise use the water pipelines together with incidental appurtenances, connections, and structures in, over, under, upon, along, through and across the Servient Estate as hereinafter described.

Said easement shall lie in, over, under, upon, along, through and across that portion of the Servient Estate, described and depicted in **Exhibit C** (the "Water Line Easement") attached hereto and by this reference incorporated herein.

Said easement includes a temporary, non-exclusive construction easement, in connection therewith, over, under, upon, along, through and across that portion of the Servient Estate, described and depicted in **Exhibit C** (the "Temporary Construction Easement"). Said Temporary Construction Easement shall include all rights reasonably necessary in connection with the initial installation and construction of the water pipelines and appurtenances and shall, thereafter, be available for repair and/or replacement of the pipelines and appurtenances, as needed.

It is understood and agreed that the easements and rights-of-way acquired herein are acquired subject to the rights of the Grantor, and its successors and assigns, to use the surface of the Water Line Easement to the extent that such use is compatible with the full and free exercise of said easement and rights-of-way by the Grantee; provided, however, that no permanent structures or other improvements shall be constructed upon, over, and along the Water Line Easement without first obtaining the prior written consent of Grantee. Grantee shall not unreasonably withhold, delay, or condition such consent.

Grantor shall not deposit, place, or maintain any earth, dirt, fill or any other material on or over the surface of the ground, nor shall Grantor remove any earth from the cover of said pipeline or pipelines and incidental facilities without first obtaining the prior written consent of Grantee. Grantee shall not unreasonably withhold, delay, or condition such consent. However, Grantor may undertake routine maintenance, repair, and replacement of all roadway improvement, landscaping and all drainage improvements contained within the Water Line Easement without the need for prior written consent of Grantee.

In consideration of Grantee's acceptance and recordation of this Grant of Easements, Grantor and Grantee covenant and agree for themselves and their successors and assigns that in the event Grantor proposes to make improvements within the Water Line Easement that cannot reasonably be constructed in such a manner to avoid Grantee's in-place water pipelines and other facilities, Grantor may request Grantee to relocate the water pipelines and other facilities described herein and Grantee shall perform the necessary relocation at Grantee's sole cost and expense.

The Grantor and persons or concerns executing this Grant of Easements represent and warrant to Grantee that Grantor is the owner in fee title of the herein described Servient Estate, or has the right to make this conveyance, and that it has advised the Grantee in writing of any and all outstanding easements, encumbrances, or deeds of trust.

Grantee hereby acknowledges and assumes all responsibilities with regard to the Servient Estate placed upon Grantor under the terms of that certain document entitled "Quitclaim Deed for a Portion of Former Fort Ord , Monterey, California", executed by the United States of America in favor of the Fort Ord Reuse Authority, Recorded May 19, 2006, as Instrument No. 2006045190, Official Records, Monterey County, and re-recorded and amended January 12, 2007, by Instrument No. 2007003370, Official Records, Monterey County, and Grantor grants to Grantee all benefits with regard to the Water Line Easement under the terms of the aforesaid deed to Grantor. Grantee, its successors or assigns, shall neither transfer the Water Line Easement, nor any portion thereof, nor grant any interest, privilege or license whatsoever in connection with the Water Line Easement without the inclusion, to the extent applicable to the Water Line Easement or any portion thereof, of the following environmental protection provisions contained in above referenced deed: Exclusions and Reservations, Federal Facilities Agreement (FFA); CERCLA Covenants, Notice, and Environmental Remediation; Notice of the Presence of Asbestos and Covenant; Lead-Based Paint Warning and Covenant; Notice of Hazardous Substance Storage; Notice of the Potential for the Presence of Pesticides and Covenant; Notice of the Potential for the Presence of Polychlorinated Biphenyls (PCBs); Notice of the Presence of Contaminated Groundwater; Notice of the Potential for the Presence of Ordinance and Explosives; Endangered Species, and Air Navigation Reservation and Restrictions, Enforcement and Notice Requirement, and Grantee shall require the inclusion, to the extent applicable, of such environmental protection provisions in all further deeds, transfers, leases, or grant of any interest, privilege or license.

This Grant of Easements and the provisions contained herein shall be binding upon Grantor, Grantee, and their respective successors and assigns. This Grant of Easements shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, this Grant of Easements has been executed as of the date first set forth above.

GRANTOR

GRANTEE

**UCP EAST GARRISON LLC, a
Delaware limited liability company**

**MARINA COAST WATER
DISTRICT, a county water district**

By: _____
Name: _____
Its: _____

By: _____
Name: William Y. Lee
Title: President

By: _____
Name: Jim Heitzman
Title: Secretary

**CERTIFICATE OF ACCEPTANCE
GOVERNMENT CODE SECTION 27281**

This is to certify that the interest in real property conveyed by the foregoing Grant of Easements from the **UCP EAST GARRISON LLC**, a Delaware limited liability company, to **MARINA COAST WATER DISTRICT**, a public agency ("MCWD"), is hereby accepted by the undersigned officers on behalf of MCWD, pursuant to authority conferred by resolution of the MCWD Board of Directors adopted on _____, 2011, and MCWD consents to recordation thereof by its duly authorized officers.

Dated this _____ day of _____, 2011, at Marina, California.

**MARINA COAST WATER
DISTRICT, a county water district**

By: _____
William Y. Lee, President

By: _____
Jim Heitzman, Secretary

**STATE OF CALIFORNIA
COUNTY OF MONTEREY**

On _____ before me, _____, Notary Public, personally appeared William Y. Lee, who 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(ies), and that by his signature(s) on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____(Seal)

**STATE OF CALIFORNIA
COUNTY OF MONTEREY**

On _____ before me, _____, Notary Public, personally appeared Jim Heitzman, who 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(ies), and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____(Seal)

**STATE OF CALIFORNIA
COUNTY OF MONTEREY**

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

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____(Seal)

EXHIBIT A
LEGAL DESCRIPTION
SERVIENT ESTATE

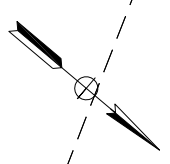
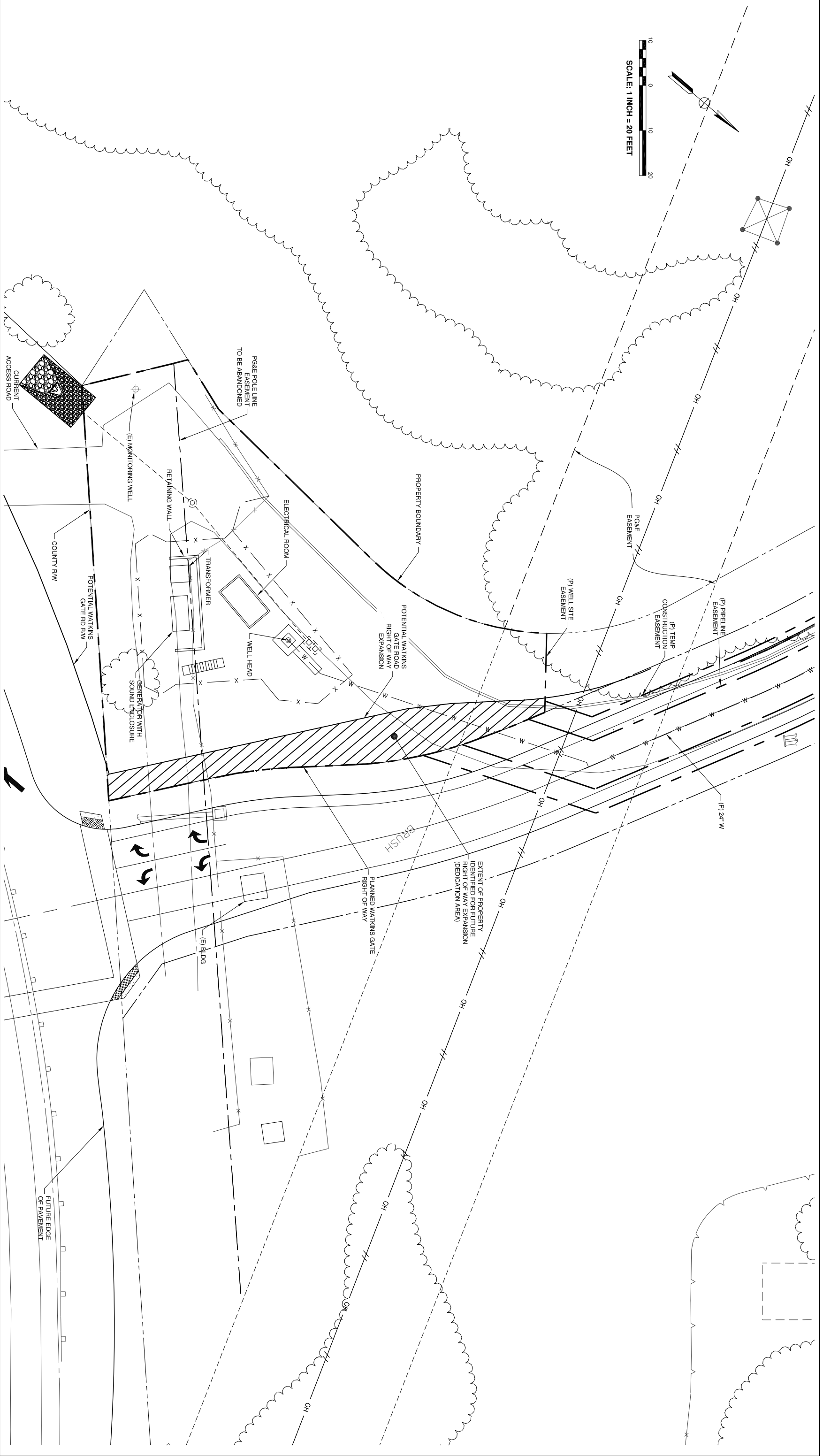
EXHIBIT B

**LEGAL DESCRIPTION
DOMINANT ESTATE**

EXHIBIT C

**“WATER LINE EASEMENT”
AND
“TEMPORARY CONSTRUCTION EASEMENT”**

EXHIBIT F
DEDICATION AREA



NO.	REVISION DESCRIPTION	DATE	APPR



MARINA COAST WATER DISTRICT
 11 RESERVATION ROAD
 MARINA, CA 93933
 (831) 384-6131

Schaaf & Wheeler
 CONSULTING CIVIL ENGINEERS
 3239 IMJIN ROAD - SUITE 129
 MARINA, CA 93933
 (831) 883-4848

DEDICATION AREA
WATKINS GATE WELL
EASEMENT EXHIBIT F

DATE: 8/24/11
 SCALE: AS NOTED
 DESIGN: JRP
 DRAWN: JRP
 CHECK: LMC

EXHIBIT F
 1 OF 1