

DISPOSITION AND DEVELOPMENT AGREEMENT
(North Park Gateway)

by and among

REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

AGENCY,

CITY OF SAN DIEGO

CITY,

and

NORTH PARK GATEWAY, LLC,
a California limited liability company

DEVELOPER

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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (“Agreement”) is entered into by and among the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic (“Agency”), the CITY OF SAN DIEGO, a municipal corporation (“City”), and NORTH PARK GATEWAY, LLC, a California limited liability company (“Developer”), as of _____, 2011. Agency, City and Developer agree as follows:

PART 1 SUBJECT OF AGREEMENT

SECTION 101 Purpose of the Agreement

The Agency (as defined in Part 7 below) is the owner of that certain legal parcel (the “Property”) located within the North Park Redevelopment Project Area in the City of San Diego, State of California at 3067 University Avenue, containing a vacant two-story commercial structure of approximately 15,600 square feet. The purpose of this Agreement is to effectuate the Redevelopment Plan for the North Park Redevelopment Project by providing for the conveyance of the Property to Developer and Developer’s adaptive reuse of the existing structure on the Property for a mixed-use development comprised of approximately 7,000 square feet in retail commercial uses, six new residential apartment units, related parking and public streetscape and alleyway improvements (“Project”), all in accordance with plans and specifications subject to approval by the City of San Diego and the Agency, as more specifically described in this Agreement. The development and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the City of San Diego and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws and requirements.

SECTION 102 Definitions

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“**Affiliate**” means (1) any Person directly or indirectly controlling, controlled by or under common control with another Person; (2) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, any company for which such Person acts in any such capacity. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the

power to direct or cause the direction of the management or policies of the controlled entity. It shall also be a presumption that the managing general partner of a limited partnership controls the limited partnership.

“Agency Loan” or **“Loan”** shall mean a forgivable loan not to exceed One Hundred Thousand Dollars (\$100,000) to pay for a portion of the costs of the Public Improvements incurred in completion of the Project. The Loan shall be evidenced by the Promissory Note and secured by a Deed of Trust on fee title to the Property.

“Agency Loan Documents” shall mean the Promissory Note attached to this Agreement as Attachment No. 13 and the Deed of Trust attached to this Agreement as Attachment No. 14.

“Agreement Affecting Real Property” means the Agreement Affecting Real Property to be recorded upon the occurrence of the Closing, substantially in the form attached to this Agreement as Attachment No. 10.

“Approved Title Conditions” shall mean the items contained on Schedule B of the Title Report, and other covenants, conditions, restrictions and easements arising out of the provisions of this Agreement or caused by or on behalf of Developer.

“Assignment and Assumption Agreement” shall mean an instrument substantially in the form attached to this Agreement as Attachment No. 7.

“City of San Diego Equal Opportunity Contracting Requirements” means those requirements set forth in the Attachment No. 9.

“Closing” means the point in time when all conditions precedent to close of escrow for conveyance of fee title from Agency to Developer have been satisfied as set forth in Section 210, and the Grant Deed and Agreement Affecting Real Property have been recorded.

“Closing Date” means the date on which the Closing has occurred.

“Completion” means the point in time when all of the following shall have occurred: (1) issuance of a temporary or final certificates of occupancy by the City for the entire Project; (2) recordation of a Notice of Completion by Developer or its contractor for the entire Project; (3) certification or equivalent by the Project architect that construction of the entire Project (with the exception of minor “punchlist” items) has been completed in a good and workmanlike manner and substantially in accordance with the approved plans and specifications; (4) payment, settlement or other extinguishment, discharge, release, waiver, bonding or insuring against any mechanic’s liens that have been recorded or stop notices that have been delivered for the entire Project; and (5) the Property has been developed in accordance with this Agreement, the Scope of Development and plans approved by the Agency pursuant to this Agreement.

“Development Costs” shall mean the total cost of developing the Property and constructing the Project thereon, as required by this Agreement and as set forth in the Project Budget.

“Deed of Trust” shall mean that certain Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) in substantially the same form attached hereto as Attachment No. 14 and incorporated herein by this reference.

“Executive Director” shall refer, as applicable, to the Executive Director of the Redevelopment Agency of the City of San Diego, or designee (as to the Agency) or the Mayor of the City of San Diego, or designee (as to the City).

“Escrow Agent” means Stewart Title of California, Inc.

“Hazardous Substances” means any substance, material or waste which is or becomes regulated by the United States government, the State of California, or any local or other governmental authority, including, without limitation, any material, substance or waste which is (i) defined as a “hazardous waste,” “acutely hazardous waste,” “restricted hazardous waste,” or “extremely hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code; (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code; (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code; (v) petroleum; (vi) asbestos; (vii) a polychlorinated biphenyl; (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20; (ix) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act (42 U.S.C. Section 6903); (xi) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601); or (xii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements either requires special handling in its use, transportation, generation, collection, storage, treatment or disposal, or is defined as “hazardous” or is harmful to the environment or capable of posing a risk of injury to public health and safety.

“Legal Description” means the legal description of the Property attached to this Agreement as Attachment No. 2.

“Notice of Completion” shall have the same definition as set forth in California Civil Code section 3093.

“Official Records” means the Official Records of the Office of the County Recorder for San Diego County, California.

“Permitted Mortgage” means a loan secured by a mortgage or deed of trust approved by the Agency in accordance with Section 318 of this Agreement.

“Permitted Mortgagee” means a lender that provides a a Permitted Mortgage.

“Permitted Transfer” means any of the following:

- (i) A conveyance of a security interest in the Property to a Permitted Mortgagee; and
- (ii) A conveyance of the Property to any Affiliate; and
- (iii) The granting of easements or permits to facilitate the development of the Property in accordance with this Agreement.
- (iv) Any transfer described above shall be subject to the approval of documentation by the Executive Director for conformance with this Agreement.

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company or other entity, domestic or foreign.

“Project” refers to the adaptive, mixed-use project comprised of approximately 6,200 square feet for commercial uses and 800 square feet for circulation to the second floor to be developed on the ground floor of the Property and six (6) two-bedroom/two bathroom market rate residential units to be developed on the second floor of the Property, related parking and public streetscape and alley improvements, as more particularly described in the Scope of Development (Attachment No. 3).

“Project Budget” means the schedule of sources and uses attached to this Agreement as Attachment No. 6.

“Promissory Note” shall mean that certain Promissory Note in substantially the same form attached hereto as Attachment No. 13 and incorporated herein by this reference.

“Property” means the real property described in Section 104 of this Agreement.

“Public Improvements” means the Public Improvements described in the Scope of Development (Attachment No. 3).

“Release of Construction Covenants” means the certificate to be issued by the Agency upon Completion, substantially in the form attached hereto as Attachment No. 8, in accordance with Section 324 of this Agreement.

“Schedule of Performance” means the document attached to this Agreement as Attachment No. 4.

“Scope of Development” means the document attached to this Agreement as Attachment No. 3.

“Site Map” means the document which is attached to this Agreement as Attachment No. 1.

“**Title Company**” means Stewart Title of California, Inc.

“**Title Insurance Policies**” means an ALTA extended coverage title insurance policy on the Property issued to Developer in the amount of \$2,400,000 and an ALTA lenders extended coverage policy issued to a Permitted Mortgagee, all subject only to the Approved Title Conditions.

“**Title Report**” means the Preliminary Title Report, dated April 11, 2011, attached to this Agreement as Attachment No. 11.

“**Universal Design**” means the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design consistent with The Seven Principles of Universal Design developed by North Carolina State University’s Center for Universal Design.

SECTION 103 The Redevelopment Plan

This Agreement is subject to the Redevelopment Plan for the North Park Redevelopment Project which was approved and adopted on March 4, 1997 by the City Council of the City of San Diego by Ordinance No. O-18386, as amended from time to time (“Redevelopment Plan”). The Redevelopment Plan is incorporated herein by reference and made a part hereof as though fully set forth herein.

SECTION 104 The Property

The “Property” is comprised of the parcel located at 3067 University Avenue, owned by the Agency and designated as Assessor’s Parcel Number 453-152-03-00, containing approximately 15,600 square feet presently developed with a vacant two-story commercial structure. The Property is depicted on the Site Map attached hereto as Attachment No. 1. The legal description of the Property is set forth in the Legal Description attached hereto as Attachment No. 2.

SECTION 105 Agency and City

a. Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under Chapter 2 of the Community Redevelopment Law of the State of California.

b. The address of the Agency for purposes of receiving notices pursuant to this Agreement shall be:

Redevelopment Agency of the City of San Diego
1200 Third Avenue, Suite 1400
San Diego, California 92101
Attn: Deputy Executive Director

With a copy to:

Redevelopment Agency General Counsel
Office of the City Attorney
1200 Third Avenue, Suite 1100
San Diego, CA 92101

c. Subject to Part 7 below, “Agency” as used in this Agreement, except as otherwise specified herein, shall mean either the Redevelopment Agency of the City of San Diego or the City of San Diego, whichever of those two Parties is the fee title owner of the Property at the relevant time.

d. City is a California municipal corporation.

e. The address of the City for purposes of receiving notices pursuant to this Agreement shall be:

The City of San Diego
1200 Third Avenue, Suite 1700 (MS 51A)
San Diego, CA 92101
Attention: Director, Real Estate Assets Department

SECTION 106 Developer

a. Developer is North Park Gateway, LLC, a California limited liability company. The address of Developer for purposes of receiving notices pursuant to this Agreement is as follows:

North Park Gateway, LLC
2400 Fourth Avenue, Suite 110
San Diego, California 92103
Attention: Lyda Cohen

With a copy to:

Interlink Development Consulting
3525 Del Mar Heights Road, Suite 402
San Diego, CA 92130
Attention: Sara Isgur

With a copy to:

Peterson & Price, APC
530 B Street, Suite 1800
San Diego, CA 92101-4476
Attention: Edward F. Whittler

b. Whenever the term “Developer” is used herein, such term means and includes the Developer as of the date hereof, and any assignee of or successor to its rights, powers and responsibilities permitted by this Agreement.

SECTION 107 Assignments and Transfers

a. Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping the Property, and not for speculation in land holding. Developer further recognizes that the qualifications and identity of Developer are of particular concern to the City and the Agency, in light of the following: (1) the importance of the development of the Property to the general welfare of the community; (2) the public assistance that has been made available by law and by the government for the purpose of making such redevelopment possible; and (3) the fact that a change in ownership or control of Developer or any other act or transaction involving or resulting in a significant change in ownership or control of Developer, is for practical purposes a transfer or disposition of the property then owned by Developer. Developer further recognizes that it is because of such qualifications and identity that the Agency is entering into the Agreement with Developer. Therefore, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly permitted herein.

b. Except for Permitted Transfers, Developer shall not assign all or any part of this Agreement, or any interest herein, without the prior written approval of the Agency.

c. For the reasons cited above, Developer represents and agrees for itself and any successor in interest that, without the prior written approval of the Agency, there shall be no significant change in the ownership of Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means.

d. Except for Permitted Transfers, any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer shall require the approval of the Agency.

e. To the extent Agency approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, Agency shall reasonably base its decision upon the relevant experience, financial capability and reputation of the proposed assignee or transferee and the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, Agency shall not approve any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer that results in payment of consideration to any Person prior to the issuance of the Release of Construction Covenants and that is not conditioned upon the issuance of the Release of Construction Covenants.

f. Developer shall promptly notify the Agency of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Agreement may

be terminated by the Agency if there is any significant change (voluntary or involuntary) in membership, management or control, of Developer (other than such changes occasioned by the death or incapacity of any individual).

g. Permitted Transfers and any other assignments or transfers approved by the Agency in conformance with this Agreement shall be evidenced by the Developer's, assignee's, and Agency's execution of an Assignment and Assumption Agreement in substantially the form attached hereto as Attachment No. 7.

h. The restrictions of this Section 107 shall terminate upon Completion.

SECTION 108 Developer's Representations and Warranties

Developer hereby represents the following to Agency for the purpose of inducing Agency to enter into this Agreement and to consummate the transactions contemplated hereby, all of which shall be true as of the date hereof and as of the Closing:

a. Developer has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein to which Developer is a party (which have been executed by Developer), to consummate the transactions contemplated hereby, to take any steps or actions contemplated hereby, and to perform its obligations hereunder;

b. All requisite action has been taken by Developer and all requisite consents have been obtained in connection with the entering into this Agreement and the instruments and documents referenced herein to which Developer is a party (which have been executed by Developer), and the consummation of the transactions contemplated hereby comply with all applicable laws, statutes, ordinances, rules and governmental regulations;

c. This Agreement is duly executed by Developer, and all agreements, instruments and documents to be executed by Developer pursuant to this Agreement shall, at such time as they are required to be executed hereunder, be duly executed by Developer, and each such agreement heretofore or concurrently executed by Developer is valid and legally binding upon Developer and enforceable in accordance with its terms and the execution and delivery thereof shall not, with due notice or the passage of time, constitute a default under or violate the terms of any indenture, agreement or other instrument to which Developer is a party;

d. There is no pending or, to the best of Developer's knowledge, threatened litigation against Developer or any of its Affiliates which would prevent Developer from performing its duties and obligations hereunder; and

e. Developer is not the subject of a bankruptcy proceeding.

SECTION 109 Submission of Evidence of Financing

a. As a condition precedent to the Closing and within the time set forth therefore in the Schedule of Performance, Developer shall submit to Agency evidence satisfactory to the

Executive Director that Developer has obtained the financing necessary for the development of the Property in accordance with this Agreement. Such evidence of financing shall include the following:

1. A copy of the commitment or commitments obtained by Developer for any loan required for development of the Property, a final Project Budget approved by the Executive Director, and all other commitments to finance the development of the Project, certified by Developer to be a true and correct copy or copies thereof;

2. A copy of final loan documents (e.g., notes, trust deeds, indentures, loan agreements, etc.); and

3. Documentation acceptable to the Executive Director of other sources of capital sufficient to demonstrate that Developer has adequate equity funds committed to provide the amount of Developer equity required by the final Agency-approved Project Budget.

b. The Executive Director shall approve or disapprove such evidence of financing within the time established in the Schedule of Performance. If Agency shall disapprove any such evidence of financing, then Agency shall do so by written notice to Developer stating the reasons for such disapproval.

PART 2 DISPOSITION OF PROPERTY

SECTION 201 Sale and Purchase

a. Agreement to Sell and Purchase. In accordance with and subject to all the terms, covenants and conditions of this Agreement, Agency agrees to sell to Developer and Developer agrees to purchase the Property.

b. Purchase Price. Developer shall pay to Agency a total purchase price for the Property in the amount of One Dollar (\$1.00, "Purchase Price").

SECTION 202 Agency Loan

a. In accordance with and subject to all the terms, covenants, and conditions of this Agreement, the Agency agrees to provide the Agency Loan for the costs of Public Improvements in an amount not to exceed One Hundred Thousand Dollars(\$100,000) in consideration for Developer's agreement to construct Public Improvements in excess of what is required by the City for projects of similar size and scope and as described in the Scope of Development. The Agency Loan shall only be used to pay for qualified construction costs of the Public Improvements as determined by the Agency Executive director.

b. The terms of the Loan shall be as set forth in this Agreement and the Agency Loan Documents.

c. To the extent final costs of Public Improvements are less than the amount in the final Agency-approved Project Budget or to the extent Developer finds alternative funding sources to pay for such costs, than the resulting cost savings or additional proceeds shall reduce the Agency Loan dollar-for-dollar.

SECTION 203 Disbursement of Agency Loan

a. Disbursement of Agency Loan shall be pursuant to the terms of the funding control agreement between the Agency, the Developer and a bonded funding control agent mutually acceptable to the Agency and the Developer. The total payments to be paid to Developer by the Agency under this Agreement shall not under any circumstances exceed One Hundred Thousand Dollars (\$100,000). Agency shall disburse fifty percent (50%) of the Agency Loan (\$50,000) to Developer upon Closing.

b. Upon recordation of the Release of Construction Covenants, the balance of the Agency Loan shall be funded pursuant to a draw request submitted to the funding control agent in accordance with the terms of said executed funding control agreement and shall be subject to the conditions set forth below:

(i) Developer's submission of proof of use of funds and cost certification of the Public Improvements which shall be provided at Developer's sole cost and expense, within sixty (60) days following Completion. The proof of use of funds and cost certification shall be in such form and contain such information and documentation as requested by the Agency Executive director.

(ii) Agency shall, within fifteen (15) business days after receipt of the draw request, determine the amount of the draw request to be approved, notify Developer via electronic mail and approve the draw request through the funding control agent.

(iii) Any item in the draw request which is not specifically approved within fifteen (15) business days shall be deemed disapproved. In the event the Agency disapproves any portion of the amount requested by Developer in the draw request, the Agency shall promptly notify the Developer of the disapproved amount and the reason therefor via electronic mail and first class mail.

(iv) In the event that any item shall be disapproved or deemed disapproved, the Developer and Agency shall meet to promptly and in good faith attempt to resolve the matter to their mutual satisfaction.

(v) In the event of any dispute, the Agency shall approve the amount of the draw request not in dispute and fund any disputed amounts promptly upon resolution of the dispute.

(vi) The Agency shall have the right to condition the draw request upon receipt and approval of such documentation, evidence or information that Agency may request, including, but not limited to, vouchers, invoices, architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of rehabilitation that has been completed.

SECTION 204 Escrow

a. Agency agrees to open an escrow for conveyance of the Property with the Escrow Agent, as escrow agent, within the time provided therefore in the Schedule of Performance. Agency and Developer shall provide such escrow instructions consistent with this Agreement as shall be necessary. The Escrow Agent hereby is empowered to act under such instructions, and upon indicating its acceptance thereof in writing, delivered to Agency and to Developer within 5 days after opening of the escrow, the Escrow Agent shall carry out its duties as Escrow Agent hereunder.

b. Upon payment of the Purchase Price by delivery thereof by Developer to the Escrow Agent and delivery to the Escrow Agent of the Grant Deed by Agency, the Escrow Agent shall record the Grant Deed in accordance with these escrow instructions provided that title to the Property can be vested in Developer in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps required by law. Any insurance policies governing the Property are not to be transferred unless otherwise agreed in writing by the parties.

c. Developer shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified Developer of the amount of such fees, charges and costs, but not earlier than 3 days prior to the scheduled date for the conveyance of the Property:

1. One-half of the escrow fee;
2. The premiums for the Title Insurance Policies as set forth in Section 212 of this Agreement;
3. Recording fees; and
4. Notary fees

d. Developer shall also deposit the Purchase Price for the Property with the Escrow Agent in accordance with Section 209 of this Agreement.

e. Agency shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified Agency of the amount of such fees, charges and costs, but not earlier than 3 days prior to the scheduled date for the conveyance of the Property:

1. One-half of the escrow fee; and

2. Any State, County or City documentary stamps or transfer tax.
3. Fifty percent (50%) of the Agency Loan (\$50,000).

f. Agency shall timely and properly execute, acknowledge and deliver the Grant Deed conveying to Developer title to the Property in accordance with the requirements of this Agreement, together with an estoppel certificate certifying that Developer has completed all acts (except deposit of the Purchase Price), necessary to entitle Developer to such conveyance, if such be the fact.

g. The Escrow Agent is authorized and directed to do all of the following:

1. Pay, and charge Agency and Developer, respectively, for any fees, charges and costs payable under this Agreement. Before such payments are made, the Escrow Agent shall notify Agency and Developer of the fees, charges and costs necessary to clear title and close the escrow.

2. Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of this escrow have been fulfilled by Agency and Developer. The Purchase Price shall not be delivered by the Escrow Agent unless and until it has recorded the Grant Deed and the Title Company has issued or is irrevocably committed to issue the Title Insurance Policies.

3. Record any instruments delivered through this escrow if necessary or proper to vest title in Developer in accordance with the terms and provisions of this Agreement.

h. All funds received in this escrow shall be deposited by the Escrow Agent in a fully government insured general escrow account with any state or national bank doing business in the State of California and reasonably approved by Developer and Agency.

i. If this escrow is not in a condition to close on or before the time for conveyance set forth in the Schedule of Performance, then either party who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand the return of its money, papers or documents from the Escrow Agent. No demand for return shall be recognized until 10 days after the Escrow Agent (or the party making such demand) shall have mailed copies of such demand to the other party or parties at the address of its principal place of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the 10-day period, in which event the Escrow Agent is authorized to hold all money, papers and documents with respect to the Property until instructed by a mutual agreement of the parties or, upon failure thereof, by a court of competent jurisdiction. If no such demands are made, then the escrow shall be closed as soon as possible.

j. If objections are raised as above provided for, then the Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both Agency and Developer, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction. If no such objections are made within said 10-day

period, then the Escrow Agent shall immediately return the demanded money, papers or documents.

k. The parties understand they may be required to execute additional standard form escrow instructions required by the Escrow Agent (“General Instructions”). In the event of a conflict between this Agreement and any such General Instructions, this Agreement shall control. The parties agree, however, that they would refuse to execute General Instructions which (i) purport to relieve the Escrow Agent of liability for negligence or intentional wrong-doing, (ii) excuse the Escrow Agent from strict compliance with each and all of the provisions of this document and the General Instructions or (iii) purport to authorize the Escrow Agent to follow the instructions or directive of any person not a direct signatory party to this Agreement. Any amendment to the escrow instructions shall be in writing and executed by both Agency and Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

1. Prorations

1. Taxes and Assessments. Shall be prorated as set forth in Section 213 of this Agreement.

2. Method of Proration. All prorations shall be made in accordance with customary practice in San Diego County, except as expressly provided herein. Agency and Developer agree to cause their accountants or agents to prepare a schedule of tentative prorations prior to the Closing Date. Such prorations, if and to the extent known and agreed upon as of the Close of Escrow, shall be paid into escrow by the respective parties. Any such prorations not determined or not agreed upon as of the Close of Escrow shall be paid by Agency to Developer, or by Developer to Agency, as the case may be, in cash as soon as practical following the Close of Escrow. A copy of the schedule of prorations as agreed upon by Agency and Developer shall be delivered to Escrow Agent at least 3 business days prior to the Closing Date.

m. All communications from the Escrow Agent to Agency or Developer shall be directed to the addresses set forth in Sections 105 and 106 of this Agreement and in the manner set forth in Section 601 of this Agreement for notices between the parties.

n. The following documents shall be recorded in the following order at the Closing:

ORDER OF RECORDATION

1. Grant Deed
2. Agreement Affecting Real Property
3. Promissory Note
4. Deed of Trust

SECTION 205 Conveyance of Title and Delivery of Possession

a. Subject to any mutually agreed upon extension of time, Agency shall convey title to the Property to Developer on or before the Closing Date (so long as all conditions precedent have been satisfied), or such later date mutually agreed to in writing by Agency and Developer and communicated in writing to the Escrow Agent.

b. Except as otherwise provided herein, possession of the Property shall be delivered to Developer at the Close of Escrow. Developer shall accept title and possession to the Property upon the Close of Escrow.

SECTION 206 Form of Deed

Agency shall convey to Developer title to the Property in the condition provided in Section 205 of this Agreement by Grant Deed (Attachment No. 5). The Grant Deed shall contain covenants necessary or desirable to carry out this Agreement.

SECTION 207 Condition of Title

Agency shall convey to Developer fee simple title to the Property free and clear of all liens, encumbrances, assessments, easements, leases and taxes except the Approved Title Conditions.

SECTION 208 Time and Place for Delivery of Deed

Subject to any mutually agreed-upon extension of time, Agency shall deposit the Grant Deed with the Escrow Agent on or before the Closing Date.

SECTION 209 Payment of Purchase Price and Recordation of Grant Deed

Developer shall deposit the Purchase Price for the Property with the Escrow Agent at least one business day before the Close of Escrow for conveyance thereof, provided that Escrow Agent shall have notified Developer in writing that the Grant Deed conveying the Property to Developer, properly executed and acknowledged by Agency, has been delivered to the Escrow Agent and that title is in condition to be conveyed in conformity with this Agreement. The Escrow Agent shall deliver the Purchase Price to Agency immediately following the delivery to Developer of the Title Insurance Policies or confirmation that the Title Company is irrevocably committed to issue the Title Insurance Policies and the filing of the Grant Deed in the Official Records.

SECTION 210 Conditions Precedent to Close of Escrow

The Close of Escrow and the obligations of Agency and Developer hereunder are subject to the satisfaction prior to the Close of Escrow (unless otherwise provided) of the following conditions, and the obligations of the parties with respect to such conditions are as follows:

a. Title Insurance Policies (benefits Developer). Title Company shall be committed to issue the Title Insurance Policies, as provided in this Agreement.

b. Final Construction Drawings (benefits Agency). Developer shall have submitted to Agency, and the Executive Director shall have approved, the Final Construction Drawings.

c. Project Budget (benefits Agency). Developer shall have delivered to Agency, and the Executive Director shall have approved, a final Project Budget or any revisions to the Project Budget, demonstrating to the satisfaction of the Executive Director the availability of sufficient funds to pay all development and construction costs for the Project.

d. Construction Schedule (benefits Agency). Developer shall have delivered to Agency, and the Executive Director shall have approved, a construction schedule showing a detailed trade-by-trade breakdown of the estimated periods of commencement and completion of construction and complete fixturization of the development of the Property, demonstrating that construction will be completed within the time provided in the Schedule of Performance.

e. Evidence of Financing (benefits Agency). Developer shall have obtained and submitted to Agency, and the Executive Director shall have approved, the evidence of financing and other sources of capital required in Section 109, above.

f. Insurance (benefits Agency). Developer shall have submitted to Agency, and the Executive Director shall have approved, evidence of the Insurance Policies as defined in Section 309 b) required by this Agreement, naming as additional insureds the following:

“The City of San Diego, the Redevelopment Agency of the City of San Diego, and their respective officers, officials, employees, attorneys, contractors and agents.”

g. Work Force Report/EO Plan and Report (benefits Agency). Developer shall have prepared and delivered to Agency, and the Executive Director shall have approved, Developer’s Work Force Report or Equal Opportunity Plan to the extent required by this Agreement.

h. Permits (benefits Agency). Developer shall have delivered to Agency a list of all permits required for the redevelopment of the Property in accordance with this Agreement, demonstrating to the satisfaction of the Executive Director that all variances, entitlements and approvals have been obtained and that all conditions for the issuance of all necessary permits have been satisfied (with the exception of payment of fees, which payment is provided for in the Agency-approved Project Budget).

i. Developer Formation Documents (benefits Agency). Developer shall have delivered documentation relating to the corporate, partnership, limited liability or other similar status of Developer, as the case may be (and if Developer is a limited partnership, its general partners, and if Developer is a limited liability company, its members), including, without limitation and as applicable: limited partnership agreement and any amendments thereto, articles of incorporation, State of California Limited Liability Company Articles of Incorporation (LLC-1), Statement of Information and Operating Agreement (including any amendments thereto),

copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents, a certificate of status issued by the California Secretary of State and a copy of any Fictitious Business Name Statement, if any, as published and filed with the Clerk of San Diego County.

j. Joint Supplemental Escrow Instructions (benefits Developer and Agency). Agency and Developer general counsel/counsel shall have prepared such joint supplemental instructions for the Escrow Agent as may be needed.

k. Closing Certificate (benefits Agency). If applicable, Agency shall have submitted to Escrow Agent a certificate stating that all conditions precedent to recording of the documents have been satisfied or waived, if such be the case.

l. Documents (benefits Developer and Agency, as applicable). Agency and Developer shall have executed and delivered to the Escrow Agent in recordable form as necessary the following documents:

1. Grant Deed (to be executed by Developer and Agency); and
2. Agreement Affecting Real Property (to be executed by Developer and Agency); and
3. Promissory Note; and
4. Deed of Trust.

m. Representations, Warranties and Covenants (benefits Agency). Developer shall have duly performed each and every action to be performed by Developer hereunder and Developer's representations, warranties and covenants set forth in this Agreement shall be true and correct as of the date of the Close of Escrow.

n. Deliveries (benefits Agency). Developer shall have deposited into escrow the Purchase Price, and delivered the items and funds to be delivered by Developer, when and as required in this Agreement.

o. Deliveries (benefits Developer). Agency shall have delivered the items and funds to be delivered by Agency, when and as required in this Agreement.

p. Funding Control Agreement. A funding control agreement shall have been executed among the Agency, the Developer and a bonded funding control agent mutually acceptable to the Agency and the Developer for the purpose of disbursing the Agency Loan.

SECTION 211 Failure of Conditions to Close of Escrow

a. In the event that any of the conditions precedent to the Close of Escrow are not timely satisfied or waived, for a reason other than the default of Agency or Developer, the

following shall apply:

1. Agency or Developer shall have the right to terminate this Agreement, the escrow and the rights and obligations of Agency and Developer hereunder to the extent that such party is intended to be benefited by the applicable condition precedent, except as otherwise provided herein;

2. If this Agreement is terminated as provided herein, then Escrow Agent is hereby instructed to promptly return to Developer and Agency all funds, if any, and documents deposited by them, respectively, into escrow which are held by Escrow Agent on the date of said termination (less, in the case of the party otherwise entitled to such funds, however, the amount of any cancellation charges required to be paid by such party under Section 211.b. of this Agreement); and

3. If this Agreement is terminated as provided herein, neither party shall have any further rights or obligations hereunder except as otherwise provided herein.

b. Cancellation Fees and Expenses. In the event that the escrow terminates in accordance with Section 211.a. of this Agreement, the cancellation charges, if any, required to be paid by and to Escrow Agent and the Title Company shall be borne by Developer and all other charges shall be borne by the party incurring same.

c. Disbursements and Other Actions to be taken by Escrow Agent. At the Close of Escrow, Escrow Agent shall promptly undertake all of the following in the manner hereinbelow indicated:

1. Pay the Purchase Price to Agency.

2. Cause the Grant Deed and any other documents which the parties may mutually direct, to be recorded in the Official Records, and obtain conformed copies thereof for distribution to Agency and Developer.

3. Direct the Title Company to issue the Title Insurance Policies to Developer.

4. Prepare and distribute to Developer and Agency each, copies of both parties' escrow closing statements and a complete copy of all documents handled by escrow.

Escrow Agent agrees that release of funds to Agency shall irrevocably commit Escrow Agent, on behalf of Title Company, to issue the Title Insurance Policies in accordance with this Agreement.

SECTION 212 Title Insurance

Concurrent with recordation of the Grant Deed, the Title Company shall provide and deliver the Title Insurance Policies to Developer. Developer shall be responsible for paying the

title insurance premium for the Title Insurance Policies, including any special coverage or endorsements thereto. Agency shall have no responsibility for paying the cost of any portion of the premium for the Title Insurance Policies.

SECTION 213 Taxes and Assessments

Ad valorem taxes and assessments, if any, on the Property, and taxes upon this Agreement or any rights hereunder, levied, assessed or imposed for any period, commencing prior to conveyance of title or possession of the Property to Developer, whichever occurs first, shall be borne by Agency. All ad valorem taxes and assessments levied or imposed for any period commencing after conveyance of title or possession of any other parties of the Property to Developer shall be paid by Developer.

SECTION 214 Occupants of Property

In the event that Agency conveys title to Developer as provided hereunder, Agency agrees that title to the Property shall be conveyed free of any possession or right of possession except that of Developer, unless waived by Developer in writing.

SECTION 215 Condition of Property

a. Developer's Property Investigation.

1. It shall be the sole responsibility of Developer, at Developer's sole cost and expense, to investigate and determine all conditions of the Property and its suitability for the use to which the Property is to be put in accordance with this Agreement. The Agency and Developer entered into that certain Exclusive Negotiation Agreement dated as of May 3, 2011 ("ENA"). During the term of the ENA, Developer had the opportunity to investigate the Property and the Project to determine whether the same are acceptable to Developer, including without limitation as to physical, environmental, entitlement, regulatory, legal and financial matters. If Developer determined that either the Property or the Project was not suitable or feasible for any reason, on or before the last day of the effectiveness of the ENA, Developer had the right to send written notice of such determination to the Agency, in which case the ENA would have immediately terminated, except for those provisions that expressly survive termination. Developer did not send any such determination to the Agency. Developer represents and warrants to Agency that Developer has had sufficient time and opportunity to investigate the Property and the Project and has no objections to the condition of the Property.

2. If the conditions of the Property are not in all respects entirely suitable for the use or uses to which the Property will be put under the terms of this Agreement, then it is the sole responsibility and obligation of Developer to take such action as may be necessary to place the Property in all respects in a condition entirely suitable for its development and use in accordance with this Agreement.

b. Remediation of the Property

1. Agency and City have no responsibility or obligation to investigate or remediate any Hazardous Substances on, in, under or about the Property either prior to or after conveyance to Developer. If Developer encounters Hazardous Substances during the redevelopment of the Project, Developer will have sole responsibility to perform any and all investigations or remediation of such Hazardous Substances as necessary to accomplish and support the Project. Developer agrees to perform such remediation under the oversight of the County of San Diego Department of Environmental Health (“DEH”) or another appropriate regulatory agency, including, without limitation, receiving approval of a remedial action plan (or plan of similar effect) prior to redevelopment activities, if applicable. Developer will comply with all federal, state and local laws, statutes, regulations and regulatory orders in performing any investigation or remediation on, in, under or about the Property.

2. Upon completion of any remediation, if any, Developer (on its own or through an environmental consultant) shall prepare a Closure Report documenting the remediation that occurred on, in, under or about the Property and requesting that the regulatory agency providing oversight issue a “No Further Action” letter or other document of similar effect. Developer shall, if applicable, obtain such “No Further Action” letter (or document of similar effect) prior to obtaining its certificate of occupancy for any portion of the Project.

c. Payment for Investigation and/or Remediation of Property. Agency and City shall have no responsibility to pay for any investigation or remediation costs.

d. Conveyance of Property

1. The Property shall be conveyed to Developer in an “as is” condition, with no warranty, express or implied by Agency as to the condition of the soil (or water), its geology, or the presence of known or unknown faults or Hazardous Substances. The Agency represents that the only environmental investigation it has commissioned specific to this property is a Phase I Environmental Site Assessment (SCS Engineers, June 11, 2010) which has been provided to the Developer.

2. Developer agrees that it will accept the Property with knowledge that there may be environmental contamination on, in, under or about the Property and that some Hazardous Substances may remain at the Property after the completion of the Project. Agency and City shall have no liability for, and shall not defend or indemnify Developer with respect to any liability, loss or claim resulting from the existence of Hazardous Substances on, in, under or about the Property.

3. Developer shall defend, indemnify and hold harmless Agency, City and their respective officers, representatives, agents, employees, contractors and attorneys from and against any claims, liability, injury, damages, costs and expenses (including, without limiting the generality of the foregoing, the cost of any required cleanup of Hazardous Substances, and the cost of attorneys’ fees) which may arise or be incurred or sustained as the result of the presence or cleanup of Hazardous Substances on, in, under or about the Property.

e. Release of Agency. Developer hereby waives, releases and discharges the Agency, the City and their respective members, officers, employees, agents, contractors and consultants, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with the Agency's or Developer's use, maintenance, ownership or operation of the Property, any Hazardous Substances on the Property, or the existence of Hazardous Substances contamination in any state on the Property, however the Hazardous Substances came to be placed there, except that arising out of the sole gross negligence or willful misconduct of the Agency, City, or their respective employees, officers or agents. Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims which the creditor does not know or 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.”

To the extent of the release set forth in this Section, Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

SECTION 216 Property Access Prior to Close of Escrow

a. Until the Close of Escrow, representatives of Developer shall at all reasonable times have the right of access to and entry upon the Property, for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement.

b. Developer agrees to defend and hold Agency, City and their respective officers, employees, contractors, attorneys and agents, harmless for any and all claims, liability and damages arising out of any work or activity of Developer, its agents or its employees permitted pursuant to this Section, except to the extent caused by the sole gross negligence or willful misconduct of Agency, City or their respective officers, employees, contractors, attorneys and agents.

PART 3 REDEVELOPMENT OF THE PROPERTY

SECTION 301 Land Use Approvals and Zoning of Property

It is the responsibility of Developer, without cost to Agency, to ensure that zoning of the Property and all applicable City land use requirements will be, at the Closing, such as to permit development of the Property and construction of the Project and the use, operation and maintenance of the Project in accordance with the provisions of this Agreement. It shall be a condition of the Close of Escrow that Developer obtains all entitlements, approvals and permits necessary for the construction of the Project. Nothing contained herein shall be deemed to entitle Developer to any City permit or other City approval necessary for the development of the

Property, or waive any applicable City requirements relating thereto. This Agreement does not (i) grant any land use entitlement to Developer; (ii) supersede, nullify or amend any condition which may be imposed by City in connection with approval of the development described herein; (iii) guarantee to Developer or any other party any profits from the development of the Property; or (iv) amend any City laws, codes or rules. This is not a Development Agreement as provided in California Government Code Section 65864. Developer shall comply with all applicable conditions of approval required by City. Without cost to Agency, Agency shall in its discretion provide appropriate technical assistance to Developer in connection with Developer's obtaining all necessary entitlements, permits and approvals for the construction of the Project.

SECTION 302 Scope of Development

The Property shall be developed in accordance with and within the parameters established in the Scope of Development (Attachment No. 3). The existing structure on the Property is the former Woolworth Building constructed in 1949. The building is presumed to be of historic significance. Redevelopment of the structure shall be completed in accordance with the Secretary of the Interior's Standards for the Rehabilitation of Historic Buildings (Codified at 36 CFR 67).

Developer and the Agency each acknowledges, understands and agrees that the Scope of Development contains the scope requirements for the Project, which Developer is obligated by this Agreement to adhere to and provide.

SECTION 303 Basic Concept and Schematic Drawings

a. Developer shall prepare and submit basic concept and schematic drawings and related documents for the development of the Property to the Agency for review and written approval within the time established in the Schedule of Performance. Basic concept and schematic drawings shall include a site plan, elevations and sections of the Project as it is to be developed and constructed on the Property.

b. The Property shall be developed as established in the basic concept and schematic drawings and related documents except as changes may be mutually agreed upon between Developer and the Executive Director. Any such changes shall be within the limitations of the Scope of Development (Attachment No. 3).

c. Developer shall make commercially reasonable efforts to incorporate Universal Design components into the project as outlined in the Agency's Universal Design Features (Attachment No. 12).

SECTION 304 Landscaping Plans

a. Developer shall prepare and submit to the Agency for its approval preliminary and final landscaping plans for the Property. These plans shall be prepared and submitted within the times established in the Schedule of Performance (Attachment No. 4).

b. The landscaping plans shall be prepared by a professional landscape architect. Such landscape architect may be the same firm as Developer's architect. Within the times established in the Schedule of Performance, Developer shall submit to the Agency for approval the name and qualifications of its architect and landscape architect.

SECTION 305 Construction Drawings and Related Documents

a. Developer shall prepare and submit construction drawings and related documents (collectively called the "Plans") to the Agency for review (including but not limited to architectural review), and written approval in the times established in the Schedule of Performance. Such construction drawings and related documents shall be submitted as 50% and Final Construction Drawings. Final Construction Drawings are hereby defined as those in sufficient detail to obtain a building permit.

b. Progressively more detailed Plans shall be developed as a logical evolution of the previously approved Plans. Approval of progressively more detailed drawings and specifications will be promptly granted by the Agency Executive Director or designee if developed as a logical evolution of drawings and specifications theretofore approved. Any items so submitted and approved by the Agency Executive Director or designee shall not be subject to subsequent disapproval.

c. During the preparation of all Plans, the Executive Director and Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans and related documents by the Executive Director. The Executive Director and Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Agency can receive prompt and speedy consideration.

d. If any revisions or corrections of Plans approved by the Agency shall be required by any government official, agency, department, or bureau having jurisdiction over the development of the Property, Developer and the Executive Director shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative.

SECTION 306 Agency Approval of Plans

a. The Executive Director shall have the right of review (including, without limitation, architectural review) of all Plans and submissions, including any proposed substantial changes to any such Plans or submissions approved by the Executive Director. The Executive Director shall approve or disapprove the Plans referred to in Sections 303, 304 and 305 of this Agreement within the times established in the Schedule of Performance. Any disapproval shall state in writing the reasons for disapproval and the changes which the Executive Director requests to be made. Such reasons and such changes must be consistent with the Scope of Development and any items previously approved hereunder. Developer, upon receipt of a disapproval based upon powers reserved by Agency hereunder, shall revise the Plans and resubmit them to the Executive Director as soon as possible after receipt of the notice of disapproval.

b. If Developer desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the Executive Director for approval. For purposes of this Section, “substantial” shall mean any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Project.

SECTION 307 Cost of Construction

The Development Costs, including the costs of any offsite or onsite improvements required by the City in connection with the Project, shall be the responsibility of Developer, without any cost to Agency.

SECTION 308 Schedule of Performance

a. Each party to this Agreement shall perform the obligations to be performed by such party pursuant to this Agreement within the respective times provided in the Schedule of Performance (Attachment No. 4), and if no such time is provided, within a reasonable time. The Schedule of Performance shall be subject to amendment from time to time upon the mutual agreement of the Agency and Developer.

b. After the Closing, Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the Project as provided herein and in the Scope of Development (Attachment No. 3).

c. During periods of construction, Developer shall submit to the Agency a written report of the progress of construction when and as requested by the Agency, but not more frequently than once every quarter. The report shall be in such form and detail as may be required by the Agency and shall include a sufficient number of construction photographs (as required by Agency) taken since the last report by Developer. If Agency utilizes the services of a construction monitor, Developer shall cooperate with the Agency and its employees, contractors or agents to coordinate inspections.

SECTION 309 Indemnification and Insurance

a. Developer’s Indemnity. To the maximum extent permitted by law, and in addition to any other provisions of this Agreement independently requiring Developer to defend, indemnify, and hold harmless the Agency, the City, and their respective officers, employees, contractors and agents, Developer agrees to and shall defend, indemnify and hold harmless the Agency, the City and their respective officers, employees, contractors and agents from and against all claims, liability, loss, damage, costs or expenses (including attorneys’ fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or the property of any person resulting or arising from or in any way connected with the following items 1 through 6 listed below, provided Developer shall not be responsible for (and such indemnity shall not apply to) the sole gross negligence or willful misconduct of the Agency, the City, or their respective officers, employees, contractors or agents:

1. The existence, release, presence or disposal on, in, or under the Property of any Hazardous Substances
2. The development, construction, marketing, use, operation or condition of the Property and/or the Project by Developer, its contractors, subcontractors, agents or other persons acting on Developer's behalf (individually, "Indemnifying Party," and collectively, "Indemnifying Parties");
3. Any accident, personal injury or casualty on the Property and/or as part of the Project resulting from the acts or omissions of any Indemnifying Party;
4. Any Plans or designs prepared by or on behalf of any Indemnifying Party, including without limitation any errors or omissions with respect to such plans or designs;
5. Any inaccuracy in or breach of any representation or warranty of Developer, or resulting from any breach or default by Developer, under this Agreement; and
6. The approval of any and all entitlements or permits for the Project by the City.

The foregoing indemnity obligations shall continue to remain in effect after the Completion. Developer understands, acknowledges and agrees that nothing in this Section shall be deemed or interpreted as a limitation, modification or waiver of any other provisions of this Agreement independently requiring Developer to defend, indemnify, and hold harmless the Agency, the City, and their respective officers, employees, contractors and agents.

b. Insurance Policies.

1. Commencing upon the Closing or Developer's possession of the Property, whichever occurs first, and at all times prior to the issuance of the Release of Construction Covenants (the "Term"), Developer shall maintain in effect and deliver to Agency and City duplicate originals or appropriate certificates of the following insurance policies (the "Insurance Policies"):

(a) All-Risk Policies: Developer shall maintain or cause to be maintained coverage of the type now known as builder's completed value risk insurance, as delineated on an All Risk Builder's Risk 100% Value Non-Reporting Form. Such insurance shall insure against direct physical loss or damage by fire, lightning, wind, storm, explosion, collapse, underground hazards, flood, vandalism, malicious mischief, glass breakage and such other causes as are covered by such form of insurance, excluding earthquake(s). Such policy shall include (1) an endorsement for broad form property damage, breach of warranty, demolition costs and debris removal; (2) a "Replacement Cost Endorsement" in amount sufficient to prevent Developer from becoming a co-insurer under the terms of the policy, but in any event in an amount

not less than 100% of the then full replacement cost, to be determined at least once annually and subject to approval by Agency; and (3) an endorsement to include coverage for budgeted soft costs. The replacement cost coverage shall be for work performed and equipment, supplies and materials furnished to the Property, or any adjoining sidewalks, streets and passageways, or to any bonded warehouse for storage pending incorporation into the work, without deduction for physical depreciation and with a deductible not exceeding \$25,000 per occurrence;

(b) Liability Insurance: Developer shall maintain or cause to be maintained general liability insurance or an equivalent owner contractors protective policy, to protect against loss from liability imposed by law for damages on account of personal injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever on or about the Property and the business of Developer on the Property, or in connection with the operation thereof, resulting directly or indirectly from any acts or activities of Developer, or any person acting for Developer, or under its respective control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person occurring on or about the Property, or in connection with the operation thereof, caused directly or indirectly by or from acts or activities of Developer or its tenants, or any person acting for Developer, or under its control or direction. Such property damage and personal injury insurance shall also provide for and protect Agency against incurring any legal cost in defending claims for alleged loss. Such personal injury and property damage insurance shall be maintained in full force and effect during the Term in the following amounts: commercial general liability in a general aggregate amount of not less than Four Million Dollars (\$4,000,000), Four Million Dollars (\$4,000,000) Products and Completed Operations Aggregate, and Two Million Dollars (\$2,000,000) each Occurrence. Developer shall deliver to Agency a Certificate of Insurance evidencing such insurance coverage prior to the occurrence of the Closing. Developer agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which Developer may be held responsible for the indemnification of Agency or the payment of damages to persons or property resulting from Developer's activities, activities of its tenants or the activities of any other person or persons for which Developer is otherwise responsible. To the extent that Developer maintains increased or additional insurance coverage during the Term, in excess of the minimum coverage requirements prescribed by paragraphs b.1(b) and b.1(c) of this Section, Developer shall ensure that the additional insureds specified in paragraph b.3 of this Section derive the benefit of such increased or additional insurance coverage.

(c) Automobile Insurance: Developer shall maintain or cause to be maintained automobile insurance on any automobiles owned by Developer, maintained in full force and effect in an amount of not less than Two Million Dollars (\$2,000,000) per accident.

(d) Workers' Compensation Insurance: Developer shall maintain or cause to be maintained workers' compensation insurance, if required, for any employees of Developer, issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the workers' compensation laws now in force in California, or any laws hereafter enacted as an amendment or supplement thereto or in lieu thereof. Such workers' compensation insurance shall cover all persons employed by

Developer in connection with the Property and shall cover liability within statutory limits for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death in connection with the Property or the operation thereof by Developer. Notwithstanding the foregoing, Developer may, in compliance with the laws of the State of California and in lieu of maintaining such insurance, self-insure for workers' compensation in which event Developer shall deliver to Agency evidence that such self-insurance has been approved by the appropriate State authorities.

2. All policies or certificates of insurance shall provide that such policies shall not be canceled, reduced in coverage or limited in any manner without at least ten (10) days prior written notice to Agency and City. All fire and liability insurance policies (not automobile and Workers' Compensation) may name the Agency, City and Developer as insureds, additional insureds, and/or loss payable parties as their interests may appear.

3. The Insurance Policies shall name as additional insureds the following:

“The City of San Diego, the Redevelopment Agency of the City of San Diego, and their respective officers, employees, contractors, agents and attorneys.”

Developer agrees to timely pay all premiums for such insurance and, at its sole cost and expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of such insurance. Developer agrees to submit binders or certificates evidencing such insurance to Agency prior to the Closing. Within thirty (30) days, if practicable, but in any event prior to expiration of any such policy, copies of renewal policies, or certificates evidencing the existence thereof, shall be submitted to Agency. All insurance herein provided for under this Section shall be provided by insurers licensed to do business in the State of California and rated A-VII or better.

4. If Developer fails or refuses to procure or maintain insurance as required by this Agreement, Agency shall have the right, but not the obligation, at Agency's election, and upon ten (10) days prior notice to Developer, to procure and maintain such insurance. The premiums paid by Agency shall be treated as a loan, due from Developer, to be paid on the first day of the month following the date on which the premiums were paid. Agency shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

SECTION 310 Nondiscrimination and Equal Opportunity

a. Compliance with City's Equal Opportunity Contracting Requirements. Developer and its contractors, subcontractors, consultants, subconsultants, vendors and suppliers shall comply with the City's Equal Opportunity Contracting Requirements (Attachment No. 9). Developer represents and warrants that it has received, read, understands and agrees to be bound by the Equal Opportunity Contracting Information Packet provided by the Agency.

b. Equal Opportunity Employment. Developer represents and warrants that it has received, read, understands and agrees to be bound by City of San Diego Municipal Code Division 27 (Equal Employment Opportunity Outreach Program), and the City Manager's Policies and Procedures implementing that Program contained in the Equal Opportunity Packet provided by the Agency. Developer shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Developer shall provide equal opportunity in all employment practices. Developer shall ensure that its subcontractors comply with these requirements. Nothing in this Section shall be interpreted to hold Developer liable for any discriminatory practice of its subcontractors.

c. Nondiscrimination in Contracting. Developer shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. Developer understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in termination, debarment or other sanctions. This language shall be incorporated into all contracts between Developer and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers.

d. Compliance Investigations. Upon the City's request, Developer agrees to provide to the City, within sixty (60) calendar days, a truthful and complete list of the names of all contractors, subcontractors, consultants, subconsultants, vendors and suppliers that Developer has used in the past five (5) years on any of its contracts that were undertaken in San Diego County, including the total dollar amount paid by Developer for each subcontractor or supply contract. Developer further agrees to fully cooperate in any investigation conducted by the City pursuant to the City's Nondiscrimination in Contracting Ordinance, Municipal Code Sections 22.3501 through 22.3517. Developer understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in remedies being ordered against Developer up to and including contract termination, debarment and other sanctions.

e. City's Equal Opportunity Contracting Program. Prior to commencing construction and in accordance with the Schedule of Performance, Developer shall contact the City's Equal Opportunity Contracting Program to determine compliance with all applicable rules and regulations.

SECTION 311 Local, State and Federal Laws

The Developer shall carry out development and construction (as defined by applicable law) of the Project on the Property, including, without limitation, any and all public works, (as defined by applicable law), if any, in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws (including, without limitation, any applicable requirement to pay state prevailing wages). Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which maybe required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation to provide and

maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and hold harmless the Agency, the City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to Agency and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development and/or construction (as defined by applicable law) of the Project, including, without limitation, any and all public works (if any) (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Chapter 804, Statutes of 2003; (3) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (4) failure by Developer to provide any required disclosure representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Developer to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby expressly acknowledges and agrees that neither City nor Agency has ever previously affirmatively represented to the Developer or its contractor(s) for the Project in writing or otherwise, that the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Project, including, without limitation, any public work (as defined by applicable law), if any, Developer shall bear all risks of payment or non-payment of state prevailing wages and/or the implementation of Chapter 804, Statutes of 2003 and/or Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after Completion and the recordation of the Release of Construction Covenants.

SECTION 312 Notice of Non-Responsibility

Agency shall, at any and all times prior to the Closing, have the right to post and maintain on the Property, and record against the Property, as required by law, any notice or notices of nonresponsibility provided for by the mechanics' lien laws of the State of California; provided, however, that Developer shall, on behalf of the Agency, post and maintain on the Property, and record against the Property, all notices of non responsibility provided for by the mechanics' lien laws of the State of California.

SECTION 313 Permits

Before commencement of demolition, construction or development of any buildings, structures or other work of improvement upon any portion of the Property, Developer shall, at its own expense, secure or cause to be secured, any and all permits which may be required by the City or any other governmental agency affected by such construction, development or work.

SECTION 313.1 Construction and Demolition Debris Diversion Deposit Program

Developer shall comply with the City of San Diego Construction and Demolition Debris Diversion Deposit Program, as set forth in San Diego Municipal Code sections 66.0601 through 66.0610.

SECTION 314 Rights of Access

Commencing upon the Closing and until Completion, representatives of the Agency and the City shall have the right of access to the Property, upon 24 hours' written notice to Developer (except in the case of an emergency, in which case Agency shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of inspection of the work being performed in constructing the Project. Such representatives of the Agency or the City shall be those who are so identified in writing by the Executive Director of the Agency.

SECTION 315 Disclaimer of Responsibility by Agency

The Agency and City neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the development or construction of the Project, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Property, any person furnishing the same, or otherwise. Developer and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by the Agency or City in connection with such matter is for the public purpose of redeveloping the Property, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. The Agency and City shall not be responsible for any of the work of construction, improvement or development of the Property.

SECTION 316 Taxes, Assessments, Encumbrances and Liens

Commencing upon the Closing, Developer shall pay when due all real estate taxes and assessments assessed and levied on or against the Property or any portion thereof. Until Completion, Developer shall not place, or allow to be placed, against the Property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Agreement. In addition, Developer shall remove, or shall have removed, any levy or attachment made on title to

the Property (or any portion thereof), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder.

SECTION 317 Prohibition against Transfer

a. Prior to Completion, Developer shall not, except as permitted by this Agreement, make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property or the Project thereon, without prior written approval of Agency. This prohibition shall not be deemed to prohibit Permitted Transfers.

b. Except as permitted by this Agreement, in the event that Developer does assign this Agreement or any of the rights herein, or does sell, transfer, convey or assign the Property or the buildings or structures thereon without the approval of Agency, Agency shall have the right to terminate this Agreement, subject to the notice and cure provisions of Section 501 of this Agreement, in addition to any other rights available to the Agency at law or in equity.

c. Developer acknowledges and agrees that the Property will be conveyed to Developer at a reduced purchase price for the purposes of redevelopment of the Property and not land speculation.

d. In the absence of a specific written agreement by Agency, no such sale, transfer, conveyance or assignment of this Agreement or the Property (or any portion thereof), or approval by Agency of any such sale, transfer, conveyance or assignment, shall be deemed to relieve Developer or any other party from any obligations under this Agreement.

e. The provisions of this Section shall terminate upon Completion.

SECTION 318 No Encumbrances Except Permitted Mortgages

a. Notwithstanding Section 317 of this Agreement, upon and/or after the Closing, Developer shall have the right to encumber the Property with one or more mortgages or deeds of trust, but only for the purpose of securing loans of funds to be used for financing the Development Costs, and other expenditures necessary and appropriate to develop the Property under this Agreement, so long as such financing is consistent with the amounts to be financed by Developer per the final Agency-approved Project Budget (“Permitted Financing Purposes”). Prior to Completion: (i) Developer shall not have any authority to encumber the Property for any purpose other than Permitted Financing Purposes; (ii) Developer shall notify Agency in advance of any proposed financing; and (iii) Developer shall not enter into any agreements for financing requiring a conveyance of security interests in the Property without the prior written approval of Agency.

b. In any event, Developer shall promptly notify Agency of any security interest created or attached to the Property whether by voluntary act of Developer or otherwise.

c. The words “security interest” and “deed of trust” as used herein include all other appropriate means of financing real estate acquisition, construction and land development.

d. The requirements of this Section shall not apply following Completion.

e. Agency's Executive Director shall have the authority to make reasonable modifications of Sections 317 through 323 that may be requested by a Permitted Mortgagee, provided such modification does not adversely affect the receipt of any material benefit by Agency under this Agreement or any attachments hereto as determined by the Agency's Executive Director. Upon the reasonable request of a Permitted Mortgagee, Agency shall execute from time-to-time such estoppel certificates and subordination agreements to the extent they are consistent with the terms of this Agreement.

SECTION 319 Permitted Mortgagee Not Obligated to Construct Project

No Permitted Mortgagee shall be obligated by the provisions of this Agreement to construct or complete the Project or to guarantee such construction or completion. Nothing in this Agreement shall be deemed or construed to permit, or authorize any Permitted Mortgagee to devote the Property to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

SECTION 320 Notice of Default to Permitted Mortgagee; Right of Permitted Mortgagee to Cure Defaults

Whenever the Agency shall deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of construction of the Project, the Agency shall at the same time deliver to each Permitted Mortgagee of record a copy of such notice or demand. Each such Permitted Mortgagee shall (insofar as the rights of the Agency are concerned) have the right at its option within ninety (90) days after the receipt of the notice, to cure or remedy, or commence to cure or remedy, any such default and to add the cost thereof to the security interest debt and the lien of its security interest. If such default shall be a default which can only be remedied or cured by such Permitted Mortgagee upon obtaining possession of the Property, such Permitted Mortgagee shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within ninety (90) days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced with such ninety (90) day period, such Permitted Mortgagee shall have such additional time as reasonably necessary to remedy or cure such default with diligence and continuity; and provided further that such Permitted Mortgagee shall not be required to remedy or cure any noncurable default of the Developer. Any Permitted Mortgagee who forecloses on its Permitted Mortgage, or is assigned or otherwise succeeds to Developer's rights under this Agreement, or, subject to the reasonable approval of the Agency, the prevailing bidder at a foreclosure sale, shall have the right to undertake or continue the construction or completion of the Project upon execution of a written agreement with the Agency by which such Permitted Mortgagee expressly assumes the Developer's rights and obligations under this Agreement, approval of which agreement shall not be unreasonably withheld by Agency. Any such Permitted Mortgagee properly completing the Project shall be entitled, upon written request made to the Agency, to a Release of Construction Covenants from the Agency.

SECTION 321 Failure of Permitted Mortgagee to Complete Project

In any case where a Permitted Mortgagee has not elected to complete construction of the Project, or, if it has elected to complete the Project, it has not proceeded diligently with construction, the Agency may purchase the Permitted Mortgage by payment to the Permitted Mortgagee of the full amount of the unpaid principal debt, plus any accrued and unpaid interest and other charges secured by the mortgage instrument approved by the Agency.

SECTION 322 Right of the Agency to Cure Defaults

In the event of a default or breach by Developer of a Permitted Mortgage prior to Completion, the Agency may cure the default prior to completion of any foreclosure. In such event, Agency shall be entitled to reimbursement from Developer of all costs and expenses incurred by Agency in curing the default. Agency shall also be entitled to a lien upon the Property to the extent of such costs and disbursements. Any such lien shall be subordinate and subject to the Permitted Mortgage.

SECTION 323 Right of the Agency to Satisfy Other Liens on the Property

Prior to Completion and after Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on its interest in the Property, the Agency shall have the right to satisfy any such liens. In such event, the Agency shall be entitled to reimbursement from Developer of all costs and expenses incurred by the Agency in satisfying any such liens or encumbrances. The Agency shall also be entitled to a lien upon the Property to the extent of such costs and expenses. Any such lien shall be subordinate and subject to any Permitted Mortgage.

SECTION 324 Release of Construction Covenants

a. Promptly after Completion of the Project as required by this Agreement, Agency shall deliver to Developer a Release of Construction Covenants, upon written request therefor by Developer. Agency shall not unreasonably withhold any such Release of Construction Covenants. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of the Scope of Development (Attachment No. 3) required by this Agreement and the release of Developer's construction obligations under this Agreement.

b. The Release of Construction Covenants shall be in substantially the form attached hereto as Attachment No. 8 and in a form so as to permit it to be recorded in the Official Records.

c. If Agency fails to deliver the Release of Construction Covenants within thirty (30) days after written request from Developer, Agency shall provide Developer with a written statement of its reasons (the "Statement of Reasons") within that thirty (30)-day period. The statement shall also set forth the steps Developer must take to obtain the Release of Construction Covenants. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called "punch list" items identified by Agency, Agency will

issue the Release of Construction Covenants upon the posting of a bond by Developer with Agency in an amount representing Agency's estimate of the cost to complete the work.

Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any lender, or any insurer of a mortgage securing money loaned to finance the Project, nor any part thereof. Such Release of Construction Covenants is not a Notice of Completion as referred to in Section 3093 of the California Civil Code.

PART 4 USE OF THE PROPERTY

SECTION 401 Uses

a. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer, its successors and its assignees shall use the Property only for the uses specified in the Redevelopment Plan, this Agreement (including the Scope of Development), and the Grant Deed. No change in the use of the Property shall be permitted without the prior written approval of Agency.

b. Without limiting the generality of the foregoing, Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer, such successors and such assignees shall use the Property for the development and operation of the Project, as described in the Scope of Development, in accordance with the requirements of and as more particularly described in the Grant Deed and Agreement Affecting Real Property.

c. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that the Project shall specifically exclude any offensive or incongruent uses including, but not limited to, the following:

1. Any public or private nuisance (as defined in California Civil Code Section 3479) connected with business operations conducted on the Property;

2. Any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness;

3. Any obnoxious odor;

4. Any noxious materials, and any toxic or caustic, or corrosive fuel or gas in violation of applicable law;

5. Any dust, dirt or particulate matter in excessive quantities;

6. Any unusual fire, explosion, or other damaging or dangerous hazard;

7. Any warehouse, other than that which is incidental to the primary commercial use or business operation, and any assembly, manufacturing, distillation, refining, smelting, agriculture, or mining operation;

8. Any pawn shop or thrift store;

9. Any adult business or facility as defined and regulated in the City's Municipal Code. Such uses include, without limitation, massage establishments (to the extent defined and regulated in such Code as an adult business or facility), adult news racks, adult bookstores, adult motion picture theaters, and paraphernalia businesses;

10. Any retail outlet that sells alcoholic beverages for off-site consumption, except those possessing a California Department of Alcoholic Beverage Control Type 20 or Type 41 License; and

11. Any gun shop or retail sales operation for which the main commercial use or business operation is the sale of guns.

SECTION 402 Maintenance

Developer shall maintain the Property in accordance with the requirements of the Agreement Affecting Real Property and Grant Deed.

SECTION 403 Obligation to Refrain from Discrimination

Developer covenants and agrees for itself, its successors and its assigns in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.

SECTION 404 Form of Nondiscrimination and Nonsegregation Clauses

Developer shall refrain from restricting the rental, sale or lease of the Property on the basis of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin of any person. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on

account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

2. In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

3. In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

SECTION 405 Effect and Duration of Covenants

The covenants established in this Agreement shall run with the land, without regard to technical classification and designation, and shall be for the benefit and in favor of and enforceable against the original Developer and successors in interest by the Agency or the City.

The specific covenants described in this Part 4 shall be set forth in the Grant Deed and/or the Agreement Affecting Real Property and shall remain in effect for the respective periods specified therein.

SECTION 406 Agreement Affecting Real Property

Concurrently with the Closing, Developer and Agency shall execute and cause the recordation of an Agreement Affecting Real Property, which shall be senior to any security instruments, liens, or encumbrances.

PART 5 DEFAULTS AND REMEDIES

SECTION 501 Defaults - General

a. Subject to the extensions of time set forth in Section 602, failure or delay by any party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured party shall give written notice of default to all parties, including the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by any party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by any party in asserting any of its rights and remedies shall not deprive any party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give all parties, including the party in default, notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the party in default shall have such period to affect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days after such notice is received, and the party in default (1) initiates corrective action within said period; and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in any event no more than ninety (90) days of receipt of such notice of default from the injured party.

SECTION 502 Institution of Legal Actions

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), any party may institute legal action to cure, correct or remedy any default, to recover

damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Diego, State of California, in any other appropriate court of that county, or in the United States District Court for the Southern District of California.

SECTION 503 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

SECTION 504 Acceptance of Service of Process

a. In the event that any legal action is commenced by Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director, or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by the Agency against Developer, service of process on Developer shall be made by personal service upon Developer (or upon the general partner or managing member, as applicable, or any officer of the general partner or managing member, as applicable) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

SECTION 505 Rights and Remedies Are Cumulative

The rights and remedies of the parties are cumulative, and the exercise by a party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

SECTION 506 Damages

Subject to the notice and cure provisions of Section 501, if any party defaults with regard to any of the provisions of this Agreement, the non-defaulting party(ies) shall serve written notice of such default upon the defaulting party(ies). If the default is not cured within the time provided in Section 501, the defaulting party(ies) shall be liable to the non-defaulting party(ies) for any damages caused by such default, and the non-defaulting party(ies) may thereafter (but not before) commence an action for damages against the defaulting party (ies) with respect to such default.

SECTION 507 Specific Performance

Subject to the notice and cure provisions of Section 501, if any party defaults with regard to any of the provisions of this Agreement, the non-defaulting party(ies) shall serve written notice of such default upon the defaulting party(ies). If the default is not cured within the time provided in Section 501, the non-defaulting party(ies), may thereafter (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

SECTION 508 Termination - Failure to Satisfy Condition Precedent

Prior to the Closing, any party shall have the right to terminate this Agreement, by providing written notice to the other parties, in the event of a failure of any condition precedent as set forth in Section 210 to the occurrence of the Closing as set forth in this Agreement. In the event of such termination of the Agreement where the satisfaction of such condition precedent is outside the control of the non-performing party, then no party shall have any further rights against or liability to the others under this Agreement. Agency, City and Developer agree that provided Developer has used reasonable efforts to satisfy the conditions set forth in Section 210 e. and h., and has been unable to do so then the satisfaction of such conditions shall be deemed to be outside the control of the Developer. "Reasonable efforts" means, with respect to a given condition, the efforts that a reasonable person in the position of Developer would use so as to achieve that goal as expeditiously as possible.

SECTION 509 Termination by Developer

Prior to the Closing, in the event of a default by Agency pursuant to this Agreement, Developer shall have the right to terminate this Agreement by providing written notice to the Agency, subject to the notice and cure provisions of Section 501.

SECTION 510 Termination by Agency

a. Prior to the Closing or such earlier date of performance pursuant to this Agreement, in the event of a default by Developer pursuant to this Agreement, Agency shall have the right to terminate this Agreement by providing written notice to Developer, subject to the notice and cure provisions of Section 501 of this Agreement. Default by Developer pursuant to this Agreement includes, but is not limited to, any of the following:

1. Developer fails to satisfy any condition precedent required of it to the occurrence of the Closing as provided in this Agreement within the time established in the Schedule of Performance;
2. Developer fails to submit to Agency the evidence of financing within the time established in the Schedule of Performance;
3. Developer assigns or attempts to assign the Property or any of Developer's rights in and to the Property or any portion thereof or interest therein, or this Agreement or any portion hereof, except as permitted by this Agreement;
4. There is substantial change in the ownership of Developer, or with respect to the identity of the parties in control of Developer, or the degree thereof contrary to the provisions hereof;
5. Developer fails to submit any of the plans, drawings and related documents required by this Agreement by the respective dates provided in this Agreement therefore;

6. Developer fails to take title or possession under a tender of conveyance by Agency pursuant to this Agreement; or

7. There is any other material default by Developer under the terms of this Agreement which is not cured within the time provided herein.

SECTION 511 Right of Reentry Prior to Completion

a. As a material part of the consideration for this Agreement, Developer covenants and agrees for itself, its successors and its assigns and every successor in interest to the Property or any part thereof, that, after the Closing until Completion, in addition to and without limiting any other rights or remedies Agency shall have at law or in equity, in the event of an uncured default described below in clauses 1 through 4, Agency shall have the right to terminate this Agreement and at Agency's option, to reenter and take possession of the Property (or any portion thereof) with all improvements thereon, and to terminate and revest in Agency the estate theretofore conveyed to Developer:

1. Developer fails to commence or complete construction of the Project as required by this Agreement for a period of 90 days after written notice from Agency, provided that Developer shall not have obtained an extension or postponement to which Developer may be entitled pursuant to Section 602 of this Agreement;

2. Developer abandons or substantially suspends construction of the Project for a period of 90 days after written notice of such abandonment or suspension has been given by Agency to Developer, provided that Developer has not obtained an extension or postponement to which Developer may be entitled to pursuant to Section 602 of this Agreement;

3. Developer assigns or attempts to assign this Agreement, or any rights herein, or transfer, or suffer any involuntary transfer of the Property or Project, or any part thereof or interest therein, in violation of this Agreement, and such breach is not cured within 30 days after the date of written notice thereof; or

4. Developer otherwise materially breaches this Agreement, and such breach is not cured within the time provided in Section 501 of this Agreement.

b. Agency's right of reverter established in this Section 511 shall be senior in priority to any lien or encumbrance, including, without limitation, the lien of any Permitted Mortgage. Such right of reverter shall not defeat or render invalid any Permitted Mortgage.

c. The Grant Deed shall contain appropriate reference and provision to give effect to Agency's right as set forth in this Section 511 to reenter and take possession of the Property, or any part thereof, with all improvements thereon, and to terminate and revest in Agency the estate conveyed to Developer.

d. Upon the revesting in Agency of title to the Property, or any part thereof, as provided in this Section 511, Agency shall, pursuant to its responsibilities under state law, use its

best efforts to resell the Property, or any part thereof, as soon and in such manner as Agency shall find feasible and consistent with the objectives of the Community Redevelopment Law and the Redevelopment Plan to a qualified and responsible party or parties (as determined by Agency), who will assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to Agency and in accordance with the uses specified for the Property, or any part thereof, in the Redevelopment Plan. Upon such resale of the Property, or any part thereof, the proceeds thereof shall be applied:

1. First, to reimburse Agency on its own behalf or on behalf of City of all costs and expenses incurred by Agency, including salaries of personnel engaged in such action, in connection with the recapture, management and resale of the Property, or any part thereof (but less any income derived by Agency from the sale of the Property, or any part thereof, in connection with such management); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event that the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of ownership, then such taxes, assessments or charges, as would have been payable if the Property, or part thereof, were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements or any part thereof on the Property, or any part thereof; and any amounts otherwise owing to Agency by Developer and its successor or transferee.

2. Second, to reimburse Developer, its successor or transferee, up to the amount equal to: (i) the sum of the Purchase Price paid to Agency by Developer for the Property (or allocable to the part thereof) plus (ii) the costs incurred for the development of the Property, or any part thereof, or for the construction of the improvements thereon as contemplated by this Agreement, less (iii) any gain or income withdrawn or made by the Developer therefrom or from the improvements thereon, and less (iv) any Permitted Mortgage. For purposes of this paragraph the term "cost incurred" shall include direct, out-of-pocket expenses of development, but shall exclude all of Developer's overhead expenses, developer fees, and profit.

3. Any balance remaining after such reimbursements shall be retained by Agency as its property.

e. To the extent that the right established in this Section 511 involves a forfeiture, it must be strictly interpreted against Agency, the party for whose benefit it is created. The rights established in this Section 511 are to be interpreted in light of the fact that Agency will convey the Property to Developer for development and not for speculation.

f. In the event that Agency terminates this Agreement, Agency shall retain its rights under this Section 511, notwithstanding the termination of this Agreement.

PART 6 GENERAL PROVISIONS

SECTION 601 Notices

Formal notices, demands and communications among Agency, City and Developer shall be deemed sufficiently given if dispatched by first class mail, registered or certified mail, postage prepaid, return receipt requested, or by electronic facsimile transmission followed by delivery of a “hard” copy, or by personal delivery (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), to the addresses of Agency and Developer as set forth in Sections 105 and 106 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

SECTION 602 Enforced Delay Extension of Time of Performance

a. Performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, acts of terrorism, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, acts of another party, acts or failure to act of the City of San Diego or any other public or governmental agency or entity (except that acts or failure to act of Agency shall not excuse performance of Agency), or any causes beyond the control and without the fault of the party claiming an extension of time to perform.

b. An extension of time for any such cause (a “Force Majeure Delay”) shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other parties within thirty (30) days of knowledge of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Delay unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within thirty (30) days after it obtains actual knowledge of the event. Times of performance under this Agreement may also be extended in writing by the Agency and Developer.

c. Notwithstanding any provision to the contrary in this Section 602 or any other section of this Agreement, Agency and Developer agree that the Developer’s failure to obtain the funding sources described in the Project Budget shall not be a Force Majeure Delay.

SECTION 603 Conflict of Interest

a. No member, official, or employee of Agency or City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

b. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

SECTION 604 Nonliability of Agency Officials and Employees

No member, official, agent, legal counsel or employee of Agency or City shall be personally liable to Developer, or any successor in interest in the event of any default or breach by Agency or City or for any amount which may become due to Developer or successor or on any obligation under the terms of this Agreement.

SECTION 605 Inspection of Books and Records

Prior to Completion, Agency shall have the right at all reasonable times to inspect and copy the books and records of Developer pertaining to the Property as pertinent to the purposes of this Agreement. If this Agreement is terminated for any reason other than default of Agency, then Developer shall transfer and/or assign (as applicable) to Agency any and all of Developer's rights to any and all architectural and other products, surveys, plans, reports, tests, studies and investigations with respect to the Property and the Project (collectively, "Products"), all of which shall be prepared and delivered at Developer's expense. Such Products shall thereupon be free of all claims or interest of Developer or any liens or encumbrances and, as between Agency and Developer, Agency shall be permitted to use and/or to assign such Products to any person or entity for development of the Project.

SECTION 606 Approvals

a. All approvals required from Agency or under this Agreement shall be in writing. Failure to approve a matter within the time provided for approval of the matter shall not be deemed a disapproval, and failure to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of the Agency shall be deemed granted by the written approval of the Executive Director. Agency agrees to provide notice to Developer of the name of the Executive Director's designee on a timely basis, and to provide updates from time to time. Notwithstanding the foregoing, the Executive Director may, in his or her sole discretion, refer to the governing body of the Agency any item requiring Agency approval; otherwise, "Agency approval" means and refers to approval by the Executive Director.

SECTION 607 Real Estate Commissions; Finder's Fee

The Agency and the City shall not be liable for any real estate commissions, brokerage fees or finder's fees which may arise from this Agreement. The Agency, City and Developer each represent that it has not engaged any broker, agent or finder in connection with this transaction.

SECTION 608 Construction and Interpretation of Agreement

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each party has been given the opportunity to independently review this Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be permitted by law.

c. The captions of the articles, sections and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

SECTION 609 Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

SECTION 610 No Partnership

Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, or any other similar relationship between the parties hereto or cause Agency to be responsible in any way for the debts or obligations of Developer or any other Person.

SECTION 611 Compliance with Law

Developer agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Property and the Project, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer or any lessee or permittee in any action or proceeding against them, or any of them, whether Agency be a party thereto or not, that Developer, lessee or permittee has violated any such ordinance or statute in the development and use of the Property shall be conclusive of that fact as between Agency and Developer.

SECTION 612 Binding Effect

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

SECTION 613 No Third Party Beneficiaries

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the benefit of Agency, City and Developer, and not for the benefit, directly or indirectly, of any other person or entity except as otherwise expressly provided herein.

SECTION 614 Authority to Sign

Developer hereby represents that the persons executing this Agreement on behalf of Developer have full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

SECTION 615 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

SECTION 616 Counterparts

This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

SECTION 617 Attorneys' Fees

If any party hereto initiates any litigation or other legal proceeding to interpret or enforce any provision of this Agreement, then the prevailing party(ies) in such litigation or proceeding shall be entitled to recover its reasonable attorneys' fees and other legal expenses from the non-prevailing party(ies), in addition to any other damages or remedies to which the prevailing party is entitled.

PART 7 CITY'S ROLE IN TRANSACTION

The parties acknowledge and agree that: (a) on or about March 16, 2011, Agency transferred to City fee title ownership of the Property by recorded quitclaim deed, and (b) through an assignment agreement executed in connection with such property transfer, Agency assigned to City, and City assumed, all of Agency's rights, title, interest and obligations under all assets, agreements, contracts, permits and entitlements, and other documents relating directly or indirectly to the use, management, repair, maintenance, development and operation of the Property, including this Agreement. By executing this Agreement, the parties (including Developer, Agency and City) confirm that they are all parties to this Agreement and all attachments and exhibits attached hereto this Agreement in accordance with Section 615 above. The parties agree that, except as otherwise specified herein, all references to "Agency" in this Agreement shall mean either Agency or City, whichever of those two parties is the fee title owner of the Property at the relevant time (or, as the case may be, whichever of those two parties conveyed fee title ownership of the Property to Developer pursuant to this Agreement). For the sake of clarity, as between Agency or City, the party that owns fee title to the Property (or, as the case may be, the party that conveyed fee title ownership of the Property to Developer pursuant to this Agreement) at the relevant time shall be entitled to exercise all rights, and shall be required to fulfill all outstanding obligations, attributable to "Agency" under this Agreement. Notwithstanding the foregoing, if Agency's prior transfer of the Property to City is nullified, rescinded or invalidated for any reason whatsoever, then it is expressly agreed that (i) fee title to the Property shall automatically re-vest in Agency (or its applicable successor, which may include City), and (ii) all assets, agreements, contracts, permits and entitlements, and other documents previously assigned from Agency to City related to the Property shall automatically be re-assigned to Agency (or its applicable successor, which may include City).

PART 8 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement, including all of the attachments appended hereto, constitutes the entire understanding and agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof, including, without limitation, the ENA.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of Agency, City, and Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of Agency, City, and Developer. Notwithstanding the immediately preceding sentence or any provision of this Agreement to the contrary, (a) Developer shall be entitled to rely upon a written waiver provided solely by Agency, as fully binding and effective against both Agency and City, so long as Agency is the fee title owner of the Property at the time the written waiver is provided; (b) Developer shall be entitled to rely upon a written waiver provided solely by City, as fully binding and effective against both City and Agency, so long as City is the fee title owner of the Property at the time the written waiver is provided; (c) a written amendment executed only by Developer and Agency shall be fully binding and effective as to all parties so long as Agency is the fee title owner of the Property at the time such amendment is executed; and (d) a written amendment executed only by Developer and City shall be fully binding and effective as to all parties so long as City is the fee title owner of the Property at the time such amendment is executed.

PART 9 TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by Developer and delivered to Agency and City, must be authorized, executed and delivered by Agency and City within sixty (60) days after date of signature by Developer or this Agreement may be terminated by Developer upon written notice to Agency and City. The effective date of this Agreement shall be the earlier date when this Agreement has been executed by Agency and City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Agency, City and Developer have signed this Agreement as of the dates set opposite their signatures.

REDEVELOPMENT AGENCY OF THE
CITY OF SAN DIEGO

Dated: _____

By: _____

Janice L. Weinrick
Deputy Executive Director

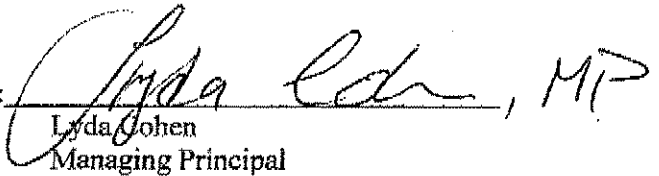
APPROVED AS TO FORM AND LEGALITY
JAN I. GOLDSMITH, Agency General Counsel

By: _____

Nathan Slegers
Deputy General Counsel

NORTH PARK GATEWAY, LLC

Dated: 7/21/2011

By: , MP
Lyda Cohen
Managing Principal

CITY OF SAN DIEGO

Dated: _____

By: _____

Jay Goldstone,
Chief Operating Officer

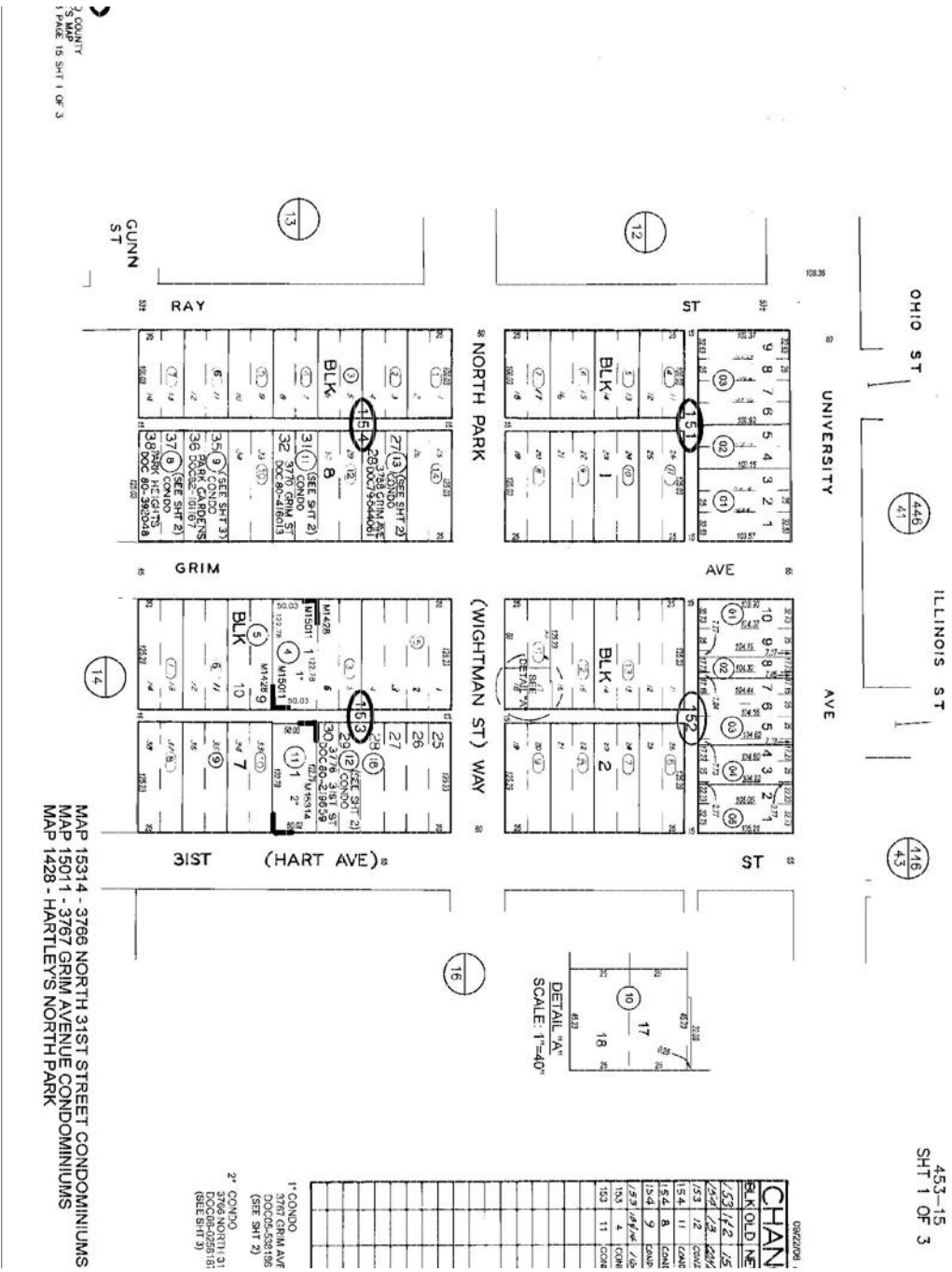
APPROVED AS TO FORM AND LEGALITY

JAN I. GOLDSMITH, City Attorney

By: _____
Debra Bevier
Deputy City Attorney

ATTACHMENT 1

SITE MAP



2" COUNTY
5" WAD
1" PAGE 15 SHIT 1 OF 3

ATTACHMENT NO. 2

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

That portion of Lots 4, 5, 6 and 7 in Block 2 of Hartley's North Park, in the City of San Diego, County of San Diego, State of California, according to Map No. 1428, filed April 8, 1912, in the Office of the County Recorder of San Diego County, lying Westerly of a line described as follows:

Beginning at a point in the North line of Block 2, distant thereon South 89° 40' 00" West 100.07 feet from the Northeast corner of said Block; thence South 00° 08' 30" East 104.79 feet to a point in the North line of an alley in said Block 2, distant thereon South 89° 56' 30" West 100.06 feet, from the Southeast corner of Lot 1 in said Block 2, and lying Easterly of a line described as follows:

Beginning at a point in the North line of said Block 2, distant thereon North 89° 40' 00" East 90.58 feet from the Northwest corner of said Block; thence South 00° 08' 30" East 104.43 feet to a point in the North line of the alley in said Block 2, distant thereon North 89° 56' 30" East 90.57 feet from the Southwest corner of Lot 10 in said Block 2.

Assessor's Parcel No: 453-152-03

ATTACHMENT NO. 3
SCOPE OF DEVELOPMENT

1. General Project Description

The proposed project (“Project”) will occupy an approximately 15,600 SF structure located at 3067 University Avenue. The Project is the redevelopment of the former Woolworth building with mixed uses that include on the street level approximately 6,200 SF for retail uses and 800 SF for circulation to the second floor and on the second level six 2-bedroom apartments with a large open air landscaped atrium. The building is presumed to be of historic significance, therefore, redevelopment of the building shall be completed in accordance with the Secretary of the Interior’s Standards for the Rehabilitation of Historic Buildings (Codified at 36CFR 67).

The Project includes restoring the existing building’s façade and storefront to replicate the historic nature of the property as well as providing a variety of new public improvements to enhance the streetscape and allow an active pedestrian interaction creating a greater sense of a neighborhood. The Project will be a gateway between the existing North Park neighborhoods to the south and commercial core along University Avenue. The estimated total project cost is approximately \$3,354,876.

2. Building Improvements

Improvements to the existing building include modifications to the building’s rear façade facing the alley with new doors and windows within the existing exterior wall to accommodate the multi-family residential use. The Project will implement short and long-term sustainable practices conforming to the values of the U.S. Green Building Council for a LEED Silver Certification. Minor modifications to the front façade along University Avenue include:

- replacement of the existing storefront glass with a new “energy compliant” glass storefront that matches the existing layout and mullion pattern;
- addition of a new single storefront door to the required residential egress lobby that is located on the north east portion of the ground floor; and
- replacement of the existing 2nd floor windows along the front façade to new “energy compliant” operable awning and casement windows that match the same mullion pattern.

Interior improvements will include complete systems upgrades.

3. Urban Design Elements

The architecture massing and materials will be consistent with the surrounding neighborhood and will preserve the community character as a major highlight of North Park. The design of the Project will complement the historic nature of the original Woolworth’s building. The Project will create a public interaction along the streetscape at a pedestrian scale through the use of new

awnings, storefronts, restored building marquees, street furnishing, street trees, street lighting and banners so as to link the University corridor throughout the North Park neighborhood. Architectural elements such as full building storefronts and new awnings along the façade as well as new public improvements will create a true pedestrian interaction at the street level and link the North Park Gateway project with the remainder of University Avenue corridor to the West.

4. Public Improvements

Public improvements include new concrete paving, street furniture, street trees & landscape, street lighting and street banners. Surface improvements to the existing sidewalk paving along University Avenue between 31st Street and Grim Avenue as well as 31st Street to the proximity of the alley will include the “replacement in kind” of the existing sidewalk to a new concrete. The existing curb and gutter will remain as is and no public improvements will occur to the road of University Avenue. Sidewalk improvements also include new street trees and grates conforming to the City of San Diego Landscape ordinances and standards, street lighting and street furnishing per the requirements of the North Park Community Plan.

Parking will be provided on a newly paved adjacent lot south of the project that is owned by the Developer. Surface improvements to the off-site parking lots and the entire alley behind the building from 31st Street to Grim Avenue will include repaving the existing deteriorated paving surfaces.

5. Energy Considerations

The design of the improvements shall include, where feasible, energy conservation construction techniques and design, including active and passive solar energy design. The Developer shall be required to demonstrate consideration of such energy features during the design review process.

6. Development Identification Signs

Prior to commencement of construction on the site, the Developer shall prepare and install, at its cost and expense, one sign on the site which identifies the development. The sign shall be at least four (4) feet by six (6) feet and be visible to passing pedestrian and vehicular traffic. The design of the sign as well as its proposed location shall be submitted to the Agency for review and approval prior to installation. The signs shall at a minimum include:

- Illustration of the development
- Development name
- Developer
- The phrase: A project of the Redevelopment Agency of the City of San Diego

Mayor Jerry Sanders

Council Members: Sherri Lightner
Kevin Faulconer
Todd Gloria

Tony Young
Carl DeMaio
Lorie Zapf
Marti Emerald
David Alvarez

--- Completion Date _____
--- For Information Call _____

The Developer shall obtain a current roster of Redevelopment Agency members before signs are manufactured.

7. Fees and Assessments

The Developer shall be responsible for all fees required by the City or other public agency for the construction of the Project.

8. Applicable City Codes and Ordinances

Notwithstanding the approval of the Project plans by the Agency, the Project must meet all requirements of the Uniform Building Code and Uniform Fire Code and all Applicable City Codes and Ordinances.

ATTACHMENT NO. 4

SCHEDULE OF PERFORMANCE

A. GENERAL PROVISIONS

1. Execution of DDA by the Agency. The Agency and City Council shall hold a joint public hearing on the DDA, and, subject to making the requisite findings, authorize execution and execute and deliver the DDA to the Developer. Within thirty-five (35) days after submission of executed Agreement by Developer.
2. Submission – Architect and Civil Engineer. The Developer shall submit to the Agency for approval the name and qualifications of its Architect and Civil Engineer. **Completed.**
3. Approval - Architect and Civil Engineer. The Agency shall approve or disapprove the Architect and Civil Engineer. **Completed.**
4. Submission - Basic Concept/Schematic Drawings. The Developer shall submit to the Agency for approval the Basic Concept/Schematic Drawings and related documents. **Completed.**
5. Approval - Basic Concept/Schematic Drawings. The Agency shall approve or disapprove the Basic Concept/Schematic Drawings and related documents. Concurrently with execution of Agreement by Agency.
6. Submission – Preliminary Landscape Plans. The Developer shall submit to the Agency for approval the Preliminary Landscape Plans. Within sixty (60) days after execution of the Agreement by Agency
7. Approval – Preliminary Landscape Plans. The Agency shall approve or disapprove the Preliminary Landscape Plans. Within thirty (30) days after submittal.

B. FINANCING COMMITMENTS

1. Evidence of Financing. The Developer shall submit to the Agency commitments for the Construction Loan, including Construction Loan documents, and/or evidence of Developer's Equity. Not later than thirty (30) days prior to the scheduled Closing Date.
2. Approval of Financing. The Agency shall approve or disapprove the evidence of financing. Within thirty (30) days after submittal.

C. CLOSING AND CONSTRUCTION

1. Submission – 50% Construction Drawings and Specifications. The Developer shall prepare and submit to the Agency for approval the 50% Construction Drawings and Specifications. Within one hundred eighty (180) days (e.g., 6 months) after execution of Agreement by Agency.
2. Approval - 50% Construction Drawings and Specifications. The Agency shall approve or disapprove the 50% Construction Drawings and Specifications. Within thirty (30) days after submittal.
3. Submission - Final Construction Drawings and Specifications. The Developer shall prepare and submit to the Agency for approval the Final Construction Drawings and Specifications. Within two hundred seventy (270) days (e.g., 9 months) after execution of Agreement by Agency.
4. Approval - Final Construction Drawings and Specifications. The Agency shall approve or disapprove the Final Construction Drawings and Specifications. Within thirty (30) days after submittal.
5. Opening of Escrow. The Agency and Developer shall open an escrow for conveyance of the Acquisition Parcel. At least thirty (30) days prior to the date established herein for the Closing.
6. Closing Date. Agency and Developer shall satisfy all of their respective conditions precedent to the Closing. Not later than May 2012.
7. Commencement of Construction. The Within 30 days after Closing.

Developer shall commence construction of the Improvements on the Site.

8. Completion of Construction. The Developer shall complete construction of the Improvements on the Site. Within four hundred fifty-five (455) days (e.g., 15 months) after commencement of construction.

ATTACHMENT NO. 5
GRANT DEED

OFFICIAL BUSINESS

Document entitled to free
recording per Government Code
Section 6103.

Recording Requested By:
THE REDEVELOPMENT AGENCY OF THE CITY
OF SAN DIEGO
1200 Third Avenue, Suite 1400
San Diego, California 92101
Attention: North Park Project Manager

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic of the State of California, herein called "Grantor," acting to carry out the Redevelopment Plan for the North Park Redevelopment Project, herein called "Redevelopment Plan," under the Community Redevelopment Law of the State of California, hereby grants to North Park Gateway, LLC, a California limited liability company, herein called "Grantee," the real property, hereinafter referred to as the "Property," described in the document attached hereto, labeled Exhibit A and incorporated herein by this reference.

1. Grantor excepts and reserves (to the extent now or hereafter validly excepted and reserved by the parties named in deeds, leases and other documents of record) all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Property lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from the Property, but without, however, any right to use or disturb either the surface of the Property or any portion thereof within 500 feet of the surface for any purpose or purposes whatsoever.

2. Said Property is conveyed in accordance with and subject to the Redevelopment Plan for the North Park Redevelopment Project which was approved and adopted on March 4, 1997 by the City Council of the City of San Diego by Ordinance No. 0-18386, as amended, of the City Council of the City of San Diego, and the Disposition and Development Agreement (the "Agreement") entered into by and between Grantor ("Agency" therein) and Grantee on _____, 2011, both of which documents are public records on file in the offices of the City Clerk of the City of San Diego and the Secretary of Grantor, and are by reference thereto incorporated herein as though fully set forth herein.

3. The Property is conveyed to Grantee at a purchase price herein called "Purchase Price", determined in accordance with the uses permitted. Therefore, Grantee hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property that the Grantee, such successors and such assigns, shall develop, maintain, and use the Property only as follows:

The Property shall be devoted only to the development permitted and the uses specified in this Grant Deed, any conditional use permit granted by the City of San Diego for the Property, the Agreement, and the Redevelopment Plan ("Development"). No change in the use of the Property and no new construction or material exterior modification of the structure on the Property shall be permitted without the prior written approval of the Grantor.

4. Grantee hereby covenants and agrees on behalf of itself and any successors and assigns in the Property or any portion thereof or interest therein, or in any Improvements thereon or any interest therein, that Grantee and such successors and assigns shall:

a) Redevelop the Property solely in accordance with the Redevelopment Plan and the Agreement.

b) Enter into lease agreements for the Improvements on the redeveloped Property with tenant/subtenants that meet the criteria set forth in this Section 4 and the following criteria:

(1) the tenant's/subtenant's use is consistent with the Agreement and this Grant Deed; and

(2) the use by the tenants/subtenants is consistent with the objective of achieving for the community the goals of the Redevelopment Plan.

(c) Comply with the following standards:

(1) Neither the Improvements, nor any part thereof, shall be used and no building or other improvements shall be constructed, maintained, or used for any purposes other than that which is allowed by the City of San Diego's Municipal Code and development permits, if any, issued therefor.

(2) No use or operation will be made, conducted or permitted on or with respect to all or any part of the Improvements, which use or operation is obnoxious to or out of harmony with the Development (as defined in Section 3(a) of this Grant Deed), including, but not limited to, the following:

(i) any public or private nuisance (as defined in California Civil Code Section 3479) connected with business operations conducted on the Property;

(ii) any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness;

(iii) any obnoxious odor;

(iv) any noxious materials and any toxic or caustic, or corrosive fuel or gas in violation of applicable law;

(v) any dust, dirt or particulate matter in excessive quantities;

(vi) any unusual fire, explosion, or other damaging or dangerous hazard;

(vii) any warehouse, other than that which is incidental to the primary commercial use or business operation, and any assembly, manufacturing, distillation, refining, smelting, agriculture, or mining operation;

(viii) any pawn shop or thrift store;

(ix) any adult business or facility as defined and regulated in the City of San Diego's Municipal Code. Such uses include, without limitation, massage establishments (to the extent defined and regulated in such Code as an adult business or facility), adult news racks, adult bookstores, adult motion picture theaters, and paraphernalia businesses;

(x) any retail outlet that sells alcoholic beverages for off-site consumption, except those possessing a California Department of Alcoholic Beverage Control Type 20 or Type 41 License;

(xi) any gun shop or retail sales operation for which the main commercial use or business operation is the sale of guns;

(d) Maintain the Property and all Improvements (including any sidewalks and landscaping adjacent thereto), or cause such areas to be maintained, in accordance with the requirements of this Grant Deed, the Agreement, and the City of San Diego Municipal Code, at his, her or their sole cost and expense, as follows:

(1) Grantee shall Maintain the Property and the Improvements in the same aesthetic and sound condition (or better) as the condition of the Property and the Improvements at the time Grantor issues a Release of Construction Covenants pursuant to the Agreement, reasonable wear and tear excepted. This standard for the quality of maintenance of the Property and the Improvements shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, and washing-down as necessary to maintain clean surfaces; maintenance of all landscaping in a healthy and attractive

condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order. In the event Grantee, its successors or assigns fails to maintain the Property or the Improvements in accordance with the standard for the quality of maintenance, Grantor or its designee shall have the right but not the obligation to enter the Property or the Improvements upon reasonable notice to Grantee, correct any violation, and hold Grantee, or such successors or assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property pursuant to Civil Code Section 2881.

(2) If all or any portion of the Property or the Improvements are damaged or destroyed by fire or other casualty, it shall be the duty of Grantee to rebuild, repair or reconstruct the Property in a timely manner to restore it to Code compliance condition.

(3) If the Property or the Improvements are damaged or destroyed by casualty, Grantee may not, without the prior written consent of the Grantor, reconstruct, rebuild or repair the Property in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

(4) In the event of damage or destruction due to casualty, Grantee shall be obligated to proceed with all due diligence to commence reconstruction within two (2) months after the damage occurs and to complete reconstruction within a reasonable time after damage occurs, unless prevented by causes beyond the reasonable control of Grantee.

(e) Pay when due all real estate taxes and assessments assessed and levied on the Grantee's undivided interest in the fee absolute title of the Property or on the Improvements (including, without limitation, possessory interest taxes). Nothing herein contained shall be deemed to prohibit Grantee from contesting the validity of any tax assessment, encumbrance or lien nor to limit the remedies available to Grantor in respect thereto, except to the extent that such a challenge seeks to lower, or would have the effect of lowering, the assessed value of the Property below that which was contemplated by the parties at the time the Agreement was executed by the Grantor and Grantee.

(f) Not discriminate upon the basis of race, color, religion, sex, marital status, national origin, ancestry, physical or mental disability, sexual orientation, or any other status protected by law in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of Improvements erected or to be erected thereon, or any part thereof.

(g) Include in all leases and subleases appropriate provisions requiring all lessees and sublessees to comply with and be bound by Section 5(f) hereof and Section 403 of the Agreement.

(h) Continue to perform all ongoing obligations of Grantee under the Agreement.

(i) Not use or permit the use of the Improvements in violation of (a) the community plan and applicable zoning laws as they now exist or as they may hereafter be amended from time to time and the City of San Diego Municipal Code; or (b) the Redevelopment Plan, as it now exists or as it may hereafter be amended from time to time.

(j) To the maximum extent permitted by law, indemnify and hold harmless the Agency, the City of San Diego, and their respective officers, employees, contractors and agents from and against all claims, liability, loss, damage, costs or expenses (including attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or the property of any person resulting or arising from or in any way connected with the following items 1 through 6 listed below, provided Grantee shall not be responsible for (and such indemnity shall not apply to) the sole gross negligence or willful misconduct of the Agency, the City of San Diego, or their respective officers, employees, contractors or agents:

1. The existence, release, presence or disposal on, in, or under the Property of any Hazardous Substances. "Hazardous Substances" means any substance, material or waste which is or becomes regulated by the United States government, the State of California, or any local or other governmental authority, including, without limitation, any material, substance or waste which is (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," or "extremely hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code; (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code; (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code; (v) petroleum; (vi) asbestos; (vii) a polychlorinated biphenyl; (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20; (ix) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act (42 U.S.C. Section 6903); (xi) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601); or (xii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements either requires special handling in its use, transportation, generation, collection, storage, treatment or disposal, or is defined as "hazardous" or is harmful to the environment or capable of posing a risk of injury to public health and safety.
2. The development, construction, marketing, use, operation or condition of the Property and/or the Project by Grantee, its contractors, subcontractors, agents or other persons acting on Developer's behalf (individually, "Indemnifying Party," and collectively, "Indemnifying Parties");

3. Any accident, personal injury or casualty on the Property and/or as part of the Project resulting from the acts or omissions of any Indemnifying Party;
4. Any plans or designs prepared by or on behalf of any Indemnifying Party, including without limitation any errors or omissions with respect to such plans or designs;
5. Any inaccuracy in or breach of any representation or warranty of Grantee, or resulting from any breach or default by Grantee, under the Agreement; and
6. The approval of any and all entitlements or permits for the Project by the City.

5. Grantee covenants and agrees for itself, its successors, its assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

6. All deeds, leases or contracts made relative to the Property, improvements thereon, or any part thereof, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the leasing, subleasing, renting, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall lessee itself, or any person claiming under or through it, establish

or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

- (c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land."

7. Grantee hereby covenants for itself, its successors, its assigns and every successor in interest to the Property that, prior to recordation of a Release of Construction Covenants in accordance with the Agreement:

- (a) The Grantee shall have no power to make any sale, transfer, conveyance, encumbrance, lease or assignment of the Property, or any part thereof, or any buildings or improvements thereon, without the prior written consent of the Grantor, except to municipal corporations or public utilities or others as grantee for easements of permits to facilitate development of the Property.

- (b) The Grantee shall not place or suffer to be placed on the Property any lien or encumbrance without the prior written consent of the Grantor.

8. Prior to the recordation of a Release of Construction Covenants to be issued by the Grantor in accordance with Section 324 of the Agreement, the following shall apply:

- (a) Subject to the notice and cure provisions of Section 501 of the Agreement, in the event of an uncured default described in Section 501 of the Agreement, the Grantor shall have the additional right, at its option, to enter and take possession of the Property (or any portion of the Property) with all buildings and improvements, and Grantee agrees that Grantee and its successors or assigns shall take such actions and execute such instruments necessary or proper to vest in the Grantor fee title to the Property.

- (b) Such right to enter, possess and vest shall be subject to and be limited by and shall not defeat, render invalid or limit: (a) any bona fide mortgage, deed of trust, or other security instrument of sale and leaseback or other conveyance for financing, provided that such mortgage, deed of trust, security instrument, sale and leaseback or conveyance for financing is permitted by the Agreement and this Grant Deed; and (b) any rights or interest provided in the Agreement and this Grant Deed for the protection of the holder of such bona fide, permitted mortgages, deeds of trust or other security instruments, the lessor under such sale and leaseback, or the grantee under such other conveyance for financing.

- (c) Upon the vesting in Grantor of title to the Property, or any part of the Property, as provided in Section 511 of the Agreement, Grantor shall, pursuant to its responsibilities under

state law, use its best efforts to resell the Property, or any part of the Property, as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of the Redevelopment Plan to a qualified and responsible party or parties (as determined by Grantor) who will assume the obligation of making or completing the improvements, or such other improvements in their stead, as shall be satisfactory to Grantor and in accordance with the uses specified for the Property, or any part of the Property. Upon such resale of the Property, or any part of the Property, the proceeds shall be applied:

(1) First, to reimburse the beneficiary under any bona fide mortgage, deed of trust or other security instrument encumbering the Property for any loan in default which is secured by such mortgage, deed of trust or other security instrument, provided such mortgage, deed of trust, or other security instrument is permitted by the Agreement and this Grant Deed.

(2) Second, to reimburse Grantor on its own behalf or on behalf of the City of San Diego of all costs and expenses reasonably incurred by Grantor, including salaries of personnel engaged in such action, in connection with the recapture and resale of the Property, or any part thereof; all taxes, assessments and water and sewer charges with respect to the Property or any part of the Property; any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed improvements on the Property, or any part of the Property; and any amounts otherwise owing to Grantor by the Grantee and its successor or transferee; and

(3) Third, to reimburse Grantee, its successor or transferee, up to the amount equal to the costs incurred for the development of the Property, or any part of the Property.

(d) Any balance remaining after such reimbursements shall be retained by Grantor as its property.

(e) To the extent that the right established in this Section involves a forfeiture, it must be strictly interpreted against Grantor, the party for whose benefit it is created. The rights established in this paragraph 7 are to be interpreted in light of the fact that Grantor will convey the Property to Grantee for development and not for speculation.

9. Subject to the terms and limitations provided herein, all conditions, covenants, restrictions contained in this Grant Deed shall be covenants running with the land, and not as conditions which might result in forfeiture of title, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Grantor, its successors and assigns, and the City of San Diego and its successors and assigns, against Grantee, its successors and assigns, to or of the Property conveyed herein or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof.

10. Every covenant, condition and restriction contained in this Grant Deed shall remain in effect in perpetuity.

11. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Grantor shall be deemed a beneficiary of the agreements and covenants provided hereinabove both for and in its own right and also for the purposes of protecting the interests of the community. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor, and such covenants shall run in favor of the Grantor for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. Grantor shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

12. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest in the Property; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations, and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

13. None of the terms, covenants, agreements, or conditions heretofore agreed upon in writing in other instruments between the parties to this Grant Deed with respect to obligations to be performed, kept or observed in respect to the Property after this conveyance of the Property, shall be deemed to be merged with this Grant Deed until such time as the Release of Construction Covenants is recorded pursuant to the Agreement.

14. Both before and after recording of the Release of Construction Covenants, only the Grantor, its successors, and assigns, and Grantee and the successors and assigns of Grantee in and to all or any part of the fee title to the Property, or any part thereof, shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Grant Deed or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder or licensee. The covenants contained in this Grant Deed without regard to technical classification or designation shall not benefit or be enforceable by any person, firm, or corporation, public or private, except Grantor, the City of San Diego and Grantee and their respective successors and assigns.

15. In the event of any express conflict between this Grant Deed and the Agreement, the provisions of this Grant Deed shall control.

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of _____, 20__.

Grantor:

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

By: _____
[Name, Title]

APPROVED AS TO FORM AND LEGALITY

JAN I. GOLDSMITH
Redevelopment Agency General Counsel

By: _____
[Name], Deputy General Counsel

The Grantee hereby accepts the written deed, subject to all of the matters hereinbefore set forth.

Grantee:
[DEVELOPER]

Dated: _____

By: _____
[Name, Title]

State of California
County of San Diego

On _____ before me, _____,
a Notary Public, in and for State, 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)

State of California
County of San Diego

On _____ before me, _____,
a Notary Public in and for State, 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

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

That portion of Lots 4, 5, 6 and 7 in Block 2 of Hartley's North Park, in the City of San Diego, County of San Diego, State of California, according to Map No. 1428, filed April 8, 1912, in the Office of the County Recorder of San Diego County, lying Westerly of a line described as follows:

Beginning at a point in the North line of Block 2, distant thereon South 89° 40' 00" West 100.07 feet from the Northeast corner of said Block; thence South 00° 08' 30" East 104.79 feet to a point in the North line of an alley in said Block 2, distant thereon South 89° 56' 30" West 100.06 feet, from the Southeast corner of Lot 1 in said Block 2, and lying Easterly of a line described as follows:

Beginning at a point in the North line of said Block 2, distant thereon North 89° 40' 00" East 90.58 feet from the Northwest corner of said Block; thence South 00° 08' 30" East 104.43 feet to a point in the North line of the alley in said Block 2, distant thereon North 89° 56' 30" East 90.57 feet from the Southwest corner of Lot 10 in said Block 2.

Assessor's Parcel No: 453-152-03

ATTACHMENT NO. 6
REHABILITATION BUDGET

Project Funding Sources

Developer Equity	\$	1,125,000
Construction Loan	\$	1,738,345
Agency Loan	\$	100,000
Total Project Funding Sources	\$	2,963,345

Project Costs

Land / Title / Property Taxes	\$	25,000
Direct Offsites	\$	255,000
Parking and Alley Improvements	\$	240,000
Direct Onsites	\$	51,000
Total Fees	\$	106,500
Architecture & Engineering	\$	84,000
Legal and Other Consultants	\$	71,000
Insurance	\$	25,000
Direct Construction: Shell Residential/Retail	\$	665,000
Direct Construction: TI Residential	\$	506,000
Direct Construction: TI Retail	\$	301,000
Construction Overhead and CM Fee	\$	192,900
Development Fee	\$	126,120
Marketing	\$	54,182
Hard and Soft Contingency	\$	156,046
Financing Costs	\$	25,821
Construction Loan Interest	\$	78,776
Total Project Costs	\$	2,963,345

ATTACHMENT NO. 7
ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (“Assignment”) is entered into as of _____, by and among , NORTH PARK GATEWAY, LLC, a California limited liability company (“North Park Gateway”), and _____, a _____ (“Assignee”) with reference to the following facts:

A. The Redevelopment Agency of the City of San Diego (“Agency”) and North Park Gateway have heretofore entered into that certain Disposition and Development Agreement, dated as of _____ (the “Agreement”). The Agreement is incorporated herein by this reference.

B. Pursuant to the Agreement, the Agency has agreed to sell to North Park Gateway certain real property described therein as the “Property”, and North Park Gateway has agreed that North Park Gateway shall construct a mixed-use project on the Property, as described in the Agreement (the “Project”).

C. North Park Gateway has designated Assignee to take title to the Property, and to obtain financing for and develop the Project, as contemplated by the Agreement.

D. North Park Gateway intends to assign the Agreement and all related agreements to which North Park Gateway is a party to Assignee, and Assignee intends to assume all rights and obligations of North Park Gateway, as “Developer” thereunder.

NOW, THEREFORE, North Park Gateway and Assignee hereby agree as follows:

1. Effective as of the date of this Agreement, which shall occur concurrently with the full execution of this Assignment by the Agency (as to the Consent only), North Park Gateway and Assignee, North Park Gateway hereby assigns to Assignee all of its right, title and interest in and to the Agreement, and Assignee hereby accepts such assignment, and assumes all of the rights and obligations of North Park Gateway (referred to as “Developer” in the Agreement) thereunder and agrees to be bound thereby in accordance with the terms thereof.

2. Assignee shall accept title to the Property in its name and execute any instrument or document to be executed by the Developer pursuant to the Agreement, and be bound thereby in accordance with the terms thereof.

3. Assignee shall construct the Project in conformance with the Agreement and the plans and specifications heretofore approved by the Agency pursuant the Agreement, subject to revisions and change orders previously approved or deemed approved pursuant to the Agreement

4. Assignee shall assume and perform all executory obligations of North Park Gateway pursuant to the Agreement, without exception.

5. The principal address of Assignee for purposes of the Agreement is as follows:

6. This Assignment is made for the sole benefit and protection of the parties hereto, and their successors and assigns, and no other person or persons shall have any right of action or right to rely hereon. As this Assignment contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof shall be deemed to exist or bind any party unless in writing and signed by the party to be charged. Wherever required, any consent or approval of either party shall not be unreasonably withheld or delayed.

7. This Assignment may be executed in several duplicate originals, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and shall become effective upon execution by the parties, as indicated by the signatures below. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Assignment, which, with all attached signature pages, shall be deemed to be an original Agreement.

8. North Park Gateway and Assignee acknowledge and agree that to the extent that the City of San Diego (“City”) or Agency have any financial obligations to North Park Gateway or Assignee pursuant to this Assignment, such financial obligation is and shall be a special limited obligation, payable solely from North Park Redevelopment Project tax increment revenue, and is not and shall not be a pledge of or obligation payable through the City’s general fund. Accordingly, nothing in this Agreement shall require or be deemed to require the City to expend or commit to expend monies from its general fund to satisfy any of the obligations set forth in this Assignment.

9. Miscellaneous

(a) This Assignment shall be determined in accordance with and governed by the laws of the State of California.

(b) Each party agrees to perform any further acts, and to execute and deliver any further documents, as may be reasonably necessary or required to carry out the intent and provisions of this Assignment and the transactions contemplated hereby.

(c) This Assignment shall bind and inure to the benefit of the respective heirs, personal representatives, grantees, successors, and assigns of the parties hereto.

IN WITNESS WHEREOF, North Park Gateway and Assignee have executed this Agreement.

“NORTH PARK GATEWAY”

NORTH PARK GATEWAY, LLC, a California
limited liability company

By: _____

Name:

Title:

“Assignee”

[INSERT SIGNATURE BLOCK]

CONSENT TO ASSIGNMENT AND ASSUMPTION

Any capitalized term not otherwise defined herein shall have the meaning ascribed to it in that certain Assignment and Assumption Agreement, dated as of _____, 20____ (the "Assignment"), by and between NORTH PARK GATEWAY, LLC a California limited liability company ("Assignor"), and _____, a _____ ("Assignee").

In reliance upon the assumption by Assignee of all rights and obligations pursuant to the Assignment Agreement, the Agency does hereby consent to and approve of the assignment by Assignor to Assignee. Approval thereof by the Agency shall not be construed to relieve or release Assignor from its duty to comply with any of its obligations under the Agreement.

REDEVELOPMENT AGENCY OF THE CITY OF SAN
DIEGO, a public body, corporate and politic

Dated: _____ By: _____
Name: _____
Its: _____

APPROVED AS TO FORM AND LEGALITY:

JAN I. GOLDSMITH,
Agency General Counsel

By: _____
Name: _____
Deputy General Counsel

ATTACHMENT NO. 8
RELEASE OF CONSTRUCTION COVENANTS

No Fee for Recordation
Government Code Section 6103

Recording Requested by
Redevelopment Agency of the City of San Diego

When Recorded Return to:
Redevelopment Agency of the City of San Diego
1200 3rd Ave., 14th Floor
San Diego, California 92101

Attention: North Park Project Manager

Recordable Document:
Government Code Sections 27279,
27280 and 27281.5

SPACE ABOVE THIS LINE FOR RECORDER'S USE

RELEASE OF CONSTRUCTION COVENANTS

WHEREAS, the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, public body corporate and politic (the "Agency") has entered into a Disposition and Development Agreement with [_____], a California limited liability company ("Developer") which was approved by the Agency on _____ pursuant to Resolution No. R-_____ and filed as Document No. _____ (the "DDA") relating to property in the City of San Diego, County of San Diego and State of California described as set forth in Exhibit A (the "Property"), for the specific purpose of acquiring and developing certain improvements on the Property (the "Project") in accordance with the terms and conditions contained in the DDA;

WHEREAS, pursuant to Section 324 of the DDA, upon the completion of the Project and the request of Developer, the Agency is required to issue for recordation a Release of Construction Covenants ("Release") acknowledging the completion of the construction and development required by the DDA relating to the Property and releasing certain obligations and rights of the Developer and the Agency set forth in the DDA;

WHEREAS, the Developer has completed the construction and development required by the DDA relating to the Property as required by the DDA and has requested that the Agency issue the Release for the Project;

WHEREAS, Agency has inspected and determined that the construction and

development required by the DDA relating to the Property has been satisfactorily completed and now desires to issue the Release pursuant to the terms and conditions of the DDA.

NOW THEREFORE, it is hereby acknowledged and certified by the Agency that:

1. The construction and development of the Property is in substantial compliance with the plans, drawings and related documents referred to in Sections 303, 304, 305 and 306 of the DDA.

2. The Developer has developed the Property in accordance with the DDA and has satisfied all conditions of Completion as defined in the DDA.

3. The issuance and recording of this Release shall terminate the DDA and cancel and release any rights, remedies or controls that the parties would otherwise have or be entitled to exercise under the DDA with respect to the Property as a result of a default in or breach of any provision thereof, and the respective rights and obligations of the parties with reference to the Property (or any portion thereof) shall thereafter be limited to those provided by the terms of, Agreement Affecting Real Property (dated [date] and recorded with the San Diego County Record as Document No. [number]), and the Grant Deed ((dated [date] and recorded with the San Diego County Record as Document No. [number]) that survive the issuance and recordation of this Release. This provision shall not be construed as terminating any rights, obligations, remedies or controls of the parties provided by the terms of the Agreement Affecting Real Property and the Grant Deed, regardless of the whether the rights, obligations, remedies or controls are also provided by the terms of the DDA.

[signatures appear on following page]

IN WITNESS WHEREOF, Agency has executed this Release this ____ day of _____, 200__.

REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO

By: _____
Janice L. Weinrick
Deputy Executive Director

Accepted by: [NAME OF ENTITY],
a California limited partnership

Dated: _____

By: _____

Its: _____

By: _____

Its: _____

APPROVED AS TO FORM AND LEGALITY:

JAN I. GOLDSMITH
Agency General Counsel

By: _____
Deputy General Counsel

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____ before me, _____, a 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)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____ before me, _____, a 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

THE LAND REFERRED TO HEREIN IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

That portion of Lots 4, 5, 6 and 7 in Block 2 of Hartley's North Park, in the City of San Diego, County of San Diego, State of California, according to Map No. 1428, filed April 8, 1912, in the Office of the County Recorder of San Diego County, lying Westerly of a line described as follows:

Beginning at a point in the North line of Block 2, distant thereon South 89°40'00" West 100.07 feet from the Northeast corner of said Block; thence South 00°08 '30" East 104.79 feet to a point in the North line of an alley in said Block 2, distant thereon South 89°56 '30" West 100.06 feet, from the Southeast corner of Lot 1 in said Block 2, and lying Easterly of a line described as follows: Beginning at a point in the North line of said Block 2, distant thereon North 89°40'00" East 90.58 feet from the Northwest corner of said Block; thence South 00°08 '30" East 104.43 feet to a point in the North line of the alley in said Block 2, distant thereon North 89°56 '30" East 90.57 feet from the Southwest corner of Lot 10 in said Block 2.

Assessor's Parcel No: 453-152-03-00

ATTACHMENT NO. 9

EQUAL OPPORTUNITY CONTRACTING REQUIREMENTS

EQUAL OPPORTUNITY CONTRACTING PROGRAM (EOCP)

CONSULTANT REQUIREMENTS

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I. City’s Equal Opportunity Commitment. The City of San Diego (City) is strongly committed to equal opportunity for employees and Subcontractors of Consultants doing business with the City. The City encourages its Consultants to share this commitment. Consultants are encouraged to take positive steps to diversify and expand their Subcontractor solicitation base and to offer consulting opportunities to all eligible Subcontractors. ***Failure to submit the required EOCP documentation indicated below shall result in a determination of the Consultant being non-responsive.***

II. Nondiscrimination in Contracting Ordinance. All Consultants doing business with the City, and their Subcontractors, must comply with requirements of the City’s *Nondiscrimination in Contracting Ordinance*, San Diego Municipal Code Sections 22.3501 through 22.3517.

A. Proposal Documents to include Disclosure of Discrimination Complaints. As part of its bid or proposal, Consultant shall provide to the City a list of all instances within the past ten (10) years where a complaint was filed or pending against Consultant in a legal or administrative proceeding alleging that Consultant discriminated against its employees, Subcontractors, vendors, or suppliers, and a description of the status or resolution of that complaint, including any remedial action taken.

- B. Contract Language. The following language shall be included in contracts for City projects between the Consultant and any Subcontractors, vendors, and suppliers:

Contractor shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Consultant shall provide equal opportunity for Subcontractors to participate in opportunities. Consultant understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in contract termination, debarment, or other sanctions.

- C. Contract Disclosure Requirements. Upon the City's request, Consultant agrees to provide to the City, within sixty (60) calendar days, a truthful and complete list of the names of all Subcontractors, vendors, and suppliers that Consultant has used in the past five (5) years on any of its contracts that were undertaken within County of San Diego, including the total dollar amount paid by Consultant for each subcontract or supply contract. Consultant further agrees to fully cooperate in any investigation conducted by the City pursuant to the City's Nondiscrimination in Contracting Ordinance, Municipal Code Sections 22.3501 through 22.3517. Consultant understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in remedies being ordered against the Consultant up to and including contract termination, debarment and other sanctions.

III. **Equal Employment Opportunity Outreach Program**. Consultants shall comply with requirements of San Diego Municipal Code Sections 22.2701 through 22.2707. Consultants shall submit with their proposal a Work Force Report for approval by the Program Manager of the City of San Diego Equal Opportunity Contracting Program (EOCP).

- A. Nondiscrimination in Employment. Consultant shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Contractor shall provide equal opportunity in all employment practices. Consultants shall ensure that their subcontractors comply with this program. Nothing in this Section shall be interpreted to hold a Consultant liable for any discriminatory practice of its subcontractors.
- B. Work Force Report. If based on a review of the Work Force Report (Attachment AA) submitted an EOCP staff Work Force Analysis determines there are under representations when compared to County Labor Force Availability data, then the Consultant will also be required to submit an Equal Employment Opportunity (EEO) Plan to the Program Manager of the City of San Diego Equal Opportunity Contracting Program (EOCP) for approval.
- C. Equal Employment Opportunity Plan. If an Equal Employment Opportunity Plan is required, the Program Manager of EOCP will provide a list of plan requirements to Consultant.

IV. Small and Local Business Program Requirements. The City has adopted a Small and Local Business Enterprise (SLBE) program for consultant contracts. SLBE program requirements for consultant contracts are set forth Council Policy 100-10.

A. SLBE and ELBE Participation for Contracts Valued Over \$50,000:

1. For proposals ranking as qualified or acceptable, or any higher ranking, the City shall apply a maximum of 12 additional points for SLBE or ELBE participation. Points will be awarded as follows:

- a. 20% participation – 5 points
- b. 25% participation – 10 points
- c. SLBE or ELBE as prime contractor – 12 points

2. All professional services contracts valued over \$50,000 or more have a voluntary SLBE/ELBE goal of 20%. For the purposes of this Council Policy, the subcontractor requirement may be met by a provider of materials or supplies. Details can be found at <http://www.sandiego.gov/eoc/boc/slbe.shtml>.

B. Subcontractor Participation List. The Subcontractor Participation List (Attachment BB) shall indicate the Name and Address, Scope of Work, Percent of Total Proposed Contract Amount, Certification Status and Where Certified for each proposed Subcontractor/Subconsultant.

C. Commitment Letters. Consultant shall also submit Subcontractor *Commitment Letters* on Subcontractor's letterhead, no more than one page each, from all proposed Subcontractors to acknowledge their commitment to the team, scope of work, and percent of participation in the project.

D. Contract Activity Reports. To permit monitoring of the winning Consultant's commitment to achieving compliance, *Contract Activity Reports* (Attachment CC) reflecting work performed by Subcontractors/Subconsultants/Vendors shall be submitted quarterly for any work covered under an executed contract.

V. Demonstrated Commitment to Equal Opportunity. The City seeks to foster a business climate of inclusion and to eliminate barriers to inclusion.

A. Consultants are required to submit the following information with their proposals:

- 1. Outreach Efforts. Description of Consultant's outreach efforts undertaken on this project to make subcontracting opportunities available to all interested and qualified firms including SLBE/ELBE/DBE/MBE/WBE/DVBE/OBE.
- 2. Past Participation Levels. Listing of Consultant's Subcontractor participation levels achieved on all private and public projects within the past three (3) years. Include name of project, type of project, value of project, Subcontractor firm's name, percentage of Subcontractor firm's participation, and identification of

Subcontractor firm's ownership as a certified Small or Emerging Local Business Enterprise, Woman Business Enterprise, Disadvantaged Business Enterprise, Disabled Veteran Business Enterprise, or Other Business Enterprise.

3. Equal Opportunity Employment. Listing of Consultant's strategies to recruit, hire, train and promote a diverse workforce. These efforts will be considered in conjunction with Consultant's *Workforce Report* as compared to the County's Labor Force Availability.
4. Community Activities. Listing of Consultant's current community activities such as membership and participation in local organizations, associations, scholarship programs, mentoring, apprenticeships, internships, community projects, charitable contributions and similar endeavors.

B. In accordance with the City's Equal Opportunity Commitment, the City will consider the four factors described above as part of the evaluation process. A maximum of 13 additional points will be awarded based on consideration of these four factors. Points awarded based on Consultants demonstrated commitment to equal opportunity will be in addition to any points awarded for SLBE or ELBE participation as described in Section IV.

VI. Definitions.

Certified "**Minority Business Enterprise**" (MBE) means a business which is at least fifty-one percent (51%) owned by African Americans, American Indians, Asians, Filipinos, and/or Latinos and whose management and daily operation is controlled by one or more members of the identified ethnic groups. In the case of a publicly-owned business, at least fifty-one percent (51%) of the stock must be owned by, and the business operated by, one or more members of the identified ethnic groups.

Certified "**Women Business Enterprise**" (WBE) means a business which is at least fifty-one percent (51%) owned by one or more women and whose management and daily operation is controlled by the qualifying party(s). In the case of a publicly-owned business, at least fifty-one percent (51%) of the stock must be owned by, and the business operated by, one or more women.

Certified "**Disadvantaged Business Enterprise**" (DBE) means a business which is at least fifty-one percent (51%) owned and operated by one or more socially and economically disadvantaged individuals and whose management and daily operation is controlled by the qualifying party(s). In the case of a publicly-owned business, at least fifty-one percent (51%) of the stock must be owned by, and the business operated by, socially and economically disadvantaged individuals.

Certified "**Disabled Veteran Business Enterprise**" (DVBE) means a business which is at least fifty-one percent (51%) owned by one or more veterans with a service related disability and whose management and daily operation is controlled by the qualifying party(s).

“Other Business Enterprise” (OBE) means any business which does not otherwise qualify as Minority, Woman, Disadvantaged or Disabled Veteran Business Enterprise.

Emerging Local Business Enterprise (ELBE) – Any for-profit enterprise that is not a broker, that is independently owned and operated; that is not a subsidiary of another business; that meets the definition of a local business; and that is not dominant in its field of operation whose average gross annual receipts in the prior three fiscal years do not exceed:

- \$2.75 million – Construction
- \$1.5 million – Specialty Construction
- \$1.5 million – Goods/Materials/Services
- 1.0 million – Trucking
- \$750,000 – Professional Services and Architect/Engineering

If a business has not existed for 3 years, the gross sales limits described above shall be applied based upon the annual averages over the course of the existence of the business.

Local Business Enterprise (LBE) – A firm having a Principal Place of Business and a Significant Employment Presence in San Diego City or County, California that has been in operation for 12 consecutive months and a valid business tax certificate. This definition is subsumed within the definition of Small Local Business Enterprise.

Small Local Business Enterprise (SLBE) – Any for-profit enterprise that is not a broker, that is independently owned and operated; that is not a subsidiary of another business; that meets definition of a local business; and that is not dominant in its field of operation whose average gross annual receipts in the prior three fiscal years do not exceed:

- \$5.0 million – Construction
- \$3.0 million – Specialty Construction
- \$3.0 million – Goods/Materials/Services
- \$2.0 million – Trucking
- \$1.5 million – Professional Services and Architect/Engineering

California State certified Micro and Disabled Veteran Owned business enterprises shall also satisfy the requirements to be defined as a Small Business Enterprise.

If a business has not existed for 3 years, the employment and gross sales limits described above shall be applied based upon the annual averages over the course of the existence of the business.

VIII. Certification.

Below are the EOC – accepted certification agencies along with certifiable groups:

City of San Diego:

ELBE, SLBE

Caltrans:

DBE, SMBE, SWBE

Dept. of General Services:

DVBE

CA Public Utilities Commission:
City of Los Angeles:
SD Regional Minority Supplier Diversity Council:

MBE, WBE
DBE, WBE, MBE
MBE, WBE

IX. List of Attachments.

- AA. Work Force Report
- BB. Subcontractors List
- CC. Contract Activity Report



City of San Diego.
EQUAL OPPORTUNITY CONTRACTING (EOC)
1010 Second Avenue • Suite 500 • San Diego, CA 92101
Phone: (619) 533-4464 • Fax: (619) 533-4474
WORK FORCE REPORT

ADMINISTRATIVE

The objective of the *Equal Employment Opportunity Outreach Program*, San Diego Municipal Code Sections 22.3501 through 22.3517, is to ensure that contractors doing business with the City, or receiving funds from the City, do not engage in unlawful discriminatory employment practices prohibited by State and Federal law. Such employment practices include, but are not limited to unlawful discrimination in the following: employment, promotion or upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training, including apprenticeship. Contractors are required to provide a completed *Work Force Report (WFR)*.

CONTRACTOR IDENTIFICATION

Type of Contractor: Construction Vendor/Supplier Financial Institution Lessee/Lessor
 Consultant Grant Recipient Insurance Company Other

Name of Company: _____

AKA/DBA: _____

Address (Corporate Headquarters, where applicable): _____

City _____ County _____ State _____ Zip _____

Telephone Number: () _____ FAX Number: () _____

Name of Company CEO: _____

Address(es), phone and fax number(s) of company facilities located in San Diego County (if different from above):

Address: _____

City _____ County _____ State _____ Zip _____

Telephone Number: () _____ FAX Number: () _____

Type of Business: _____ Type of License: _____

The Company has appointed: _____

as its Equal Employment Opportunity Officer (EEOO). The EEOO has been given authority to establish, disseminate, and enforce equal employment and affirmative action policies of this company. The EEOO may be contacted at:

Address: _____

Telephone Number: () _____ FAX Number: () _____

- One San Diego County (or Most Local County) Work Force - Mandatory
- Branch Work Force *
- Managing Office Work Force

Check the box above that applies to this WFR.

**Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.*

I, the undersigned representative of _____

(Firm Name)

_____ hereby certify that information provided

(County)

(State)

herein is true and correct. This document was executed on this _____ day of _____, 20 ____.

(Authorized Signature)

(Print Authorized Signature)

WORK FORCE REPORT – NAME OF FIRM: _____ DATE: _____

OFFICE(S) or BRANCH(ES): _____ COUNTY: _____

INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- (1) Black, African-American
- (2) Hispanic, Latino, Mexican-American, Puerto Rican
- (3) Asian, Pacific Islander
- (4) American Indian, Eskimo
- (5) Filipino
- (6) White, Caucasian
- (7) Other ethnicity; not falling into other groups

OCCUPATIONAL CATEGORY	(1) Black		(2) Hispanic		(3) Asian		(4) American Indian		(5) Filipino		(6) White		(7) Other Ethnicities	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
	Management & Financial													
Professional														
A&E, Science, Computer														
Technical														
Sales														
Administrative Support														
Services														
Crafts														
Operative Workers														
Transportation														
Laborers*														

*Construction laborers and other field employees are not to be included on this page

Totals Each Column														
--------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Grand Total All Employees

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled

Disabled														
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Non-Profit Organizations Only:

Board of Directors														
Volunteers														
Artists														



CITY OF SAN DIEGO WORK FORCE REPORT – ADMINISTRATIVE

HISTORY

The Work Force Report (WFR) is the document that allows the City of San Diego to analyze the work forces of all firms wishing to do business with the City. We are able to compare the firm’s work force data to County Labor Force Availability (CLFA) data derived from the United States Census. CLFA data is a compilation of lists of occupations and includes the percentage of each ethnicity we track (Black, Hispanic, Asian, American Indian, Filipino) for each occupation. Currently, our CLFA data is taken from the 2000 Census. In order to compare one firm to another, it is important that the data we receive from the consultant firm is accurate and organized in the manner that allows for this fair comparison.

WORK FORCE & BRANCH WORK FORCE REPORTS

When submitting a WFR, especially if the WFR is for a specific project or activity, we would like to have information about the firm’s work force that is actually participating in the project or activity. That is, if the project is in San Diego and the work force is from San Diego, we want a San Diego County Work Force Report.¹ By the same token, if the project is in San Diego, but the work force is from another county, such as Orange or Riverside County, we want a Work Force Report from that county.² For example, if participation in a San Diego project is by work forces from San Diego County, Los Angeles County and Sacramento County, we will ask for separate Work Force Reports representing the work forces of

your firm from each of the three counties.^{1,2} On the other hand, if the project will be accomplished completely outside of San Diego, we ask for a Work Force Report from the county or counties where the work will be accomplished.²

MANAGING OFFICE WORK FORCE

Equal Opportunity Contracting may occasionally ask for a Managing Office Work Force (MOWF) Report. This may occur in an instance where the firm involved is a large national or international firm but the San Diego or other local work force is very small. In this case, we may ask for both a local and a MOWF Report.^{1,3} In another case, when work is done only by the Managing Office, only the MOWF Report may be necessary.³

TYPES OF WORK FORCE REPORTS:

Please note, throughout the preceding text of this page, the superscript numbers one ¹, two ² & three ³. These numbers coincide with the types of work force report required in the example. See below:

- ¹ One San Diego County (or Most Local County) Work Force – Mandatory in most cases
- ² Branch Work Force *
- ³ Managing Office Work Force

**Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county*

Exhibit: Work Force Report Job categories

Refer to this table when completing your firm’s Work Force Report form(s).

Management & Financial

Advertising, Marketing, Promotions, Public Relations, and Sales Managers
Business Operations Specialists
Financial Specialists
Operations Specialties Managers
Other Management Occupations
Top Executives

Professional

Art and Design Workers
Counselors, Social Workers, and Other Community and Social Service Specialists
Entertainers and Performers, Sports and Related Workers
Health Diagnosing and Treating Practitioners
Lawyers, Judges, and Related Workers
Librarians, Curators, and Archivists
Life Scientists
Media and Communication Workers
Other Teachers and Instructors
Postsecondary Teachers

Primary, Secondary, and Special Education School Teachers
Religious Workers
Social Scientists and Related Workers

Architecture & Engineering, Science, Computer

Architects, Surveyors, and Cartographers
Computer Specialists
Engineers
Mathematical Science Occupations
Physical Scientists

Technical

Drafters, Engineering, and Mapping Technicians
Health Technologists and Technicians
Life, Physical, and Social Science Technicians
Media and Communication Equipment Workers

Sales

Other Sales and Related Workers
Retail Sales Workers
Sales Representatives, Services
Sales Representatives, Wholesale and Manufacturing
Supervisors, Sales Workers

Administrative Support

Financial Clerks
Information and Record Clerks
Legal Support Workers
Material Recording, Scheduling, Dispatching, and Distributing Workers
Other Education, Training, and Library Occupations
Other Office and Administrative Support Workers
Secretaries and Administrative Assistants
Supervisors, Office and Administrative Support Workers

Services

Building Cleaning and Pest Control Workers
Cooks and Food Preparation Workers
Entertainment Attendants and Related Workers
Fire Fighting and Prevention Workers
First-Line Supervisors/Managers, Protective Service Workers
Food and Beverage Serving Workers
Funeral Service Workers
Law Enforcement Workers
Nursing, Psychiatric, and Home Health Aides
Occupational and Physical Therapist Assistants and Aides
Other Food Preparation and Serving Related Workers
Other Healthcare Support Occupations
Other Personal Care and Service Workers
Other Protective Service Workers

Personal Appearance Workers
Supervisors, Food Preparation and Serving Workers
Supervisors, Personal Care and Service Workers
Transportation, Tourism, and Lodging Attendants

Crafts

Construction Trades Workers
Electrical and Electronic Equipment Mechanics, Installers, and Repairers
Extraction Workers
Material Moving Workers
Other Construction and Related Workers
Other Installation, Maintenance, and Repair Occupations
Plant and System Operators
Supervisors of Installation, Maintenance, and Repair Workers
Supervisors, Construction and Extraction Workers
Vehicle and Mobile Equipment Mechanics, Installers, and Repairers
Woodworkers

Operative Workers

Assemblers and Fabricators
Communications Equipment Operators
Food Processing Workers
Metal Workers and Plastic Workers
Motor Vehicle Operators
Other Production Occupations
Printing Workers
Supervisors, Production Workers
Textile, Apparel, and Furnishings Workers

Transportation

Air Transportation Workers
Other Transportation Workers
Rail Transportation Workers
Supervisors, Transportation and Material Moving Workers
Water Transportation Workers

Laborers

Agricultural Workers
Animal Care and Service Workers
Fishing and Hunting Workers
Forest, Conservation, and Logging Workers
Grounds Maintenance Workers
Helpers, Construction Trades
Supervisors, Building and Grounds Cleaning and Maintenance Workers
Supervisors, Farming, Fishing, and Forestry Workers

SUBCONTRACTOR PARTICIPATION LIST

This list shall include the name and complete address of all Subcontractors who qualify as SLBEs or ELBEs. Contractors may also list participation by MBE, WBE, DBE, DBVE and OBE firms. However, no additional points will be awarded for participation by these firms, except that DVBEs that qualify as local businesses shall counted as SLBEs.

Contractor shall also submit Subcontractor commitment letters on Sub contractor’s letterhead, no more than one page each, from Subcontractors listed below to acknowledge their commitment to the team, scope of work, and percent of participation in the project.

Subcontractors shall be used in the percentages listed. No changes to this Participation List will be allowed without prior written City approval.

NAME AND ADDRESS SUBCONTRACTORS	SCOPE OF WORK	PERCENT OF CONTRACT	SLBE/ELBE (* /MBE/ WBE/DBE/ DVBE/OBE)	** WHERE CERTIFIED

** Listed for informational purposes only.*

*** Consultant shall indicate if Subcontractor is certified by one of the agencies listed in Section VII of the Equal Opportunity Contracting Program (EOCP) Attachment.*

List of Abbreviations:

Certified Minority Business Enterprise	MBE
Certified Woman Business Enterprise	WBE
Certified Disadvantaged Business Enterprise	DBE
Certified Disabled Veteran Business Enterprise	DVBE
Other Business Enterprise	OBE
Small Local Business Enterprise	SLBE
Emerging Local Business Enterprise	ELBE

CONTRACT ACTIVITY REPORT

Consultants are required by contract to report SubContractor activity in this format. Reports shall be submitted via the Project Manager to the *Equal Opportunity Contracting Program (EOCP)* no later than thirty (30) days after the close of each quarter.

PROJECT: _____ **PRIME CONTRACTOR:** _____

CONTRACT AMOUNT: _____ **INVOICE PERIOD:** _____ **DATE:** _____

Include Additional Services Notto-Exceed Amount

SubContractor	Indicate SLBE, ELBE, MBE, WBE, DBE, DVBE or OBE	Current Period		Paid to Date		Original Commitment	
		Dollar Amount	% of Contract	Dollar Amount	% of Contract	Dollar Amount	% of Contract
Prime Contractor Total:							
Contract Total:							

Completed by: _____

ATTACHMENT NO. 10
AGREEMENT AFFECTING REAL PROPERTY

No Fee for Recordation
Government Code Section 6103

Recording Requested by
Redevelopment Agency of the City of San Diego

When Recorded Return to:
Redevelopment Agency of the City of San Diego
1200 Third Avenue, Suite 1400
San Diego, California 92101

Attention: North Park Project Manager

Recordable Document:
Government Code Sections 27279,
27280 and 27281.5

SPACE ABOVE THIS LINE FOR RECORDER'S USE

AGREEMENT AFFECTING REAL PROPERTY

THIS AGREEMENT AFFECTING REAL PROPERTY (the "Agreement") is entered into as of _____, 20__, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body corporate and politic (herein referred to as "Agency"), , and _____, LLC, a California limited liability company (hereinafter referred to as "Owner").

A. Owner is the owner of that certain real property (the "Property") located in the City of San Diego, County of San Diego, State of California, legally described in the "Legal Description" attached hereto as Exhibit A and incorporated herein by this reference.

B. The Property is located within the North Park Redevelopment Project Area (the "Project Area") in the City of San Diego and is subject to the provisions of the Redevelopment Plan for the Project Area adopted by Ordinance No. O-18386 on May 4, 1997, by the City Council of the City of San Diego.

C. The Agency and Owner entered into that certain Disposition and Development Agreement, dated _____, 2011 (the "DDA") for the purpose of the redevelopment of the Property with a mixed-use development consisting of commercial/retail space and six (6) residential apartment units and associated parking (the "Improvements" or "Project"), all as described in the DDA. The DDA as used herein shall mean, refer to and include the DDA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly

incorporated by reference in the DDA. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the DDA.

D. This Agreement is entered into and recorded in accordance with the Redevelopment Plan and the DDA.

NOW, THEREFORE, AGENCY AND OWNER COVENANT AND AGREE AS FOLLOWS:

1. Development of the Property. Owner covenants and agrees for itself, its successors and assigns and every successor in interest to the Property or any part thereof, that Owner, its successors and assigns, shall develop and construct, or cause the development and construction, of the Improvements on the Property in accordance with the provisions of the DDA and this Agreement.

2. Release of Construction Covenants. Following Completion of the Project on the Property in accordance with the DDA, Agency shall record a Release of Construction Covenants on the Property in accordance with Section 324 of the DDA. Following the Agency's recording of the Release of Construction Covenants, the covenants contained in Paragraph 1 herein, relating only to the development and construction of the Improvements, shall terminate and be of no further force and effect with respect to the Property.

3. Use of the Property. Owner, on behalf of itself and its successors, assigns, and each successor in interest to Owner's interest in the Property or any part thereof, hereby covenants and agrees as follows:

a. Owner covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Owner, such successors and such assignees shall use the Property only for the uses specified in the Redevelopment Plan, the DDA (including without limitation the Scope of Development (Attachment No. 3) and this Agreement. No change in the use of the Property shall be permitted without the prior written approval of Agency.

b. Notwithstanding the generality of Section 3.a., Owner, its successors and assigns, shall use the Property only for the uses permitted in this Agreement, specifically including the following: (i) residential rental uses, consisting of six (6) Units; and (ii) the Commercial/Retail Space.

c. Commercial/Retail Space. Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that the Project shall specifically exclude any offensive or incongruent uses including, but not limited to, the following:

1) Any public or private nuisance (as defined in California Civil Code Section 3479) connected with business operations conducted on the Property;

2) Any noise or sound that is objectionable due to intermittence, beat, frequency, shrillness or loudness;

- 3) Any obnoxious odor;
- 4) Any noxious materials, and any toxic or caustic, or corrosive fuel or gas in violation of applicable law;
- 5) Any dust, dirt or particulate matter in excessive quantities;
- 6) Any unusual fire, explosion, or other damaging or dangerous hazard;
- 7) Any warehouse, other than that which is incidental to the primary commercial use or business operation, and any assembly, manufacturing, distillation, refining, smelting, agriculture, or mining operation;
- 8) Any pawn shop or thrift store;
- 9) Any adult business or facility as defined and regulated in the City's Municipal Code. Such uses include, without limitation, massage establishments (to the extent defined and regulated in such Code as an adult business or facility), adult news racks, adult bookstores, adult motion picture theaters, and paraphernalia businesses;
- 10) Any retail outlet that sells alcoholic beverages for off-site consumption, except those possessing a California Department of Alcoholic Beverage Control Type 20 or Type 41 License; and
- 11) Any gun shop or retail sales operation for which the main commercial use or business operation is the sale of guns.

4. No Discrimination. Owner covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall the Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. Owner, specifically and more particularly, covenants by and for itself, himself or herself, its, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the Owner or any person claiming under or through it, him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property.

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall also apply to the preceding paragraph.

5. Form of Non-discrimination Clause. Owner covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Owner, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall also apply to the preceding paragraph.

b. In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing,

subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis of familial status shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall also apply to the preceding paragraph.

c. In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision “m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

6. Maintenance of the Property. Owner, its successors and assigns, shall maintain the Improvements on the Property in the same aesthetic and sound condition (or better) as the condition of the Property at the time Agency issues a Release of Construction Covenants pursuant to the DDA, reasonable wear and tear excepted. This standard for the quality of maintenance of the Property shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site walks and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order. In the event Owner, its successors or assigns fails to maintain the Improvements in accordance with the standard for the quality of maintenance, Agency or its designee shall have the right but not the obligation to enter the Property upon reasonable notice to Owner, correct any violation, and hold Owner, or such successors or assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property until paid by the Owner pursuant to California Civil Code Section 2881.

7. Management. Owner shall be responsible for the operation of the Improvements either by direct management or by contracting its managerial functions to a third party property

manager reasonably acceptable to the Agency which property manager will be charged with managing the Improvements on behalf of the Owner. Owner shall include in any such property management agreement a provision providing for the termination of the agreement in the event that the property manager violates any federal, state or local health and safety laws and regulations which are not cured within thirty (30) calendar days following the giving of notice of such violations by the Agency or any other governmental entity; provided, however, that in the case of a violation that cannot be cured within such thirty (30) calendar day period, that such cure shall be commenced within thirty (30) calendar days of notification and shall be diligently prosecuted to completion not later than ninety (90) calendar days after notification.

8. Covenants Running with the Land. In accordance with California Civil Code Section 1461 *et. seq.*, All conditions, covenants and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Agency, its successors and assigns, and the City of San Diego, a municipal corporation (“City”), and its successors and assigns, against Owner, its successors and assigns, to or of the Property or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof. Agency and the City shall be deemed the beneficiaries of the covenants, conditions and restrictions of this Agreement both for and in their own rights and for the purposes of protecting the interests of the community. The covenants, conditions, and restrictions shall run in favor of the Agency and the City, without regard to whether the Agency or City has been, remains, or is an owner of any land or interest therein in the Property or the Project Area. Except as provided in the preceding sentence, the covenants, conditions and restrictions contained in this Agreement shall not benefit nor be enforceable by any owner of any other real property within or outside the Project Area or any person or entity having any interest in any such other real property, except the Agency and the City.

In addition to the authority provided under California Civil Code Section 1461 *et. seq.*, the Parties acknowledge and agree that CRL Sections 33435, 33436, 33437 and 33439 provide legal authority, separate and apart from California Civil Code Section 1461 *et. seq.*, for establishing covenants running with the land set forth herein. Agency deems the covenants, conditions and restrictions in the Agreement necessary to prevent speculation and to carry out the purposes of the California Community Redevelopment Law.

9. Remedies. Agency and the City of San Diego (“City”) shall each have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions at law or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

10. Attorneys’ Fees. If either party hereto or the City initiates any litigation or other legal proceeding to interpret or enforce any provision of this Agreement, then the prevailing party in such litigation or proceeding shall be entitled to recover its reasonable attorney’s fees and other legal expenses from the non-prevailing party.

11. Permitted Mortgages. No violation or breach of the covenants, conditions,

restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage permitted by the DDA. This Agreement and the covenants contained herein shall not be subordinate to the lien of any deed of trust securing any construction and/or permanent loan affecting the Property.

12. Term. Every covenant and condition and restriction contained in this Agreement shall remain in effect for the longest feasible time. For purposes of this Agreement, the “longest feasible time” shall include in perpetuity. The covenants, conditions and restrictions contained in this Agreement shall remain in effect upon the sale of the Property or upon any refinancing.

13. Notice and Opportunity to Cure. Prior to exercising any remedies hereunder, Agency shall give Owner notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by Agency. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Owner (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Agency. In no event shall Agency be precluded from exercising remedies if Agency's security in the Property becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) calendar days after the first notice of default is given.

14. Enforcement. If a violation of any of the covenants or provisions of this Agreement remains uncured after the respective time period set forth in Section 12 above, Agency or the City and their successors and assigns, without regard to whether Agency or City or any of their successors or assigns is an owner of any land or interest therein to which these covenants relate, may institute and prosecute any proceedings at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel specific performance by Owner of its obligations hereunder. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

15. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Agreement, which, with all attached signature pages, shall be deemed to be an original Agreement.

IN WITNESS WHEREOF, Agency and Owner have signed this Agreement as of the dates set opposite their signatures.

REDEVELOPMENT AGENCY OF THE CITY OF
SAN DIEGO

Dated: _____

By: _____

Janice L. Weinrick
Deputy Executive Director

APPROVED AS TO FORM AND LEGALITY

Jan I. Goldsmith
Agency General Counsel

By: _____

[SIGNATURES CONTINUE ON NEXT PAGE]

OWNER

Dated: _____

By: _____

Its: _____

Dated: _____

By: _____

Its: _____

State of California

County of _____

On _____ before me, _____, 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)

State of California

County of _____

On _____ before me, _____, 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

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

That portion of Lots 4, 5, 6 and 7 in Block 2 of Hartley's North Park, in the City of San Diego, County of San Diego, State of California, according to Map No. 1428, filed April 8, 1912, in the Office of the County Recorder of San Diego County, lying Westerly of a line described as follows:

Beginning at a point in the North line of Block 2, distant thereon South 89° 40' 00" West 100.07 feet from the Northeast corner of said Block; thence South 00° 08' 30" East 104.79 feet to a point in the North line of an alley in said Block 2, distant thereon South 89° 56' 30" West 100.06 feet, from the Southeast corner of Lot 1 in said Block 2, and lying Easterly of a line described as follows:

Beginning at a point in the North line of said Block 2, distant thereon North 89° 40' 00" East 90.58 feet from the Northwest corner of said Block; thence South 00° 08' 30" East 104.43 feet to a point in the North line of the alley in said Block 2, distant thereon North 89° 56' 30" East 90.57 feet from the Southwest corner of Lot 10 in said Block 2.

Assessor's Parcel No: 453-152-03

ATTACHMENT NO. 11

TITLE REPORT



Stewart Title of California, Inc
 7676 Hazard Center Dr., 14th Floor
 San Diego, CA 92108
 (619) 692-1600 Phone

PRELIMINARY REPORT

Order Number : 378372
 Title Unit Number : 7034
 Buyer/Borrower Name: : Northpark Gateway , LLC
 Seller Name: : City of San Diego
 Property Address: 3067 University Avenue, San Diego, California

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on covered Risks of said policy or policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limits of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters, which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of: April 11, 2011 at 7:30 a.m.

Frank Green, Title Officer

When replying, please contact Rhonda Bernardini, Escrow Officer

Stewart Title of California, Inc.
 7676 Hazard Center Dr. 14th Floor
 San Diego, CA 92108
 (619) 692-1600

PRELIMINARY REPORT

The form of Policy of Title Insurance contemplated by this report is:

- California Land Title Association Standard Coverage Policy
- American Land Title Association Owners Policy
- American Land Title Association Residential Title Insurance Policy
- American Land Title Association Loan Policy
- CLTA/ALTA Homeowners Policy
- ALTA Short Form Residential Loan Policy (06/16/07)
- 2006 ALTA Loan Policy

SCHEDULE A

The estate or interest in the land hereinafter described or referred to covered by this report is:

A Fee

Title to said estate or interest at the date hereof is vested in:

The City of San Diego, a California Municipal Corporation

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of San Diego, City of San Diego, and described as follows:

That portion of Lots 4, 5, 6 and 7 in Block of Hartley's North Park, In the City of San Diego, County of San Diego, State of California, according to Map No. 1428, filed April 8, 1912, in the office of the County recorder of San Diego County, lying westerly of a line described as follows:

Beginning at a point in the North line of Block 2, distant thereon, South 89°40'00" West 100.07 feet from the Northeast corner of said Block; thence South 00°08'30" East 104.79 feet to a point in the North line of an alley in said Block 2, distant thereof South 89°56'30" West 100.06 feet, from the Southeast corner of Lot 1 in said Block 2, and lying Easterly of a line described as follows: Beginning at a point in the North line of said Block 2, distant thereon North 89°40'00" East 90.58 feet from the Northwest corner of said Block; thence South 00°08'30" East 104.43 feet to a point in the North line of the alley in said Block 2, distant thereon North 89°56'30" East 90.57 feet from the Southwest corner of Lot 10 in said Block 2.

APN: 453-152-03-00

(End of Legal Description)

SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

Taxes:

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes, to be levied for the fiscal year 2011 – 2012.
- B. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.
- C. Assessments, if any, for Community Facility Districts affecting said land which may exist by virtue of assessment maps or notices filed by said districts. Said assessments are collected with the County Taxes.

Exceptions:

- 1. Water rights, claims or title to water in or under said land, whether or not shown by the public records.
- 2. The terms and provisions contained in the document entitled Ordinance of the Council of the city of San Diego Establishing the North Park Business Improvement District Pursuant to the Parking and Business Improvement Area Law of 1979 and Levying an Assessment and Charge Therein for Upgrading and Promoting the Area recorded August 28, 1985 as Instrument No. 85-313174 of Official Records.
- 3. The fact that the land lies within the boundaries of the North Park Redevelopment Project Area, as disclosed by the document recorded May 21, 1998 as Instrument No. 98-301362 of Official Records and July 16, 2007 as Instrument/File No. 2007-0474326 of Official Records.
- 4. Please be advised that our search did not disclose any open deeds of trust of record. If you should have knowledge of any outstanding obligation, please contact your title officer immediately for further review.
- 5. Matters which may be disclosed by an inspection or by a survey of said land satisfactory to this Company, or by inquiry of the parties in possession thereof.
- 6. Rights of parties in possession.
- 7. Rights of tenants in possession of said land by reason of unrecorded leases. Kindly forward said lease, or a current certified tenant rent roll.

(End of Exceptions)

NOTES AND REQUIREMENTS

A. Property taxes for the fiscal year 2010 - 2011 shown below are **paid**. For proration purposes the amounts are:

1 st Installment:	\$89.54
2 nd Installment:	\$89.54
Parcel No.:	453-152-03-00
Code Area:	08255

B. The only conveyances affecting said land, which as shown in the public records within 24 months of the date of this report are:

Partage Ventures, LLC, a limited liability company, as Grantor and The Redevelopment Agency of the City of San Diego, a public body corporate and politic of the state of California, as Grantee, recorded: August 16, 2010 as Instrument/File No. 2010-0421153 of Official Records.

The Redevelopment Agency of the City of San Diego, a public body corporate and politic of the state of California, as Grantor and The City of San Diego, a California Municipal Corporation, as Grantee, recorded: March 16, 2011 as Instrument/File No. 2011-0141360 of Official Records.

C. The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement 100 and 116, indicating that there is located on said land a Commercial Structure known as 3067 University Avenue, San Diego, California, to an extended coverage policy.

D. This Company will require the following documents, in order to insure a conveyance or encumbrance by the corporation or unincorporated association named below:

Entity: The City of San Diego, a California Municipal Corporation

(a) A copy of the corporation By-Laws or Articles.

(b) An original or certified copy of the Resolution authorizing the subject transaction.

(c) If the Articles or By-Laws require approval by a "parent" organization, we will also require a copy of those By-Laws or Articles.

(d) If an unincorporated association, a statement pursuant to applicable law (such as California Corporation Code Section 20002).

The right is reserved to add requirements or additional items after completion of such review.

E. This Company will require the following documents in order to insure a conveyance or encumbrance by the limited liability company named below:

Limited liability company: Northpark Gateway, LLC

(a) A certified copy of the articles of organization (LLC-1), and any amendment (LLC-2) or restatement (LLC-10) to be recorded in the appropriate county.

(b) A copy of the operating agreement and any amendment.

(c) Other requirements that the Company may set forth following its review of said documents.

CALIFORNIA "GOOD FUNDS" LAW

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds received by Stewart Title of California, Inc. via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title of California, Inc.. Stewart Title of California, Inc. may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title of California, Inc. shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by Stewart Title of California, Inc.. Such benefits shall be deemed additional compensation to Stewart Title of California, Inc. for its services in connection with the escrow or sub-escrow.

If any check submitted is dishonored upon presentation for payment, you are authorized to notify all principals and/or their respective agents of such nonpayment.

Wire Instructions

If you anticipate having funds wired to Stewart Title of California, Inc., our wiring information is as follows:

Additional Note: Direct wire transfers to:

Union Bank
530 "B" Street
San Diego, CA 92101

Routing Number: 122-000-496
Credit to Stewart Title of California, Inc.
Account Number: 9120054632
Reference Order Number: 378372
Title Unit Number: 7034
Title Officer Name: Frank Green

When instructing the financial institution to wire funds, it is very important that you reference Stewart Title of California, Inc.'s order number.

Should you have any questions in this regard please contact your title officer immediately.

4 4STG Privacy Notice 1 (Rev 01/26/09) Stewart Title Companies

WHAT DO THE STEWART TITLE COMPANIES DO WITH YOUR PERSONAL INFORMATION?

Federal and applicable state law and regulations give consumers the right to limit some but not all sharing. Federal and applicable state law regulations also require us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand how we use your personal information. This privacy notice is distributed on behalf of the Stewart Title Guaranty Company and its affiliates (the Stewart Title Companies), pursuant to Title V of the Gramm-Leach-Bliley Act (GLBA).

The types of personal information we collect and share depend on the product or service that you have sought through us. This information can include social security numbers and driver's license number.

All financial companies, such as the Stewart Title Companies, need to share customers' personal information to run their everyday business—to process transactions and maintain customer accounts. In the section below, we list the reasons that we can share customers' personal information; the reasons that we choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
For our everyday business purposes — to process your transactions and maintain your account. This may include running the business and managing customer accounts, such as processing transactions, mailing, and auditing services, and responding to court orders and legal investigations.	Yes	No
For our marketing purposes — to offer our products and services to you.	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences. Affiliates are companies related by common ownership or control. They can be financial and nonfinancial companies. <i>Our affiliates may include companies with a Stewart name; financial companies, such as Stewart Title Company</i>	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness.	No	We don't share
For our affiliates to market to you	Yes	No
For nonaffiliates to market to you. Nonaffiliates are companies not related by common ownership or control. They can be financial and nonfinancial companies.	No	We don't share

We may disclose your personal information to our affiliates or to nonaffiliates as permitted by law. If you request a transaction with a nonaffiliate, such as a third party insurance company, we will disclose your personal information to that nonaffiliate. [We do not control their subsequent use of information, and suggest you refer to their privacy notices.]

Sharing practices

How often do the Stewart Title Companies notify me about their practices?	We must notify you about our sharing practices when you request a transaction.
How do the Stewart Title Companies protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal and state law. These measures include computer, file, and building safeguards.
How do the Stewart Title Companies collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • request insurance-related services • provide such information to us <p>We also collect your personal information from others, such as the real estate agent or lender involved in your transaction, credit reporting agencies, affiliates or other companies.</p>
What sharing can I limit?	Although federal and state law give you the right to limit sharing (e.g., opt out) in certain instances, we do not share your personal information in those instances.

Contact Us

If you have any questions about this privacy notice, please contact us at: Stewart Title Guaranty Company, 1980 Post Oak Blvd., Privacy Officer, Houston, Texas 77056

EXHIBIT A (Revised 11-17-04)

CLTA PRELIMINARY REPORT FORM (Revised 11-17-06)

SCHEDULE B

**CLTA PRELIMINARY REPORT FORM
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS**

**CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

CLTA Preliminary Report Form

- 4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
 - 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
- The following matters are expressly excluded from the coverage of this policy and the company will not pay loss or damage, costs, attorneys' fees, or expenses, which arise by reason of:

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

- 1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. Land use
 - d. improvements on the Land
 - e. Land division
 - f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
- 3. The right to take the Land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
- 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

* For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar
Limit of Liability		
Covered Risk 14:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 15:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 18:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

CLTA Preliminary Report Form

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- land use
- improvements on the land
- land division
- environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

- a notice of exercising the right appears in the public records on the Policy Date
- the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking

3. Title Risks:

- that are created, allowed, or agreed to by you
- that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
- that result in no loss to you
- that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR

- in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at date of policy, but not excluding from coverage any taking which has occurred prior to date of policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
(a) created, suffered, assumed or agreed to by the insured claimant;
(b) Not known to the company, not recorded in the public records at date of policy, but known to the insured claimant and not disclosed in writing to the company by the insured claimant prior to the date the insured claimant became an insured under this policy;
(c) resulting in no loss or damage to the insured claimant;
(d) attaching or created subsequent to date of policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to the assessments for street improvements under construction or completed at date of policy); or
(e) resulting in loss or damage, which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at date of policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to date of policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at date of policy the insured has advanced or is obligated to advance.

CLTA Preliminary Report Form

7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
- I. The transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - II. The subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
 - III. The transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely recorded the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either standard coverage or extended coverage. In addition to the above exclusions from coverage, the exceptions from coverage in a standard coverage policy will include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) unpatented mining claims; (b) reservations or exceptions in patents or in acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2006 ALTA LOAN POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or

- (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the company will not pay loss or damage, cost, attorneys' fees or expenses, which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy. (B) any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at date of policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at date of policy, but not excluding from coverage any taking which has occurred prior to date of policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (A) Created, suffered, assumed or agreed to by the insured claimant;
 - (B) Not known to the company, not recorded in the public records at date of policy, but known to the insured claimant and not disclosed in writing to the company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (C) Resulting in no loss or damage to the insured claimant;
 - (D) Attaching or created subsequent to date of policy; or
 - (E) Resulting in loss or damage, which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors rights laws, that is based on:
 - I. The transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - II. The transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (A) To timely record the instrument of transfer; or
 - (B) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either standard coverage or extended coverage. In addition to the above exclusions from coverage, the exceptions from coverage in a standard coverage policy will include the following general exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) unpatented mining claims; (b) reservations or exceptions in patents or in acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
 - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.

CLTA Preliminary Report Form

7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.

8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:

(a) The time of the advance; or

(b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of Interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.

9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

EXHIBIT "A"
LEGAL DESCRIPTION

Order No.: 378372
Escrow No: 378372

The land referred to herein is situated in the State of California, County of San Diego, City of San Diego, and described as follows:

That portion of Lots 4, 5, 6 and 7 in Block of Hartley's North Park, In the City of San Diego, County of San Diego, State of California, according to Map No. 1428, filed April 8, 1912, in the office of the County recorder of San Diego County, lying westerly of a line described as follows:

Beginning at a point in the North line of Block 2, distant thereon, South 89°40'00" West 100.07 feet from the Northeast corner of said Block; thence South 00°08'30" East 104.79 feet to a point in the North line of an alley in said Block 2, distant thereof South 89°56'30" West 100.06 feet, from the Southeast corner of Lot 1 in said Block 2, and lying Easterly of a line described as follows: Beginning at a point in the North line of said Block 2, distant thereon North 89°40'00" East 90.58 feet from the Northwest corner of said Block; thence South 00°08'30" East 104.43 feet to a point in the North line of the alley in said Block 2, distant thereon North 89°56'30" East 90.57 feet from the Southwest corner of Lot 10 in said Block 2.

APN: 453-152-03-00

(End of Legal Description)

AFFILIATED BUSINESS ARRANGEMENT DISCLOSURE STATEMENT

Date: April 15, 2011

To : _____

Property: 3067 University Avenue
San Diego, California 92104

From: Stewart Title of California, Inc.

This is to give you notice that Stewart Title of California, Inc. ("Stewart Title") has a business relationship with Stewart Solutions, LLC, DBA – Stewart Specialty Insurance Services, LLC ("Stewart Insurance"). Stewart Information Services Corporation owns 100% of Stewart Insurance and Stewart Title of California. Because of this relationship, this referral may provide Stewart Title a financial or other benefit.

Set forth below is the estimated charge or range of charges for the settlement services listed. You are NOT required to use the listed provider(s) as a condition for purchase, sale, or refinance of the subject Property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

<i>Stewart Insurance Settlement Service</i>	<i>Charge or range of charges</i>
Hazard Insurance	\$400.00 to \$6,500.00
Home Warranty	\$255.00 to \$ 780.00
Natural Hazard Disclosure Report	\$ 42.50 to 149.50

ACKNOWLEDGMENT

I/we have read this disclosure form, and understand that Stewart Title is referring me/us to purchase the above-described settlement service(s) and may receive a financial or other benefit as the result of this referral.

Signature

Signature

Order No. 378372

AVAILABLE DISCOUNTS DISCLOSURE STATEMENT

This is to give you notice that Stewart Title of California, Inc. ("Stewart Title") is pleased to inform you that upon proper qualification, there are premium discounts available upon the purchase of title insurance covering improved property with a one to four family residential dwelling.

Such discounts apply to and include:

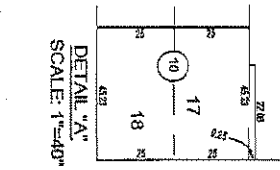
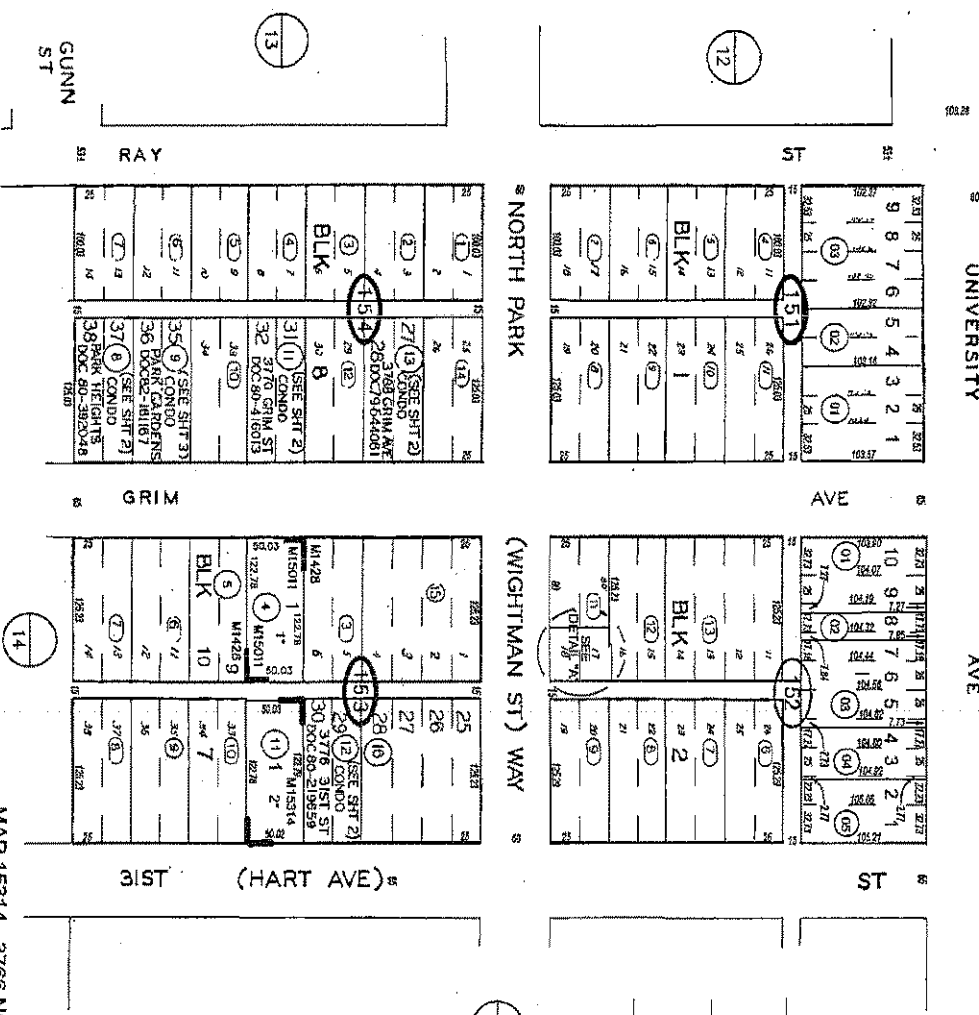
Property located within an area proclaimed a state or federal disaster area;

Property purchased from a foreclosing beneficiary or successful bidder at a foreclosure sale;

Property being refinanced.

Please talk with your escrow or title officer to determine your qualification for any of these discounts.

ILLINOIS ST
OHIO ST
UNIVERSITY AVE
NORTH PARK
GRIM AVE
31ST ST
(HART AVE)
WIGHTMAN ST WAY



092206 ARS

CHANGES

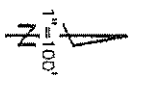
BLK	OLD	NEW	CUT
153	112	15	37287
153	12	CONDOMINIUM	5710
153	12	CONDOMINIUM	5710
153	11	CONDOMINIUM	745
154	8	CONDOMINIUM	745
154	9	CONDOMINIUM	5710
153	4	CONDOMINIUM	5710
153	11	CONDOMINIUM	5710

1" CONDO
3767 GRIM AVENUE
DOC#05-538186
(SEE SHIT 2)

2" CONDO
3766 NORTH 31ST STREET
DOC#05-1028187
(SEE SHIT 3)

MAP 15314 - 3766 NORTH 31ST STREET CONDOMINIUMS
MAP 15011 - 3767 GRIM AVENUE CONDOMINIUMS
MAP 1428 - HARTLEY'S NORTH PARK

SAN DIEGO COUNTY
ASSESSOR'S MAP
BOOK 453 PAGE 15 SHIT 1 OF 3



669

(O-85-224)

ORDINANCE NUMBER O- 16481 (NEW SERIES)

ADOPTED ON JUL 29 1985

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO ESTABLISHING THE NORTH PARK BUSINESS IMPROVEMENT DISTRICT PURSUANT TO THE PARKING AND BUSINESS IMPROVEMENT AREA LAW OF 1979 AND LEVYING AN ASSESSMENT AND CHARGE THEREIN FOR UPGRADING AND PROMOTING THE AREA.

WHEREAS, under and pursuant to the provisions of the Parking and Business Improvement Area Law of 1979, Section 36500 et seq. of the State of California Streets and Highways Code, herein called "said Law," this Council on JUN 17 1985,

adopted Resolution No. R- 263403, a resolution declaring an intention to form a parking and business improvement area known as "North Park Business Improvement District," providing for the levy of an assessment and charge to be imposed therein, fixing the time and place for hearing and giving notice thereof; and

WHEREAS, said Resolution No. R- 263403 was duly published, and copies thereof were mailed, as provided by said Law; and

WHEREAS, as specified in said Resolution No. R- 263403, a hearing concerning the formation of said area was held before this Council on JUL 16 1985 at the hour of 10:00 A.M. o'clock in the Council Chambers in the City Administration Building, 202 C Street, San Diego, California 92101; and

WHEREAS, at said hearing, all protests, both written and oral, made or filed, were considered and duly overruled and

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denied and this Council determined that there was no majority protest within the meaning of Section 36523 of said Law; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. Pursuant to said Law, a parking and business improvement area is hereby established, to be known as "North Park Business Improvement District," herein called "District." The area to be included in the District includes the North Park community area within the following address ranges:

<u>Street Name</u>	<u>Address Range</u>	<u>Business Improvement District Zone No.</u>
University Avenue	2750 - 3299	ZONE 1
30th Street	3800 - 3999	ZONE 1
Utah Street	3800 - 3999	ZONE 2
Granada Street	3800 - 3899	ZONE 2
Kansas Street	3900 - 3999	ZONE 2
29th Street	3800 - 3899	ZONE 2
Ray Street	3800 - 3899	ZONE 2
Ohio Street	3900 - 3999	ZONE 2
Grim Street	3800 - 3899	ZONE 2
Illinois Street	3900 - 3999	ZONE 2
31st Street	3800 - 3899	ZONE 2
Iowa Street	3900 - 3999	ZONE 2
Herman Street	3800 - 3899	ZONE 2
32nd Street	3800 - 3999	ZONE 2
Bancroft Street	3800 - 3999	ZONE 2
Boundary Street	3800 - 3999	ZONE 2
North Park Way	2850 - 3299	ZONE 2
Lincoln Avenue	2750 - 3299	ZONE 2

A map depicting the District is attached hereto as Exhibit A and incorporated herein by reference.

Section 2. The purpose of forming the aforementioned District is to provide revenue to defray the cost of any of the following:

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- A. The acquisition, construction, or maintenance of parking facilities for the benefit of the area.
- B. Decoration of any public place in the area.
- C. Promotion of public events which are to take place on or in public places in the area.
- D. Furnishing of music in any public place in the area.
- E. The general promotion of business activities in the area.

The specific services and programs to be provided are those listed in Exhibit B, which is attached hereto and by this reference made a part hereof, and the services and programs listed thereon are the uses to which the revenue generated by the charges to be levied will be put.

Section 3. All businesses operating in the above-described area will be charged a share of the costs of the aforementioned services and programs according to the type of business and the benefit to be received as determined by the following:

A. Description of the District Zones:

1. ZONE 1 is University Avenue from Idaho Street to Interstate 805 and 30th Street from North Park Way to Lincoln Avenue. Businesses in this area will receive the greatest benefit from the promotional activities of the District.

2. ZONE 2 is the commercial side streets one block north and one block south of University Avenue adjacent to ZONE 1 and portions of North Park Way. It is anticipated that businesses in

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this Zone will still receive a benefit, but not of the same magnitude as those directly on University Avenue and portions of 30th Street.

B. Description of the District Categories of Benefit:

1. CATEGORY A includes those businesses which will benefit most significantly from the increased awareness of the District as a place to do business and from an increase in foot and automobile traffic expected to be the end-product of the promotional activities of the District. The Category includes but is not limited to:

- Antique Dealers
- Arcades
- Auto Dealers
- Auto Repair
- Banks and Savings Institutions
- Bars and Taverns
- Dance Schools
- Exercise Studios
- Galleries
- Gasoline Stations
- Grocery Stores
- Health Clubs
- Hotels and Motels
- Pawn Shops
- Restaurants
- Retail Stores
- Theatres

2. CATEGORY B includes those businesses which interact with the public to a lesser extent than CATEGORY A, but these businesses will benefit from the increased awareness of the District as a place to do business and from an increase in foot and automobile traffic expected to be the end-product

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of the promotional activities of the District. The Category includes but is not limited to:

Accountants/Secretarial Services
 Advertising Agencies
 Apartments of Six or More Units
 Architects
 Attorneys
 Business Management Firms
 Dentists
 Designers
 Dispensing Opticians
 Engineers
 Film and Video Production Companies
 General Contractors
 Hair Salons and Barbers
 Hospitals/Medical Services/Health Services
 Interior Decorators
 Investigative Services
 Investment Companies
 Laboratories
 Medical Doctors
 Mortuaries/Funeral Homes
 Nonprofit Organizations
 Nursery Schools
 Optometrists
 Pet Grooming
 Photography Studios
 Psychologists
 Real Estate Offices
 Security Services
 Social Workers
 Storage Facilities
 Utility Companies
 Wholesale Manufacturing/Distributors

3. Businesses not specifically identified in CATEGORIES A or B shall be categorized by the City Treasurer upon application for a City general business license.

C. The charges to be imposed for those District businesses by Zone and Category of Benefit are as follows:

	<u>CATEGORY A</u>	<u>CATEGORY B</u>
ZONE 1	70.00	50.00
ZONE 2	60.00	40.00

The above-described charge is an annual charge and shall be levied, collected and enforced in the same manner, at the same time, and with the same penalties and interest as in the case of the general business license. For those businesses licensed for other than an annual license period, the City Treasurer shall determine the charge to be levied upon issuance of the City business license.

The total charge collected from any business under the provisions of the ordinance shall not exceed \$70.00 per annum.

The City will advance an amount not to exceed \$3,000.00 from the General Fund Unallocated Reserve which will be reimbursed when the District is established.

Section 4. That the Council hereby finds and determines that the public convenience and necessity require the establishment of the area hereinbefore described and that all of the businesses lying within the area will be benefited by the expenditure of the funds raised by the assessments or charges proposed to be levied.

Section 5. That all protest, both written and oral, are overruled and denied and the Council finds that there is not majority protest within the meaning of Section 36523 of said Law.

Section 6. That all of the businesses in the area established by this ordinance shall be subject to any amendments

to the provisions of the Parking and Business Improvement Area Law of 1979, Section 36500 et seq. of the State of California Streets and Highways Code.

Section 7. That all of the charges imposed pursuant to this ordinance be reviewed by the Council annually.

Section 8. This ordinance shall take effect and be in force on the thirtieth (30th) day from and after its passage, and no business licenses for commercial activities inconsistent with the provisions of this ordinance shall be issued unless application therefor was made prior to the date of adoption of this ordinance.

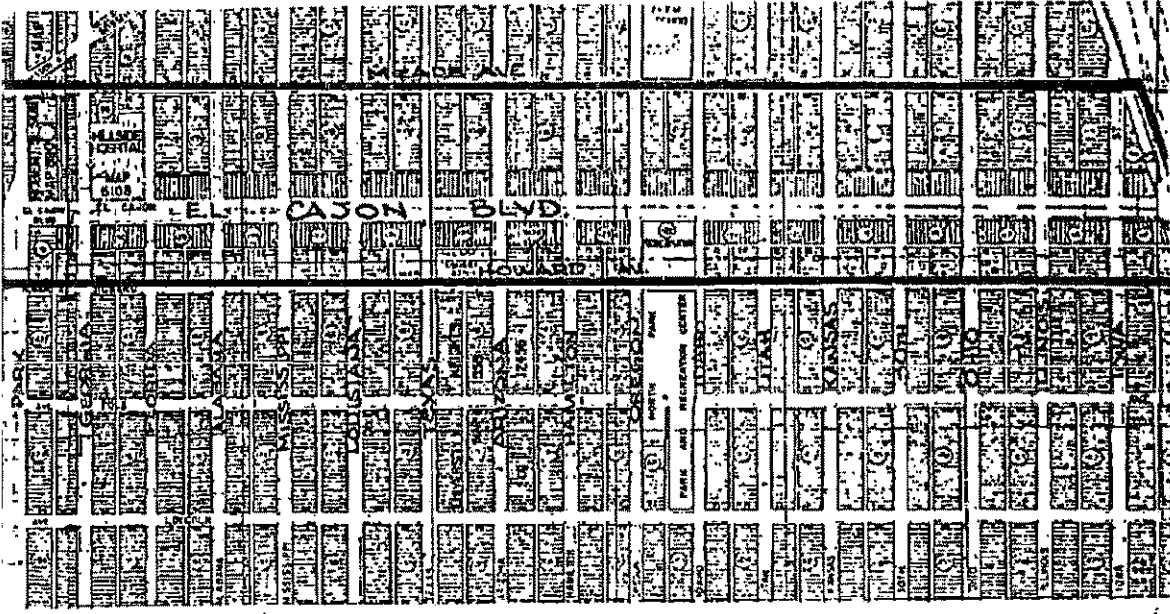
APPROVED: John W. Witt, City Attorney

By 
for Janis Sammartino Gardner
Deputy City Attorney

JSG:ta:831.8
6/13/85
Or.Dept:Prop.
O-85-224
Form=o.none

RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDED

EXHIBIT A



RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDS

EXHIBIT B

677

Number of Businesses

300

Projected Income

\$ 70 Average Assessment	\$ 21,000.00
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Operating Expenses

Office	\$	Donated (1)	
Telephone	\$	750.00	
Telephone Answering	\$	600.00	
Part-time Secretarial/clerical	\$	Donated (2)	
Office Supplies	\$	1,200.00	
Total Operating Expenses	\$	<u>2,550.00</u>	

Promotion Expenses

Advertising/Promotion	\$	14,150.00 (3)
Business Development Programs	\$	0.00 (4)
Newsletter	\$	1,800.00 (5)
New Business Development	\$	2,500.00 (6)
Total Promotion Expenses	\$	18,450.00

Total Projected Expense (Operating and Promotion for 1st Year	\$ 21,000.00
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NOTES TO PROPOSED BUDGET

- (1) Office space for the first year of operation has been donated; paid office space probably necessary in subsequent years of operation
- (2) Goal is to secure donated part-time secretarial/clerical help for the first year of operation; paid secretarial/clerical help probably necessary in subsequent years of operation
- (3) May include professional services for ad placement, coordination, etc., and business directory.
- (4) Goal is to have free programs or at least self-supporting through fees; this item is included in budget because funding may be necessary in future years.
- (5) Newsletter to be circulated among members of Business Improvement District.
- (6) Expenses may include brochures, advertisements in business publication and professional services of a business development consultant.

PUBLIC RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDER

JUL 29 1985

Passed and adopted by the Council of The City of San Diego on _____
by the following vote:

Councilmen	Yeas	Nays	Not Present	Ineligible
Bill Mitchell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill Cleator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gloria McColl	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
William Jones	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ed Struiksma	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mike Gotch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
District 7	----- VACANT			
Uvaldo Martians	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Roger Hedgecock	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

ROGER HEDGECOCK

Mayor of The City of San Diego, California.

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

(Seal)

By Raymond E. Portecor Deputy.

I HEREBY CERTIFY that the foregoing ordinance was not finally passed until twelve calendar days had elapsed between the day of its introduction and the day of its final passage, to wit, on

JUL 16 1985

JUL 29 1985

, and on

~~I FURTHER CERTIFY that said ordinance was read in full prior to its final passage.~~

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of not less than a majority of the members elected to the Council, and that there was available for the consideration of each member of the Council and the public prior to the day of its passage a written or printed copy of said ordinance.

I HEREBY CERTIFY that the above and foregoing is a full, true and correct (Seal)

copy of ORDINANCE NO. 0-16481 (NEW SERIES) of The City of San Diego, California, passed and adopted by the

Council of said City July 29, 1985

CHARLES G. ABDELNOUR City Clerk

By Raymond E. Portecor Deputy

CHARLES G. ABDELNOUR

City Clerk of The City of San Diego, California.

By Raymond E. Portecor Deputy.

Office of the City Clerk, San Diego, California

Ordinance Number 0-16481

JUL 29 1985

Adopted

RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDS

679

RECORDS, SAN DIEGO COUNTY, VERA L. LYLE, RECORDER

85-313174
RECORDED IN
OFFICIAL RECORDS
OF SAN DIEGO COUNTY
1985 AUG 28 AM 11:05
VERA L. LYLE
COUNTY RECORDER

NO FEE

879

DOCUMENT NO. 0-16481
FILED JUL 29 1985
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

ORDINANCE 0-16481
Certified copy of ~~RESOLUTION~~ NO. 0-16481

ESTABLISHING the North Park Business
Improvement District and levying an assessment
and charge for upgrading and promoting the area.

ORIGINAL

DOC # 2007-0474326



RECORDING REQUESTED BY AND WHEN RECORDED, RETURN TO:

JUL 16, 2007 3:17 PM

City of San Diego Redevelopment Agency
1200 Third Avenue, Suite 1400
San Diego, CA 92101
Attn: Michelle Rosenthal

8534

Handwritten notes: 18, 16P, NK, 1007

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
GREGORY J. SMITH, COUNTY RECORDER
FEES: 0.00
PAGES: 16



(Free Recording Requested Pursuant to Gov't Code Section 6103)

THE PROPERTY THAT IS THE SUBJECT OF THIS STATEMENT IS LOCATED WITHIN THE NORTH PARK REDEVELOPMENT PROJECT AREA

NORTH PARK REDEVELOPMENT PROJECT AREA STATEMENT

(RECORDING REQUIRED BY CALIFORNIA HEALTH & SAFETY CODE § 33373)

1. Pursuant to Ordinance Number 0-18386 (New Series), adopted on March 4, 1997, the City Council of the City of San Diego ("City") adopted a redevelopment plan for the North Park Redevelopment Project Area (the "Original Redevelopment Plan").

2. The Original Redevelopment Plan was amended by the City Council pursuant to Ordinance Number 0-19515 (New Series) on July 18, 2006 (the Redevelopment plan and all amendments thereto are hereinafter collectively referenced as the "Redevelopment Plan").

3. The North Park Redevelopment Project Area ("Project Area") contains the properties described in the Project Area Description, attached hereto as Exhibit "A" and incorporated herein by this reference, and is depicted in the Project Area Map, attached hereto as Exhibit "B" and incorporated herein by this reference.

4. Paragraphs 410.1 and 410.2 of Section 410 of the Redevelopment Plan, entitled Acquisition of Property, generally authorize the use of eminent domain power on any property within the Project Area by the Redevelopment Agency of the City of San Diego ("Agency"), as follows:

[T]he Agency may acquire, but is not required to acquire, any real property located in the Project Area by gift, devise, exchange, purchase, eminent domain, or any other means authorized by law.

It is in the public interest and may be necessary, in order to eliminate the conditions requiring redevelopment and in order to execute this Plan, for the power of eminent domain to be employed by the Agency to acquire real property in the Project Area.

5. The limitations on the use of eminent domain power within the Project Area by the Agency are the following:

A. The following provisions described in Paragraph 410.2 of Section 410 of the Redevelopment Plan, entitled Acquisition of Property:

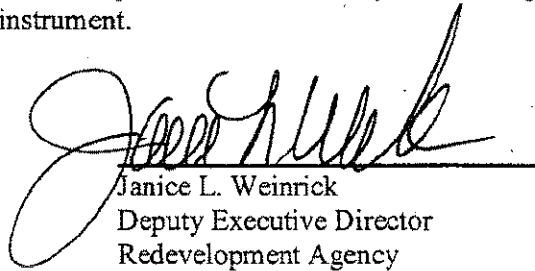
[T]he Agency shall not exercise the power of eminent domain to acquire any parcel of real property within the Project Area for which proceedings in eminent domain have not commenced within twelve (12) years after the adoption of this Plan.

B. Such limitation may be extended only by amendment of the Redevelopment Plan in the manner required by law.

6. This North Park Redevelopment Project Area Statement is recorded in conformance with California Health and Safety Code section 33373.

IN WITNESS WHEREOF, the authorized representative of the City of San Diego Redevelopment Agency has executed this instrument.

Dated: 06/14, 2007.


Janice L. Weinrick
Deputy Executive Director
Redevelopment Agency

State of California

County of San Diego

On June 14, 2007 before me, Amanda Szuniga Notary Public

(here insert name and title of the officer)

personally appeared Janice L. Weinnick

personally known to me (or 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.

WITNESS my hand and official seal.

Signature Amanda Szuniga

(Seal)

EXHIBIT "A"
PROJECT AREA DESCRIPTION

All that certain real property situated in the City of San Diego, County of San Diego, State of California, described as follows:

NORTH PARK REDEVELOPMENT AREA

BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF THE ADAMS AVENUE OVERCROSSING WITH THE "A" LINE OF INTERSTATE HIGHWAY 805 (11-SD-805) AS SHOWN ON STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY DRAWING L.O.-45101; THENCE WESTERLY ALONG SAID CENTERLINE OF THE ADAMS AVENUE OVERCROSSING TO A POINT OF INTERSECTION WITH THE EASTERLY LINE OF BOUNDARY STREET, AS SHOWN ON THE MAP ON "UNIVERSITY HEIGHTS", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, FEBRUARY 25, 1910 AS MAP NO. 951; THENCE LEAVING SAID CENTERLINE NORTHERLY ALONG SAID EASTERLY LINE TO A POINT OF INTERSECTION WITH THE EASTERLY PROLONGATION OF THE CENTERLINE OF THE ALLEY IN BLOCK "J" OF SAID MAP NO. 951; THENCE LEAVING SAID EASTERLY LINE WESTERLY ALONG SAID PROLONGATED CENTERLINE TO A POINT OF INTERSECTION WITH THE EASTERLY LINE OF 30TH STREET (FORMERLY NEBRASKA STREET) AS SHOWN ON SAID MAP; THENCE LEAVING SAID CENTERLINE NORTHERLY ALONG SAID EASTERLY LINE TO A POINT OF INTERSECTION WITH THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 16 IN BLOCK "I" OF SAID MAP; THENCE LEAVING SAID EASTERLY LINE OF 30TH STREET WESTERLY ALONG THE NORTHERLY LINE OF LOT 16 OF SAID BLOCK TO THE CENTERLINE OF THE

ALLEY AS SHOWN IN SAID BLOCK; THENCE SOUTHERLY ALONG SAID CENTERLINE TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 7 OF SAID BLOCK; THENCE WESTERLY ALONG SAID NORTHERLY LINE TO AN INTERSECTION WITH THE EASTERLY LINE OF KANSAS STREET; THENCE NORTHERLY ALONG THE EASTERLY LINE OF KANSAS STREET TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF A LINE PARALLEL AND 12.50 FEET NORTHERLY OF THE SOUTHERLY LINE OF LOT 30 (A 25 FOOT WIDE LOT) OF BLOCK "H" OF SAID MAP 951; THENCE WESTERLY ALONG SAID LINE TO AN INTERSECTION WITH THE CENTERLINE OF THE ALLEY AS SHOWN IN SAID BLOCK; THENCE SOUTHERLY TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 21 OF SAID BLOCK; THENCE WESTERLY ALONG SAID NORTHERLY LINE TO AN INTERSECTION WITH THE CENTERLINE OF UTAH STREET; THENCE NORTHERLY ALONG SAID CENTERLINE LINE TO AN INTERSECTION WITH THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 29 OF BLOCK "G" OF SAID MAP; THENCE WESTERLY ALONG SAID NORTHERLY LINE TO THE CENTERLINE OF THE ALLEY AS SHOWN IN SAID MAP; THENCE SOUTHERLY TO AN INTERSECTION WITH AN EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 21 AS SHOWN ON MAP 951 (SAID MAP 951 DOES NOT SHOW THE COMPLETE LOT); THENCE WESTERLY ALONG THE NORTHERLY LINE OF LOT 21 AS SHOWN ON MAP 951 AND MAP OF "UNIVERSITY HEIGHTS" FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, NOVEMBER 17, 1915 AS MAP 937; THENCE CONTINUING ALONG SAID NORTHERLY LINE WESTERLY ALONG THE NORTHERLY LINES OF LOTS 28 AND 21 OF BLOCK "F" OF SAID MAP 937 TO THE CENTERLINE OF OREGON STREET; THENCE NORTHERLY ALONG SAID CENTERLINE OF OREGON STREET TO A POINT OF

INTERSECTION WITH THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 30 IN BLOCK "E" OF SAID MAP; THENCE LEAVING SAID CENTERLINE WESTERLY ALONG SAID LINE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF THE ALLEY IN SAID BLOCK "E" OF SAID MAP NO. 937; THENCE SOUTHERLY ALONG SAID CENTERLINE OF SAID ALLEY TO A POINT OF INTERSECTION WITH THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 21 IN SAID BLOCK AS SHOWN ON SAID MAP; THENCE LEAVING SAID CENTERLINE WESTERLY ALONG THE NORTHERLY LINE OF LOT 21 IN SAID BLOCK TO A POINT OF INTERSECTION WITH THE CENTERLINE OF HAMILTON STREET AS SHOWN ON SAID MAP; THENCE LEAVING SAID CENTERLINE WESTERLY ALONG THE NORTHERLY LINE OF LOT 20 IN BLOCK "D" TO A POINT OF INTERSECTION WITH THE EASTERLY LINE OF ARIZONA STREET AS SHOWN ON SAID MAP NO. 937; THENCE SOUTHERLY ALONG SAID EASTERLY LINE TO A POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF ADAMS AVENUE AND THE EASTERLY LINE OF THE ALLEY AS SHOWN IN BLOCK 17 IN SAID MAP 937; THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF SAID ALLEY TO A POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF LOT 45 OF BLOCK 17 OF SAID MAP 937; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID LOT 45 TO THE EASTERLY LINE OF HAMILTON STREET, ALSO BEING THE WESTERLY TERMINUS OF THE SOUTHERLY LINE OF LOT 4 OF BLOCK 16 OF SAID MAP 937; THENCE NORTHERLY ALONG THE EASTERLY LINE OF SAID HAMILTON STREET TO A POINT OF INTERSECTION WITH A LINE 7 FEET SOUTH OF THE NORTHERLY LINE OF LOT 4; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF THE NORTHERLY 7 FEET OF LOT 4 TO THE EASTERLY LINE OF THE ALLEY SHOWN IN SAID BLOCK 16; THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF SAID ALLEY TO THE POINT OF INTERSECTION WITH THE SOUTHERLY

LINE OF LOT 45 OF SAID BLOCK 16; THENCE EASTERLY ALONG SAID SOUTHERLY LINE OF SAID LOT 45 OF SAID BLOCK 16 TO THE EASTERLY LINE OF OREGON STREET; THENCE WESTERLY ALONG THE SOUTHERLY LINES OF LOT 4 AND 45 OF BLOCK 15 TO THE EASTERLY LINE OF IDAHO STREET AS SHOWN ON MAP 937; THENCE SOUTHERLY ALONG THE EASTERLY LINE OF IDAHO STREET TO A POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF LOT 5 OF BLOCK 14 AS SHOWN ON THE MAP OF "UNIVERSITY HEIGHTS" IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE MAP MADE BY G.A. D'HEMECOURT IN BOOK 8, PAGE 36 ET SEQ OF US PEDENS, FILED IN THE OFFICE OF THE SAN DIEGO COUNTY RECORDER; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF LOT 5 AND LOT 44 OF SAID BLOCK 14 TO A POINT OF INTERSECTION WITH THE EASTERLY LINE OF UTAH STREET; THENCE NORTHERLY ALONG THE EASTERLY LINE OF UTAH STREET TO A POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF LOT 4 BLOCK 13 AS SHOWN ON SAID MAP OF "UNIVERSITY HEIGHTS" NO 951; THENCE EASTERLY ALONG THE SOUTHERLY LINES OF LOT 4 AND 45 OF SAID BLOCK 13 TO A POINT OF INTERSECTION WITH THE CENTERLINE OF KANSAS STREET; THENCE SOUTHERLY FOLLOWING THE CENTERLINE OF SAID KANSAS STREET ALONG BLOCKS 12, 58 AND 65 TO A POINT OF INTERSECTION WITH THE CENTERLINE OF MEADE AVENUE AS SHOWN ON SAID MAP OF "UNIVERSITY HEIGHTS" BY G.A. D'HEMECOURT; THENCE WESTERLY ALONG THE CENTERLINE OF MEADE AVENUE TO A POINT OF INTERSECTION WITH THE CENTERLINE IDAHO STREET; THENCE NORTHERLY ALONG SAID CENTERLINE OF IDAHO STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF MONROE AVENUE AS SHOWN ON MAP OF "UNIVERSITY HEIGHTS" BY G.A. D'HEMECOURT BLOCK 70 KNOWN AS GARFIELD ELEMENTARY SCHOOL; THENCE WESTERLY ALONG

THE CENTERLINE OF SAID MONROE AVENUE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF OREGON STREET; THENCE SOUTHERLY ALONG THE CENTERLINE OF SAID OREGON STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF MEADE AVENUE; THENCE WESTERLY ALONG THE CENTERLINE OF SAID MEADE AVENUE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF HAMILTON STREET; THENCE NORTHERLY ALONG SAID CENTERLINE OF HAMILTON STREET ALONG BLOCKS 70 AND 53 OF SAID MAP MADE BY G.A. D'HEMECOURT TO A POINT OF INTERSECTION WITH THE CENTERLINE OF MADISON AVENUE; THENCE WESTERLY ALONG THE CENTERLINE OF SAID MADISON AVENUE ALONG BLOCKS 53 AND 52 TO A POINT OF INTERSECTION OF SAID MADISON AVENUE AND THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF SHIRLEY ANN PLACE BEING THAT CERTAIN NAMED ALLEY IN BLOCK 51 AS SHOWN ON SAID MAP MADE BY G.A. D'HEMECOURT; THENCE LEAVING SAID CENTERLINE OF MADISON AVENUE SOUTHERLY ALONG SAID EASTERLY LINE OF SHIRLEY ANN PLACE AND THE UN-NAMED ALLEYS IN BLOCKS 72 AND 103 TO A POINT OF INTERSECTION WITH THE NORTHERLY LINE OF THAT CERTAIN EAST-WEST ALLEY IN BLOCKS 103, 102, 101, AND 100 ON SAID D'HEMECOURT MAP; THENCE LEAVING SAID EASTERLY LINE OF SAID ALLEY WESTERLY ALONG SAID NORTHERLY LINE OF SAID ALLEY TO A POINT OF INTERSECTION WITH THE CENTER LINE OF FLORIDA STREET AS SHOWN ON SAID MAP; THENCE LEAVING SAID LINE NORTHERLY ALONG THE CENTERLINE OF SAID STREET TO AN INTERSECTION WITH THE CENTERLINE OF MEADE AVE; THENCE WESTERLY ALONG THE CENTERLINE OF MEADE AVE TO AN INTERSECTION WITH THE CENTERLINE OF GEORGIA STREET; THENCE SOUTHERLY ALONG THE CENTERLINE OF GEORGIA STREET TO AN INTERSECTION WITH AN EASTERLY PROLONGATION WITH THE NORTHERLY LINE OF LOTS 26

THROUGH 30 INCLUSIVE AS SHOWN ON SAID MAP 890; THENCE LEAVING SAID CENTERLINE OF GEORGIA STREET WESTERLY ALONG SAID NORTHERLY LOT LINES TO A POINT OF INTERSECTION WITH THE EASTERLY LINE OF ROBERTS ALLEY AS SHOWN ON SAID MAP; THENCE LEAVING SAID NORTHERLY LINE SOUTHERLY ALONG SAID EASTERLY LINE OF SAID NAMED ALLEY TO A POINT OF INTERSECTION WITH THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT "D" AS SHOWN ON SAID MAP; THENCE LEAVING SAID EASTERLY LINE OF SAID ALLEY WESTERLY ALONG SAID PROLONGATED LINE TO A POINT OF INTERSECTION WITH THE EASTERLY LINE OF PARK BOULEVARD (FORMERLY CAROLINA STREET) AS SHOWN ON SAID MAP; THENCE LEAVING SAID NORTHERLY LINE OF LOT "D" SOUTHERLY ALONG SAID EASTERLY LINE OF PARK AVENUE TO A POINT OF INTERSECTION WITH SOUTHERLY LINE OF LOT 6 OF BLOCK 131 OF SAID MAP; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF LOT 6 TO AN ANGLE POINT OF THE EASTERLY AND SOUTHERLY LINES OF THAT CERTAIN "L" SHAPED ALLEY IN BLOCK 131; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID ALLEY TO AN ANGLE POINT IN THAT CERTAIN "L" SHAPED ALLEY IN BLOCK 130 OF SAID MAP BEING THE WESTERLY LINE OF SAID ALLEY; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID ALLEY TO AN INTERSECTION WITH THE CENTERLINE OF HOWARD AVENUE; THENCE EASTERLY ALONG THE CENTERLINE OF SAID HOWARD AVENUE ALONG BLOCKS 129 AND 128 OF SAID MAP TO A POINT OF INTERSECTION WITH THE CENTERLINE OF MISSISSIPPI STREET; THENCE SOUTHERLY ALONG THE CENTERLINE OF SAID MISSISSIPPI STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF POLK AVENUE OF SAID D'HEMECOURT MAP; THENCE EASTERLY ALONG THE CENTERLINE OF SAID POLK AVENUE ALONG BLOCKS 146, 147, 148, 149 AND 150 TO A POINT OF INTERSECTION

WITH THE CENTERLINE OF OREGON STREET THENCE SOUTHERLY ALONG THE CENTERLINE OF SAID OREGON STREET ALONG THE BLOCK KNOWN AS 168 OF SAID MAP TO A POINT OF INTERSECTION WITH THE CENTERLINE OF LINCOLN AVENUE; THENCE WESTERLY ALONG THE CENTERLINE OF SAID LINCOLN AVENUE. ALONG BLOCKS 202, 201, 200, 199, 198, 197 AND 196 AS SHOWN ON SAID D'HEMECOURT MAP TO A POINT OF INTERSECTION WITH THE WESTERLY LINE OF THAT CERTAIN ALLEY IN BLOCK 195 AS SHOWN ON SAID D'HEMECOURT MAP; THENCE LEAVING SAID CENTERLINE OF LINCOLN AVENUE SOUTHERLY ALONG SAID WESTERLY LINE OF SAID ALLEY TO A POINT OF INTERSECTION WITH THE CENTERLINE OF UNIVERSITY AVENUE AS SHOWN ON SAID D'HEMECOURT MAP; THENCE LEAVING SAID WESTERLY LINE OF SAID ALLEY EASTERLY ALONG SAID CENTERLINE OF UNIVERSITY AVENUE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF FLORIDA STREET AS SHOWN ON SAID D'HEMECOURT MAP; THENCE LEAVING SAID CENTERLINE LINE OF UNIVERSITY AVENUE SOUTHERLY ALONG SAID CENTERLINE OF FLORIDA STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF CYPRESS AVENUE AS SHOWN ON SAID D'HEMECOURT MAP; THENCE LEAVING SAID CENTERLINE OF FLORIDA STREET EASTERLY ALONG SAID CENTERLINE OF CYPRESS AVENUE TO A POINT OF INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF THAT CERTAIN ALLEY IN BLOCKS 258 AND 257 OF SAID D'HEMECOURT MAP; THENCE LEAVING SAID CENTERLINE OF SAID CYPRESS AVENUE NORTHERLY ALONG SAID EASTERLY LINE OF SAID ALLEY TO A POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF LOT 47 OF SAID BLOCK 257 AS SHOWN ON SAID MAP; THENCE LEAVING SAID EASTERLY LINE OF SAID ALLEY EASTERLY ALONG SAID SOUTHERLY LINE OF LOT 47 TO A POINT OF INTERSECTION WITH THE

WESTERLY LINE OF ALABAMA STREET (FORMERLY BRIANT STREET) AS SHOWN ON "MAP OF PAULY'S ADDITION", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, APRIL 1, 1873 AS MAP NO. 65; THENCE LEAVING SAID SOUTHERLY LINE OF LOT 47 SOUTHERLY ALONG SAID WESTERLY LINE OF ALABAMA STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF WIGHTMAN STREET AS SHOWN ON SAID MAP NO. 65; THENCE EASTERLY ALONG BLOCKS 4, 3, 2 AND 1 TO A POINT OF INTERSECTION WITH THE CENTERLINE OF ARIZONA STREET; THENCE NORTHERLY ALONG SAID CENTERLINE OF ARIZONA STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF WIGHTMAN STREET AS SHOWN ON "MAP OF PARK VILLAS" FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA SEPTEMBER 10, 1909 AS MAP NO. 438; THENCE EASTERLY ALONG WIGHTMAN STREET ALONG BLOCKS 77, 72, 67 AND 62 AS SHOWN ON SAID "MAP OF PARK VILLAS" TO AN INTERSECTION POINT WITH THE CENTERLINE OF 28TH STREET (FORMERLY KNOWN AS PEMBERTON AVENUE PER SAID MAP); THENCE SOUTHERLY ALONG SAID CENTERLINE OF 28TH STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF GUNN STREET (FORMERLY KNOWN AS SECOND AVENUE) AS SHOWN ON MAP OF "WEST END " FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA MAY 17, 1873 AS MAP NO. 590; THENCE EASTERLY ALONG THE CENTERLINE OF SAID GUNN STREET TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF LOT 1 OF BLOCK 15 OF SAID MAP; THENCE SOUTHERLY ALONG SAID WESTERLY LINE TO AN INTERSECTION WITH THE SOUTHERLY LINE OF LOT 2 OF SAID BLOCK; THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID LOT TO THE CENTERLINE OF UTAH STREET

(FORMERLY WINDER STREET) AS SHOWN ON SAID MAP; THENCE SOUTHERLY ALONG THE CENTERLINE OF SAID UTAH STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF LANDIS STREET (FORMERLY THIRD AVENUE) AS SHOWN ON SAID "MAP OF WEST END"; THENCE LEAVING SAID CENTERLINE OF UTAH STREET EASTERLY ALONG SAID CENTERLINE OF LANDIS STREET ALONG BLOCKS 14 AND 13 TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF LOT 12 IN BLOCK 19 OF SAID OF SAID MAP NO. 590; THENCE LEAVING SAID CENTERLINE OF LANDIS STREET SOUTHERLY ALONG THE EASTERLY LINE OF LOTS 7 THROUGH 12 INCLUSIVE IN BLOCKS 19, 22, 29, AND 32 IN SAID MAP NO. 590 TO A POINT OF INTERSECTION WITH THE NORTHERLY LINE OF UPAS STREET AS SHOWN ON SAID "MAP OF WEST END" THENCE LEAVING SAID EASTERLY LINE OF SAID LOTS EASTERLY ALONG SAID NORTHERLY LINE OF SAID UPAS STREET TO A POINT OF INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE CENTERLINE OF THAT CERTAIN ALLEY AS SHOWN IN BLOCK 1 OF "MAP OF LYNHURST", AS MAP NO. 1262, ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA; THENCE SOUTHERLY ALONG SAID PROLONGATED LINE OF SAID ALLEY TO A POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF THORN STREET AS SHOWN SAID MAP 1262, THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID THORN STREET TO A POINT OF INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF THAT CERTAIN ALLEY IN BLOCK 1 OF "MAP OF FRARY HEIGHTS", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, NOVEMBER 17, 1915 AS MAP NO. 940; THENCE LEAVING SAID SOUTHERLY LINE OF THORN STREET NORTHERLY ALONG SAID EASTERLY LINE OF SAID ALLEY TO A POINT OF INTERSECTION

WITH THE SOUTHERLY LINE OF UPAS STREET AS SHOWN ON SAID MAP NO. 940; THENCE LEAVING SAID EASTERLY LINE OF SAID ALLEY WESTERLY ALONG SAID SOUTHERLY LINE OF UPAS STREET TO A POINT OF INTERSECTION WITH THE WESTERLY LINE OF 30TH STREET, ALSO BEING THE NORTHEAST CORNER OF LOT 24 IN BLOCK 1 OF THE HEREIN DESCRIBED "MAP OF LYNHURST"; THENCE LEAVING SAID SOUTHERLY LINE OF UPAS STREET ALONG THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF 30TH STREET (FORMERLY BRUNSON STREET) TO A POINT OF INTERSECTION WITH THE NORTHERLY LINE OF UPAS STREET AS SHOWN ON THE HEREIN DESCRIBED "MAP OF WEST END"; THENCE LEAVING SAID PROLONGATED LINE OF 30TH STREET WESTERLY ALONG SAID NORTHERLY LINE OF UPAS STREET TO A POINT OF INTERSECTION WITH THE WESTERLY LINE OF LOT 6 IN BLOCK 31 OF SAID "MAP OF WEST END"; THENCE LEAVING SAID NORTHERLY LINE OF UPAS STREET NORTHERLY ALONG THE FOLLOWING WESTERLY LOT LINES TO A POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF LANDIS STREET (FORMERLY THIRD AVENUE) AS SHOWN ON SAID "MAP OF WEST END": LOTS 1 THROUGH 6 INCLUSIVE IN BLOCKS 31, 30, 21 and 20; THENCE LEAVING SAID WESTERLY LINE EASTERLY ALONG SAID SOUTHERLY LINE OF LANDIS STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF RAY STREET AS SHOWN ON MAP OF "MCFADDEN AND BUXTON'S NORTH PARK," FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, STATE OF CALIFORNIA, APRIL 8, 1912 AS MAP NO. 1429; THENCE LEAVING SAID SOUTHERLY LINE OF LANDIS STREET NORTHERLY ALONG THE CENTERLINE OF RAY STREET TO A POINT OF INTERSECTION WITH THE WESTERLY PROLONGATION OF THE CENTERLINE OF LANDIS STREET AS SHOWN ON SAID MAP NO. 1429; THENCE LEAVING SAID CENTERLINE OF RAY STREET ALONG

SAID PROLONGATED LINE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF GRIM AVENUE AS SHOWN ON SAID MAP NO. 1429; THENCE NORTHERLY ALONG THE CENTERLINE OF SAID GRIM AVENUE TO A POINT OF INTERSECTION WITH THE CENTERLINE OF NORTH PARK WAY (FORMERLY WIGHTMAN AVENUE) AS SHOWN ON THE "MAP OF HARTLEY'S NORTH PARK" FILED IN THE OFFICE OF THE SAN DIEGO COUNTY RECORDER APRIL 8, 1912 AS MAP NO. 1428; THENCE EASTERLY ALONG THE CENTERLINE OF SAID NORTH PARK WAY TO THE POINT OF INTERSECTION OF THE CENTERLINE OF NORTH PARK WAY WITH THE WESTERLY LINE OF 32ND STREET (FORMERLY NASH AVENUE) AS SHOWN ON THE HEREIN DESCRIBED "MAP OF PARK VILLAS"; THENCE CONTINUING ALONG SAID CENTERLINE OF NORTH PARK WAY TO A POINT OF INTERSECTION WITH THE CENTERLINE OF 33RD STREET (FORMERLY WEBSTER) AS SHOWN ON SAID MAP; THENCE SOUTHERLY ALONG THE CENTERLINE OF SAID 33RD STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF LANDIS STREET; THENCE EASTERLY ALONG THE CENTERLINE OF SAID LANDIS STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF BOUNDARY STREET; THENCE SOUTHERLY ALONG THE CENTERLINE OF BOUNDARY STREET TO A POINT OF INTERSECTION WITH THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF LANDIS STREET (FORMERLY CASTLE STREET) AS SHOWN ON THE "AMENDED MAP OF CITY HEIGHTS" ON FILE IN THE OFFICE OF THE COUNTY RECORDER'S OFFICE OF SAN DIEGO COUNTY, STATE OF CALIFORNIA ON OCTOBER 2, 1906 AS MAP NO. 1007; THENCE EASTERLY ALONG SAID SOUTHERLY LINE OF LANDIS STREET TO A POINT OF INTERSECTION WITH THE CENTERLINE OF NILE STREET (FORMERLY MISSION AVENUE) AS SHOWN ON SAID MAP NO. 1007; THENCE LEAVING SAID SOUTHERLY LINE OF LANDIS STREET NORTHERLY ALONG SAID

8548

CENTERLINE OF NILE STREET TO A POINT OF INTERSECTION WITH THE
HEREIN DESCRIBED "A-LINE" AS SHOWN ON STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY DRAWING L.O. 45095;
THENCE LEAVING SAID CENTERLINE OF NILE STREET NORTHERLY ALONG SAID
"A-LINE" TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM BLOCKS 60, 61, 62, 63, 156, 157, 158, 161, 162,
163, 166, AND 167 AND ALL STREETS AND ALLEYS INCLUSIVE OF THESE
AREAS AS SHOWN ON SAID D'HEMECOURT MAP THEREOF.

AREA CONTAINS 555 ACRES

North Park Redevelopment Project Area



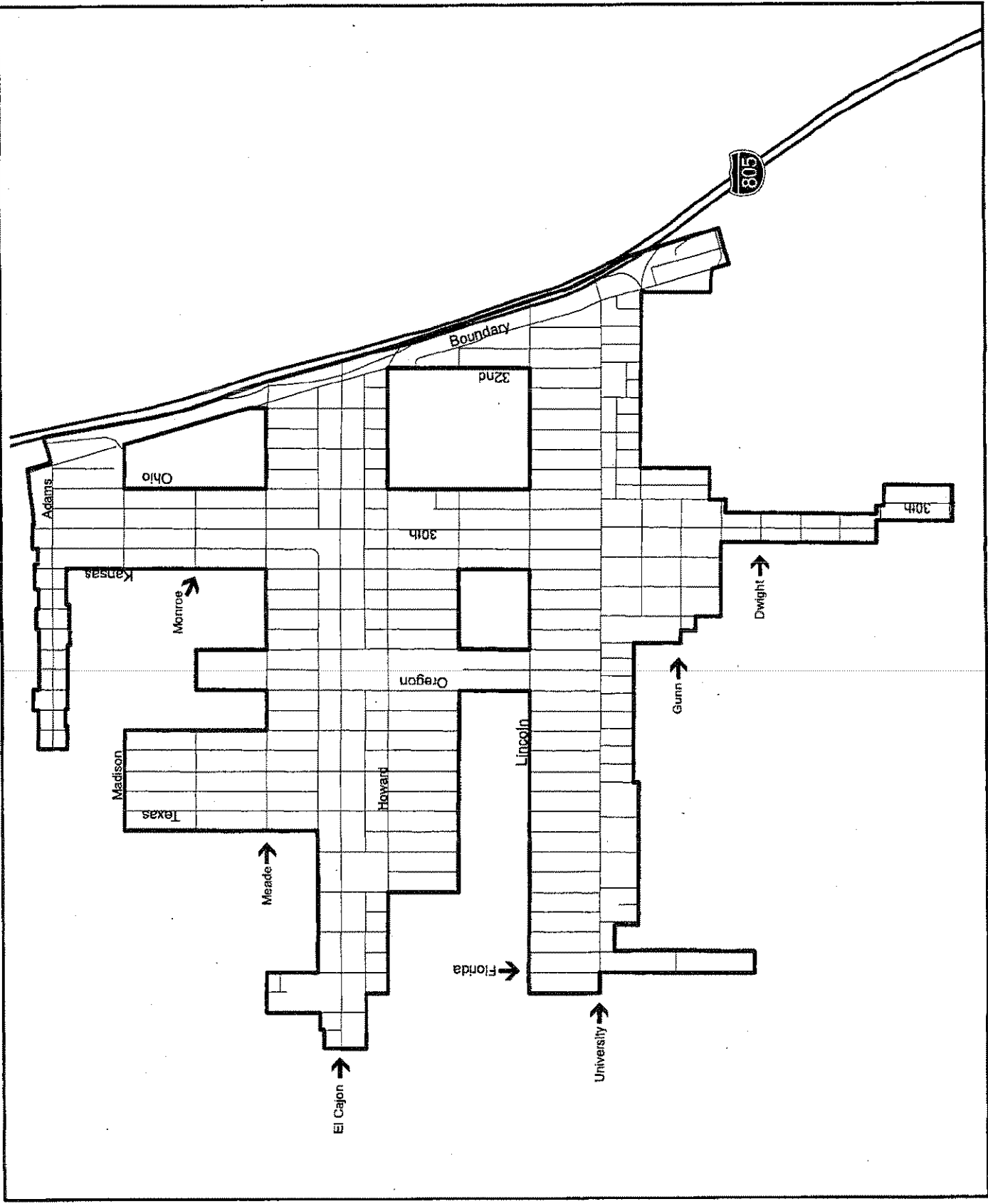
Legend
— Redevelopment Project Area
— Boundary



1 inch equals 1,250 feet

8549

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Project Date: 07/25/07
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North Park Redevelopment Project Area



ATTACHMENT NO. 12
UNIVERSAL DESIGN FEATURES

Entrances

1. Stepless front entrance or other primary entrance.
2. If only one entry, not through a garage or from a patio or raised deck.
3. Minimum 5'x5' level clear space inside and outside entry door.
4. Power door operators.
5. Weather protection such as a porch, stoop with roof, awning, or carport.
6. Full length sidelights, windows in doors, and/or windows nearby.

Interior Circulation

7. Open plan design, with at least one bedroom and bathroom located on an accessible ground floor entry level.
8. Clear door opening width (32" minimum, 34"-36" wide doors) for all doorways.
9. Flush thresholds at all doorways.
10. Clear floor space (18" minimum) beside door on pull side at latch jamb.
11. Circulation route 42" minimum width.
12. Turning space in all rooms (5' diameter).

Vertical Circulation

13. All stairs should have space at the bottom for later installation of a platform lift.
14. At least one set of staked closets, pantries or storage space with knock-out floor.
15. Stair handrails to extend horizontally beyond the top and bottom risers.

Bathrooms

16. At least one bathroom with one of the following:
 - a) minimum 5'x3' curbless shower
 - b) tub with integral seat, waterproof floor and a floor drain
17. 60" diameter turning space in the room and 30"x48" clear floor space at each fixture
18. Clear space (3') in front and to one side of toilet
19. Toilet centered 18" from any side wall, cabinet or tub
20. Lavatory counter height 32" minimum
21. Offset controls in tub/shower with adjacent clear floor space

Kitchens

22. Space between face of cabinets and cabinets and walls 48" minimum
23. Variable height (28"-42") work surfaces such as countertops, sinks and cooktops
24. Stretches of continuous countertops, particularly between refrigerator, sink and stove-top
25. Full height pantry storage with easy access pull-out and/or adjustable height shelves
26. Under-counter or drawer type refrigerators installed on raised platforms
27. Built-in oven with knee space beside, set for one pull-out oven rack at the same height as adjacent countertop

Laundry/Storage

28. Laundry sink and countertop surface no more than 34" above finished floor with knee space
29. Clear floor space 36" wide across full width in front of washer and dryer and extending at least 18" beyond right and left sides
30. 50% of all storage less than 54" high
31. 8' minimum door height or alternate on-site parking for tall vehicles
32. Electrical panel with top no more than 54" above floor located with a minimum 30"x48" clear floor space in front

Windows

33. Windows for viewing 36" maximum sill height
34. Exterior sliding doors: drop frame and threshold into subfloor to reduce height of track
35. By-passing closet doors: each panel should create an opening at least 32" clear

Non-structural Features

36. Lever door handles, motion detector light switches in garage, utility spaces, audible and visual alarms for doorbell, smoke detectors, etc.
37. Color contrast between floor surfaces and trim
38. Contrast between countertops and front edges or cabinet faces

ATTACHMENT NO. 13

FORM OF PROMISSORY NOTE

PROMISSORY NOTE
SECURED BY DEED OF TRUST

\$ _____

San Diego, California
_____, 2011

FOR VALUE RECEIVED, the undersigned NORTH PARK GATEWAY, LLC, a California limited liability company (“Borrower”), promises to pay to the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (“Agency”), at 1200 Third Avenue, San Diego, California 92101, or at such other address as the Agency may direct from time-to-time in writing, the principal amount of [TBD] (\$ _____), as provided in this Promissory Note, to the extent such amount is disbursed from the Agency to Borrower from time to time (the “Agency Loan”). All sums hereunder shall be payable in lawful money of the United States of America.

1. **Disposition and Development Agreement.** This Promissory Note is made and delivered pursuant to and in implementation of that certain Disposition and Development Agreement entered into by and between the Agency and Borrower dated as of _____, 2011 (the “DDA”), a copy of which is on file as a public record with the Agency. The DDA is incorporated herein by reference, and any capitalized term not defined herein shall have the meaning ascribed to such term in the DDA.

2. **Agency Loan.** Borrower’s use of the Agency Loan shall be subject to the terms and conditions set forth in the DDA. Borrower acknowledges that but for the execution of this Promissory Note, the Agency would not make the loan evidenced by this Promissory Note. This Note is secured by that certain Deed of Trust and Security Agreement dated on or about the date hereof, executed by Borrower in favor of Agency (“Deed of Trust”)

3. **Suspension; Deemed Payment** Provided no Event of Default (as defined in Section 4 below) remains uncured after notice and opportunity to cure as provided herein, the Note Amount shall be deemed paid in full upon the recordation of the Release of Construction Covenants pursuant to the DDA. On the date this Promissory Note is deemed paid in full, this Promissory Note shall be marked as cancelled.

4. **Acceleration.** The outstanding balance of this Promissory Note shall become immediately due and payable upon the occurrence of any one of the following events (“Event of Default”):

- (a) The Property or any interest therein or any portion thereof is sold, conveyed, transferred or assigned contrary to the provisions of the DDA; or

- (b) Borrower fails to commence the Project as required by the DDA within thirty (30) days after the Closing without the prior written consent of the Agency; or
- (c) Borrower fails to use the Agency Loan funds exclusively for the costs incurred in the completion of the Public Improvements as required by the DDA; or
- (d) Borrower abandons or substantially suspends construction of the Project for any consecutive period of thirty (30) days without the prior written consent of the Agency; or
- (e) Borrower assigns or attempts to assign the DDA or any right therein, or transfers Borrower's interest in the Property (or any portion thereof or interest therein) contrary to the provisions of the DDA; or
- (f) There is a significant change in the management or control of Borrower contrary to the provisions of the DDA; or
- (g) Borrower changes the use of the Property in violation of the DDA; or
- (h) There is a material breach of this Promissory Note or the DDA and such breach is not cured within the time provided herein or therein, as applicable.

The Agency may, in its sole and absolute discretion, waive these requirements and/or defer repayment and/or extend the term of the Agency Loan. Any such waiver, deferment or extension must be in writing and signed by the Agency.

Amounts declared due and payable under this Promissory Note shall thereafter bear interest at the "Default Interest Rate" (as hereinafter defined) until the Event of Default is cured. For purposes of this Note, the "Default Interest Rate" shall be the higher of (i) the then legal rate, or (ii) a per annum percentage rate which is five (5) percentage points above the rate on the twenty-fifth (25th) day of the month preceding the date of such Event of Default established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended. Notwithstanding the foregoing or any other provision of this Promissory Note, in no event shall the Default Interest Rate or any other rate of interest under this Promissory Note exceed the maximum rate permitted by law; and if such rate of interest, computed in the amount provided for in this Promissory Note, should exceed said maximum legal rate, then the rate of interest shall be automatically reduced to such maximum legal rate. The imposition of the Default Interest Rate shall be in addition to and not in lieu of any other rights and remedies provided for in the Deed of Trust or otherwise by law. The remedies of a holder of this Promissory Note as provided herein and in the Deed of Trust shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of the holder, and may be exercised as often as occasion therefor may arise under the terms of such documents.

5. **No Principal Payments Due Except in the Event of Default.** Except in an Event of Default, Borrower shall have no obligation to make any payments of principal in connection with the Agency Loan.

6. **Defaults.**

(a) Failure or delay to perform any term or provision of this Promissory Note constitutes a default under this Promissory Note. The Agency shall give written notice of default to Borrower specifying in reasonable detail the matter constituting the default.

(b) If a monetary event of default occurs, Borrower shall have a period of seven (7) calendar days after such notice is received or deemed received within which to cure the default prior to the Agency exercising its remedies.

(c) If a non-monetary event of default occurs, and the default can reasonably be cured within thirty (30) calendar days after notice of default is received or deemed received, Borrower shall have thirty (30) calendar days following receipt of notice to cure the default prior to the Agency exercising its remedies. If the default is such that it cannot reasonably be cured within thirty (30) days, and Borrower (i) initiates corrective action within said 30-day period and (ii) diligently, continually and in good faith works to effectuate a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default before the exercise of any remedies by Agency, but in no event shall such period exceed ninety (90) days from the date notice of default is received or deemed received.

(d) Except as required to protect against further damages, the Agency shall not institute proceedings against the Borrower unless the matter is not cured within the cure periods listed above..

(e) The preceding provisions notwithstanding, in no event shall Beneficiary be precluded from exercising remedies if its security under the Deed of Trust becomes or is about to become materially impaired by any failure to cure a default.

(f) Failure or delay in giving notice of default shall not constitute a waiver of any default, nor shall it change the time of default.

(g) Failure to cure the default within the applicable cure period shall entitle the Agency to terminate the DDA, accelerate payment under this Promissory Note, and/or exercise any other remedies available to such party, including, without limitation, foreclosure on the Deed of Trust.

7. **Non-Waiver:** Failure to exercise or delay in exercising any right the Agency may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

8. **Borrower's Waivers.** Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Promissory Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the Agency may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Promissory Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Promissory Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Promissory Note.

9. **Governing Law.** This Promissory Note shall be governed by the laws of the State of California.

10. **Severability.** In the event that any provision or clause of this Promissory Note conflicts with applicable law, such conflict will not affect other provisions of this Promissory Note which can be given effect without the conflicting provision, and to this end the provisions of the Promissory Note are declared to be severable.

11. **Amendment of Promissory Note.** No modification, rescission, waiver, release or amendment of any provision of this Promissory Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the Agency.

12. **Assignment by Agency Permitted.** The Agency may, in its sole and absolute discretion, assign its rights under this Promissory Note and/or its right to receive repayment of the Agency Loan without obtaining the consent of Borrower.

13. **Assignment by Borrower Prohibited.** In no event shall Borrower assign or transfer any portion of this Promissory Note or any rights herein without the prior express written consent of the Agency, which consent the Agency may give or withhold in its sole and absolute discretion. This provision shall not affect or diminish the Agency's right to assign all or any portion of its rights under this Promissory Note or to the proceeds of the Agency Loan hereunder.

14. **Relationship of Borrower and Agency.** The relationship of Borrower and Agency pursuant to this Promissory Note is that of debtor and creditor and shall not be, or be construed to be a joint venture, equity venture, partnership or other relationship.

15. **Notices** (a) Except as otherwise expressly provided in this Promissory Note, in every case when, under the provisions of this Promissory Note, it shall be necessary or desirable for one party to serve any notice, request, demand, report or other communication on another party, the same shall be in writing and shall not be effective for any purpose unless served (i) personally, (ii) by independent, reputable, overnight commercial courier, or (iii) by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested, addressed as follows:

To Borrower: North Park Gateway, LLC
2400 Fourth Avenue, Suite 110

San Diego, California 92103
Attention: Lyda Cohen

With a copy to: Interlink Development Consulting
3525 Del Mar Heights Road, Suite 402
San Diego, CA 92130
Attention: Sara Isgur

To Agency: Redevelopment Agency of the City of San Diego
1200 Third Avenue, Suite 1400
San Diego, CA 92101
Attention: Deputy Executive Director

16. **Attorneys' Fees.** In the event that any action is instituted to enforce payment or performance under this Promissory Note, or otherwise in connection with this Promissory Note, the parties agree that the prevailing party shall be reimbursed by the other party for all costs and all attorneys' fees incurred by the prevailing party in such action. In addition, Borrower agrees to reimburse the Agency for reasonable costs of collection, costs, and expenses, and attorneys' fees paid or incurred in connection with the collection or enforcement of this Promissory Note, whether or not suit is filed.

17. **Captions.** The captions and headings in this Promissory Note are for convenience only and are not to be used to interpret or define the provisions hereof.

18. **Successors Bound.** This Promissory Note shall be binding upon the parties hereto and their respective heirs, successors and assigns.

“BORROWER”

NORTH PARK GATEWAY LLC,
a California limited liability company

Dated: _____

By: _____
Its: _____

ATTACHMENT NO. 14
FORM OF DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per California Government
Code Section 27383

Recording Requested by and
When Recorded Return to:

Redevelopment Agency of the City of
San Diego
1200 Third Avenue, Suite 1400
San Diego, CA 92101
Attn: North Park Project Manager

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST,
SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)**

This Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (this "Deed of Trust") is made as of _____ 20____, by _____ NORTH PARK GATEWAY LLC, a California limited liability company ("Trustor"), whose address is 2400 Fourth Avenue, Suite 110, San Diego, California 92103, to Stewart Title Company of California, Inc., ("Trustee"), for the benefit of the REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, a public body, corporate and politic ("Beneficiary"), whose address is 1200 Third Avenue, Suite 1400, San Diego, CA 92101.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION, the following property (collectively, "Trust Estate"):

A. That certain real property in the City of San Diego, County of San Diego, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Subject Property").

B. All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements").

C. All tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances"). The Appurtenances, together with the Subject Property and the Improvements, are collectively referred to as the "Property Interest".

D. Subject to the assignment to Beneficiary set forth in Section 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation, leasing or occupancy of the Trust Estate, including those past due and unpaid.

E. All present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Property Interest, or used or to be used in connection with or otherwise relating to the Property Interest or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Property Interest, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods", and together with the Property Interest, the "Property").

F. All present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate), the following items: (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and Property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types on intangible personal property of any kind or nature and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property ("Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and

all of the Trust Estate in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9334 and 9502(b) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect:

Due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in that certain Promissory Note executed by Trustor ("Borrower" therein) for the benefit of Beneficiary ("Agency" therein) on or about the date hereof (the "Note"), including the payment of indebtedness of Trustor to Beneficiary in the principal amount of \$ _____ (_____ DOLLARS) according to the terms of the Note (collective, the "Secured Obligations").

The Note terms are hereby incorporated herein by this reference, and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note, agreement or instrument reciting that it is secured hereby. The Note, as such terms are used herein, shall mean, refer to and include the Note as well as any riders, exhibits, addenda, implementation agreements, amendments or attachments thereto (which are hereby incorporated herein by this reference).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES AS FOLLOWS:

1. Trustor shall pay the Note at the respective times and in the manner provided therein, and shall perform the obligations of Trustor as set forth in the Secured Obligations at the time and in the manner respectively provided therein.

2. Trustor shall not permit or suffer the use of any of the Property covered by this Deed of Trust for any purpose other than the use for which the same was intended at the time that this Deed of Trust was executed, as stated in the Disposition and Development Agreement between Trustor and Beneficiary, dated _____.

3. The Secured Obligations are hereby incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. All rents, profits and income from the Property covered by this Deed of Trust are hereby assigned to Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the secured obligations.

5. Upon default hereunder or under the Secured Obligations, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property described herein and operate same and collect the rents, profits and income therefrom.

6. Except for Permitted Transfers as defined in the DDA, Trustor shall not sell, transfer, assign or convey any part of the Property without prior written consent of Beneficiary. However, Permitted Transfers shall be subject to review and approval of documentation effectuating any such transfer by the Executive Director of Beneficiary.

7. Trustor shall keep the Improvements now existing or hereafter erected on the Property insured against loss by fire and such other hazards, casualties and contingencies as may reasonably be required in writing from time to time by Beneficiary, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than 100% of the insurable value of the Property. Such policies shall be endorsed with a standard mortgage clause with loss payable to Beneficiary, and certificates thereof together with copies of original policies shall be deposited with Beneficiary.

8. Trustor shall (i) pay, at least ten (10) days before delinquency, any taxes and assessments affecting the Property; (ii) pay, when due, all encumbrances, charges and liens, with interest, on the Property; and (iii) pay all costs, fees and expenses of this Deed of Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

9. Trustor shall (i) keep the Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation; (ii) not remove or demolish any buildings thereon; (iii) complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon, and pay when due all claims for labor performed and materials furnished therefor; (iv) comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); (v) not commit or permit waste thereof; (vi) not commit, suffer or permit any act upon the Property in violation of law or covenants, conditions or restrictions affecting the Property; and (vii) not permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of Beneficiary.

10. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and shall pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear.

11. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without

releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee, being authorized to enter upon the Property for such purposes, may (i) commence, appear in or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (ii) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and (iii) in exercising any such powers, pay necessary expenses, employ counsel and pay its reasonable fees.

12. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by Beneficiary shall be added to the indebtedness and obligations secured hereby.

13. Trustor shall pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the highest non-usurious rate of interest permitted by law.

14. Upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions and agreements of the Secured Obligations, the entire indebtedness evidenced by the Note shall, at the sole option of Beneficiary, become due and payable, anything contained herein to the contrary notwithstanding.

15. Trustor further covenants that it will not voluntarily create, suffer or permit to be created against the Property any lien or liens except as authorized by Beneficiary and further that it shall keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on the Property. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request, prior to foreclosure) record in the Official Records, a surety bond in an amount one-and-one-half (1.5) times the amount of such claim item to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary.

16. Any and all improvements made or about to be made upon the Property, and all plans and specifications, shall comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and the same shall upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

17. Trustor shall pay to Beneficiary, or to the authorized loan servicing representative of Beneficiary, a reasonable charge for providing a statement regarding the obligations secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

18. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the Note. No amount applied to the reduction of the principal shall relieve Trustor from making payments as required by the Note.

19. Upon default by Trustor in making any payments provided for herein or upon default by Trustor in making any payment required in the Note, or if Trustor shall fail to perform any covenant or agreement contained or referenced in this Deed of Trust, after the giving of notice and the expiration of any applicable cure period, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be duly filed for record, and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

20. (a) Subject to the provisions, including extensions of time set forth in Section 30, and subject to the provisions of this Section 32, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust shall constitute a default under this Deed of Trust.

(b) In the event of a default by Trustor, Beneficiary shall give written notice of default to Trustor, specifying the matter constituting the default. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(d) If a monetary event of default occurs under the terms of this Deed of Trust, Trustor shall have seven (7) calendar days after notice of default is received or deemed received within which to cure the default before the exercise of remedies by Beneficiary hereunder. If a monetary event of default occurs under the terms of the Secured Obligations, then Trustor shall have any cure period provided thereunder to cure such default.

(e) If a non-monetary event of default occurs under the terms of this Deed of Trust, and the default is reasonably capable of being cured within thirty (30) days after notice of default is received or deemed received, then Trustor shall have such period to effectuate a cure before the exercise of remedies by Beneficiary hereunder. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said 30-day period and (ii) diligently, continually and in good faith works to effectuate a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default before the exercise of any remedies by Beneficiary, but in no event shall such period exceed ninety (90) days from the date notice of default is received or deemed received. If a non-monetary event of default occurs under the terms of the Secured Obligations, then Trustor shall have any cure period provided thereunder to cure such default.

(f) The preceding provisions notwithstanding, in no event shall Beneficiary be precluded from exercising remedies if its security under the Deed of Trust becomes or is about to become materially impaired by any failure to cure a default.

(g) Any cure periods under this Deed of Trust shall run concurrently with any cure periods under the Secured Obligations.

(h) Any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor; and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

21. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property or any portion thereof at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts therein shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Trustee shall apply the proceeds of sale to payment of (i) the expenses of such sale, together with the reasonable expenses of this Deed of Trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (ii) the cost of any search and other evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (iii) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Note; (iv) all other sums then secured hereby; and (v) the balance, if any, to the person or persons legally entitled thereto.

22. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts of terrorism, epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; third party litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; acts or failure to act of the City of San Diego or any other public or governmental agency or entity (except that any act or failure to act of Beneficiary shall not excuse performance by Beneficiary); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause (a "Force Majeure Delay") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Delay unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced and the estimated delay resulting therefrom. Trustor shall deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event. Times of performance under this Deed of Trust may also be extended in writing by Beneficiary and Trustor.

23. Beneficiary may, from time to time, substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Deed of Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

24. To the full extent permissible by law, Trustor hereby waives the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust.

25. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

26. The Trust Estate created hereby is irrevocable by Trustor.

27. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder, including pledgees, of the Note. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. To the extent that Trustor comprises more than one Person, all obligations of

Trustor hereunder are joint and several.

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

29. Trustor agrees at any time and from time to time, upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits and operating expenses of the Property, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the Property and the use thereof as may be requested by Beneficiary.

30. Trustor agrees that the indebtedness secured by this Deed of Trust is made expressly for the purpose of financing the construction of improvements on the Subject Property as provided in the DDA.

31. Trustor agrees that, except as otherwise provided in the Note or in the DDA, upon sale or refinancing of the Subject Property or any portion thereof, the entire indebtedness secured by this Deed of Trust shall at the option of Beneficiary be immediately due and payable.

32. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, then the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations.

33. Trustor hereby represents to the Beneficiary that Trustor has the full power and authority to execute this Deed of Trust and that the persons executing and delivering this Deed of Trust are authorized to execute and deliver this Deed of Trust on behalf of Trustor. Trustor acknowledges and agrees that Beneficiary is materially relying upon Trustor's foregoing representations and warranties, and that their inaccuracy shall be a material default hereunder.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first set forth above.

TRUSTOR:

NORTHPARK GATEWAY LLC,

a California limited liability company,

Dated: _____

By: _____

STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____, a 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 OF PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

That portion of Lots 4, 5, 6 and 7 in Block 2 of Hartley's North Park, in the City of San Diego, County of San Diego, State of California, according to Map No. 1428, filed April 8, 1912, in the Office of the County Recorder of San Diego County, lying Westerly of a line described as follows:

Beginning at a point in the North line of Block 2, distant thereon South 89° 40' 00" West 100.07 feet from the Northeast corner of said Block; thence South 00° 08' 30" East 104.79 feet to a point in the North line of an alley in said Block 2, distant thereon South 89° 56' 30" West 100.06 feet, from the Southeast corner of Lot 1 in said Block 2, and lying Easterly of a line described as follows:

Beginning at a point in the North line of said Block 2, distant thereon North 89° 40' 00" East 90.58 feet from the Northwest corner of said Block; thence South 00° 08' 30" East 104.43 feet to a point in the North line of the alley in said Block 2, distant thereon North 89° 56' 30" East 90.57 feet from the Southwest corner of Lot 10 in said Block 2.

Assessor's Parcel No: 453-152-03