

**ADDENDUM TO THE VACANT LAND PURCHASE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

No escrow will close, funds will not be released from escrow, and title shall not be conveyed to buyer until "proper releases" [as defined in Regulation 2791.1] have been obtained from any and all "blanket encumbrances" [as defined in B&P Code Section 11013]; provided, however, escrow may close, funds released, and title conveyed even though no proper release has been obtained from the lien or charge of one or more deeds of trust if the buyer is notified that a "release agreement" [as defined in Regulation 2791.1], duly deposited with the escrow holder, is available to the buyer on request for each such deed of trust and the buyer has been provided a policy of title insurance insuring the buyer against loss by reason of each such deed of trust.

If, through no fault of Buyer, this escrow shall not close within sixty (60) days from the date of Seller's acceptance of your offer, Buyer shall have the right to the return of all monies deposited by him into escrow, without deduction, and escrow holder is hereby authorized to refund said monies without deduction to Buyer.

If this escrow does not close on or before the date set forth in this contract, or a later date mutually agreed to by Buyer and Seller herein, Seller shall, within fifteen (15) days after the closing date set forth in the contract, (or an extended closing date mutually agreed to by Buyer and Seller), except as provided in the Liquidated Damages section of this purchase agreement, order all of the money remitted by the Buyer under the terms of this contract to be refunded to the Buyer.

"ARBITRATION OF DISPUTES": Buyer and Seller expressly agree to submit any and all disputes regarding liquidated damages, based on alleged default by Buyer, to arbitration in accordance with the procedures set forth below pertaining to liquidated damages. Judgment upon the award rendered by arbitration may be entered in any court having jurisdiction hereof. The parties shall have the right to discovery in accordance with Code of Civil Procedure Section 1283.05.

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

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

Buyer's Initials Seller's Initials
____/____ ____/____

EXCLUSIONS FROM ARBITRATION: The following matters are excluded from mediation and arbitration hereunder: (a) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sales contract as defined in Civil Code §2985; (b) an unlawful detainer action; (c) the filing or enforcement of a mechanic's lien; (d) any matter which is within the jurisdiction of a probate or small claims court; and (e) an action for bodily injury or wrongful death, or for latent or patent defects to which Code of Civil Procedure §337.1 or §337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the Arbitration of Disputes provisions.

Liquidated Damages/Default

If Buyer fails to complete the purchase of the property because of a default by Buyer, Seller may pursue any remedy in law or equity that it may have against Buyer on account of the default; provided, however, that by placing their initials here, Buyer__ and Seller ___ agree that:

A) \$ _____, an amount not to exceed the money remitted by buyer under terms of the Contract for acquisition of the subdivision interest (Purchase Money Deposit), shall constitute liquidated damages payable to Seller if Buyer fails to complete the purchase of the property because of a default by Buyer, subject to the provisions of California Civil Codes 1675 - 1678.

B) The payment of such liquidated damages to Seller shall constitute the exclusive remedy of Seller on account of any default by Buyer.

C) Liquidated damages shall be payable to Seller out of Buyer's Purchase Money Deposit according to the following procedures:

(1) The Seller shall give written notice (ASeller's notice and demand≅) by registered or certified mail or personal delivery, or by an other means authorized for service by Code of Civil Procedure Section 116.340 to escrow holder and to Buyer that Buyer is in default under the Contract and that Seller is demanding that escrow holder remit \$ _____ from the Purchase Money Deposit to Seller as liquidated damages unless, within 20 days, Buyer gives escrow holder Buyer's written objection to disbursement of Purchase Money as liquidated damages ("Buyer's objection").

(2) Buyer shall have a period of 20 days from the date of receipt of Seller's notice and demand in which to give escrow holder Buyer's objection.

(3) If Buyer fails to give escrow holder Buyer's objection within the 20-day period: (A) escrow holder shall promptly remit the amount demanded to Seller, and (B) Seller is released from any obligation to sell the property to Buyer.

(4) If Buyer gives escrow holder Buyer's objection within 20-day period, then the determination as to whether Seller is entitled to the disbursement of Purchase Money as liquidated damages, and every other cause of action that has arisen between Buyer and Seller under the Contract, except for claims for damages for latent or patent construction defects, submitted to binding arbitration in accordance with the consumer arbitration rules of the American Arbitration Association subject to each of the following:

(i) Any fee to initiate the arbitration shall be paid by the Seller, provided that the arbitration costs and fees, including any initiation fee, ultimately shall be borne as determined by the arbitrator.

(ii) The venue of the arbitration proceeding shall be in the county in which the property is located unless the parties agree to a different location.

(iii) The arbitrator shall be appointed within 60 days of the administrator's receipt of a written request to arbitrate the dispute. In selecting the arbitrator the provisions of Section 1297.121 of the Code of Civil Procedure shall apply. The arbitrator may be challenged for any of the grounds listed therein or in Section 1297.124 of the Code of Civil Procedure.

(iv) The arbitrator shall be authorized to provide all recognized remedies available in law or equity for any cause of action that is the basis of the arbitration. (Optional - The arbitrator shall not have the authority to award punitive damages).

(v) A judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.