DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

and

SHELDON PUBLIC RELATIONS

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DISPOSITION AND DEVELOPMENT AGREEMENT

This **DISPOSITION AND DEVELOPMENT AGREEMENT** (this "Agreement") is entered into as of October 24, 2006 by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), and **SHELDON PUBLIC RELATIONS,** a California corporation (the "Developer").

RECITALS

The following recitals are a substantive part of this Agreement; capitalized terms used herein and not otherwise defined are defined in Section 100 hereof:

A. The purpose of this Agreement is to effectuate the Redevelopment Plan for the Garden Grove Community Project, by providing for the redevelopment of approximately 1.66 acres of real property generally located on the east side of Grove Avenue, just west of Main Street and north of Garden Grove Boulevard in the City of Garden Grove (the "City"), California (the "Site"). The Site is currently used as a parking lot identified as Lot No. 1, within Vehicle Parking District No. 2. The Site is comprised of certain parcels of real property currently owned by the City, as shown on the attached Site Map (Exhibit "A") which is incorporated herein by this reference. The Agency and the City have entered into an agreement for the conveyance of the Site by the City to the Agency.

B. The Agency and the Developer wish to enter into this Agreement in order to set forth the terms and conditions relating to the Agency's disposition of the Site to the Developer, and the Developer's development of a high-quality mixed use residential condominium facility on the Site, with associated landscaping and public improvements required as a condition of regulatory approval of the development (the "Project"). The Project will consist of approximately one hundred (100) housing units, approximately twelve (12) of which shall be live/work units located on Grove Avenue at street level, all one hundred (100) of which may be sold at market rates. The Project will also consist of approximately one hundred sixty-two (162) subterranean parking spaces and thirty-eight (38) at-grade parking spaces to be used by the residents of the residential condominium facility (the "Resident Parking Spaces"), and approximately eighty-eight (88) at-grade parking spaces within the Project parking structure plus approximately nineteen (19) at-grade parking spaces in a parking lot located on the southernmost parcel of the Site to be used as guest parking for the condominium facility and as public parking for the surrounding commercial and retail businesses (the "Public Parking Spaces").

C. The development of the Project as provided for in this Agreement is in the vital and best interest of the City and the welfare of its residents and is in accordance with the public purposes and provisions of applicable state and local laws.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agency and Developer hereby agree as follows:

100. DEFINITIONS

"Actual knowledge" shall mean the actual knowledge of the Agency's employees and agents who have participated in the preparation of this Agreement and/or the management of the Site, and shall not impose a duty of investigation.

"Agency" means the Garden Grove Agency for Community Development, 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, and any assignee of or successor to its rights, powers and responsibilities.

"Agency's Conditions Precedent" means the conditions precedent to the Closing to the benefit of Agency, as set forth in Section 205.1 hereof.

"Agreement" means this Disposition and Development Agreement between Agency and Developer.

"Association" means the property owner's association established by the Developer for the management and maintenance of the Housing Units and the Resident Parking and Public Parking areas, as provided in Section 404 hereof.

"Association CC&Rs" means the Declaration of Covenants, Conditions and Restrictions for the Association, as provided in Section 404 hereof.

"Certificate of Completion" is defined in Section 311 hereof and means that certain Certificate of Completion attached hereto as Attachment No. 6 and incorporated herein.

"City" means the City of Garden Grove, California. The City is not a party to this Agreement and shall have no obligations hereunder. The City is a third party beneficiary to this Agreement and shall have the right but not the duty to enforce any of the covenants of Developer contained herein.

"Closing" is defined in Section 202 hereof.

"Closing Date" is defined in Section 202 hereof.

"Construction Lender" means any reputable financial institution providing a construction loan for the Project in accordance with Section 310 hereof.

"Conveyance" is defined in Section 201 hereof.

"County" means the County of Orange, California.

"Date of Agreement" is defined in Section 622 hereof.

"Default" means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

"Developer" means Sheldon Public Relations, a California corporation, and its permitted successors and assigns.

"Developer's Conditions Precedent" means the conditions precedent to the Closing for the benefit of Developer, as set forth in Section 205.2.

"Due Diligence Period" is defined in Section 207.

"Easement Agreement" means that certain agreement to be entered into by the City and Developer as a condition to Closing, in substantially the form attached hereto as Attachment No. 8.

"Experienced Developer Entity" is defined in Section 205.1(l).

"Escrow" is defined in Section 202 hereof.

"Escrow Agent" is defined in Section 202 hereof.

"Exceptions" is defined in Section 203 hereof.

"Governmental Requirements" means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City or any other political subdivision in which the Site is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over Agency, Developer or the Site.

"Grant Deed" means the grant deed for the Conveyance of the Site from Agency to Developer, substantially in the form of Attachment No. 3 hereto and incorporated herein.

"Hazardous Materials" means any substance, material or waste which is or becomes, prior to the Closing, regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "acutely hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (ix) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903), (x) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 *et seq.* (42 U.S.C. §9601), (xi) Methyl-Tertiary Butyl Ether, 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, handling, treatment or disposal, or is defined as "hazardous" or harmful to the environment.

"Housing Units" shall mean the condominium residential units to be developed on the Site as set forth in Section 301 hereof and the Scope of Development.

"Legal Description" means the description of the Site which is attached hereto as Attachment No. 2 and incorporated herein.

"Live-Work Units" means the twelve (12) live-work Housing Units to be constructed on the ground level along Grove Avenue, as defined in Section 403 hereof.

"Notice" means a notice in the form prescribed by Section 601 hereof.

"Outside Closing Date" is defined in Section 202.4.

"Project" is defined in Section 301 hereof.

"Project Plans" means those plans, specifications and drawings for development of the Project which are (i) to be submitted to City for its approval, and (ii) required to obtain building permits for construction of the Project.

"Public Parking Easement" means the Public Parking Easement that will be granted to the City as a condition to Closing pursuant to an Easement Agreement in substantially the form attached hereto as Attachment No. 8, in order to secure a permanent easement for the use of the Public Parking Spaces by the public and guests of the residents of the Project at no cost.

"Public Parking" and ***"Public Parking Spaces"*** mean the approximately eighty-eight (88) at-grade parking spaces to be located in the Project parking structure and the approximately nineteen (19) parking spaces to be constructed as an outdoor parking lot on the southernmost parcel of the Site, which spaces shall be the subject of the Public Parking Easement such that the Public Parking Spaces shall be permanently reserved for use by the public and guests of the residents of the Project at no cost.

"Purchase Price" means the purchase price for the Site, which is defined in Section 201.1 hereof.

"Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project, adopted by Ordinance No. 1339 of the City Council of the City, and amended by Ordinance Nos. 1388, 1476, 1548, 1576, 1642, 1699, 1760, 2035, and 2232, together with all other amendments, all of which are incorporated herein by reference.

"Redevelopment Project" means the Garden Grove Community Project adopted by the City pursuant to the Redevelopment Plan.

"Redevelopment Law" means California Health and Safety Code Section 33000, *et seq.*, as the same now exists or may hereafter be amended.

"Remediate" or "Remediation" means investigation, characterization, monitoring, remediation (active or passive), removal and any other response actions associated with Hazardous Materials at, on or under the Site, including, without limitation, offsite disposal and transportation of Hazardous Materials, replacement of any exported soil with clean import fill and compacted to the compaction requirements necessary for Developer's intended use, which actions are necessary to

allow Developer's development of the Project to occur without any mitigation measures or institutional or engineering controls such as, but not limited to, vapor barriers, special construction, handling or disposal requirements.

"Report" is defined in Section 203 hereof.

"Resident Parking" and ***"Resident Parking Spaces"*** mean those approximately one hundred sixty-two (162) subterranean parking spaces and approximately thirty-eight (38) at-grade parking spaces to be constructed at the Project, which shall be reserved for use by the residents of the Project in accordance with the rules set forth in the Association CC&Rs as such Association CC&Rs may be amended from time to time.

"Schedule of Performance" means that certain Schedule of Performance attached hereto as Attachment No. 4 and incorporated herein by reference, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

"Scope of Development" means that certain Scope of Development attached hereto as Attachment No. 5 and incorporated by reference, which shall describe with specificity the scope, amount and quality of development of the Project to be constructed by Developer pursuant to the terms and conditions of this Agreement. The Scope of Development is subject to revision as provided herein.

"Site" means that certain approximately 1.66 acres of real property generally located on the east side of Grove Avenue, just west of Main Street and north of Garden Grove Boulevard, currently a parking lot identified as Lot No. 1, within Vehicle Parking District No. 2 in the City. The Site is depicted on the Site Map and more particularly described in the Legal Description.

"Site Map" means the map of the Site which is attached hereto as Attachment No. 1 and incorporated herein.

"Studies" is defined in Section 207 hereof.

"Title Company" is defined in Section 203 hereof.

"Title Policy" is defined in Section 204 hereof.

200. CONVEYANCE OF THE SITE

201. Purchase and Sale. The Agency agrees to sell the Site to the Developer and the Developer agrees to purchase the Site from the Agency (the Conveyance"), prior to the commencement of the construction of the Project, in accordance with and subject to all of the terms, covenants, and conditions of this Agreement, including the Agency's Conditions Precedent and Developer's Conditions Precedent as set forth in Sections 205.1 and 205.2 hereof.

201.1 Purchase Price. The all-inclusive purchase price for the Site shall be One Million, Five Hundred Thousand Dollars ($1,500,000) (the "Purchase Price"). The Purchase Price shall be payable by Developer's deposit into Escrow of One Million Five Hundred Thousand Dollars ($1,500,000) in immediately available funds. The Purchase Price is not less than the fair market value of the Site, taking into consideration the covenants, conditions, and restrictions placed on the

development and use of the Site imposed by this Agreement, including the Public Parking Easement the Developer is required to grant to the City pursuant to Section 402.2 below.

201.2 Good Faith Deposit. Pursuant to that certain Exclusive Negotiating Agreement entered into by Agency and Developer as of February 14, 2005 (the "ENA"), Developer paid to Agency Twenty-Five Thousand Dollars ($25,000) as a deposit (the "Deposit"). In accordance with the terms of Section 2 of the ENA, the Agency shall retain the Deposit as a good faith deposit until the Closing Date, at which time the Deposit will be applied towards the Purchase Price for the Site. In the event the Closing has not occurred on or before the Outside Closing Date and the Agency is not in Default hereunder, Developer shall forfeit the Deposit and this Agreement shall terminate and be of no further force and effect.

201.3 Cooperation Agreement. Concurrently with the approval of this Agreement by the Agency and City, Agency and City intend to enter into a Cooperation, Purchase and Sale Agreement (the "Cooperation Agreement") which shall provide for the conveyance of the Site by the City to the Agency through the Escrow and concurrently with the Closing hereunder. In the event the City and Agency do not enter into a Cooperation Agreement in substantially the form provided to the Developer within thirty (30) days after the date of this Agreement, Developer shall have the option of terminating this Agreement in accordance with Section 503 hereof, in which case neither party shall have any further obligation or liability to the other party hereunder. Agency agrees that Agency shall not subsequently terminate the Cooperation Agreement, or enter into any subsequent agreements which alter, amend, or modify the Cooperation Agreement in a way that may impair the Agency's ability to acquire the Site from the City or in a way which is inconsistent with the terms of this Agreement or the Agency's obligations hereunder.

202. Escrow. Within the time set forth in the Schedule of Performance, the parties shall open escrow for the Conveyance of the Site (the "Escrow") with Chicago Title Company, or another escrow company mutually satisfactory to both parties (the "Escrow Agent").

202.1 Costs of Escrow. Agency and Developer shall pay their respective portions of the premium for the Title Policy as set forth in Section 204 hereof, and Developer and Agency each shall pay one-half of all other usual fees, charges, and costs which arise from the Escrow for the Site.

202.2 Escrow Instructions. This Agreement constitutes the joint escrow instructions of Developer and Agency for the Conveyance of the Site, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts reasonably necessary to close Escrow for the Site in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and Agency will cancel its own policies after the Closing. All funds received in Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account. If in the opinion of either party it is necessary or convenient in order to accomplish the Closing of the Conveyance of the Site, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this Agreement and the supplemental escrow instructions, then the provisions of this Agreement shall control. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this Agreement. The Closing for the Site shall take place when both the Agency's Conditions Precedent and the

Developer's Conditions Precedent as set forth in Section 205 have been satisfied. Escrow Agent is instructed to release Agency's escrow closing statements and Developer's escrow closing statements to the respective parties.

202.3 Authority of Escrow Agent. Escrow Agent is authorized to, and shall:

(a) Pay and charge Developer and Agency for their respective shares of the premium of the Title Policy as set forth in Section 204 and any amount necessary to place title in the condition necessary to satisfy Section 203 of this Agreement.

(b) Pay and charge Developer and Agency for their respective shares of any escrow fees, charges, and costs payable under Section 202.1 of this Agreement.

(c) Pay and charge Developer, in accordance with Section 204 hereof, for any endorsements to each Title Policy which are requested by the Developer.

(d) Disburse funds, and deliver and record the Grant Deed and the Easement Agreement, when both the Developer's Conditions Precedent and the Agency's Conditions Precedent have been fulfilled or waived in writing by the benefited party.

(e) Do such other actions as necessary, including obtaining the Title Policy, to fulfill its obligations under this Agreement.

(f) Within the discretion of Escrow Agent, direct Agency and Developer to execute and deliver any instrument, affidavit, and statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act and regulation promulgated thereunder. Agency agrees to execute a Certificate of Non-Foreign Status by individual transferor, a Certification of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act and/or a California Franchise Tax Board Form 593W or similar form to assure Developer that there exist no withholding requirements imposed by applicable law as may be required by Escrow Agent, on the forms to be supplied by Escrow Agent.

(g) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

202.4 Closing. The close of escrow (the "Closing") shall occur within thirty (30) days of the parties' satisfaction of all of Agency's Conditions Precedent and Developer's Conditions Precedent to Closing as set forth in Section 205 hereof, but in no event later than the date that is eighteen (18) months after the end of the Due Diligence Period, as defined in Section 207 below (the "Outside Closing Date"). In the event escrow has not closed on or before the Outside Closing Date, Agency shall be entitled to keep the Deposit and either Agency or Developer shall be entitled to terminate this Agreement. The parties mutually agree that the Outside Closing Date may be extended by the mutual agreement of the parties. The Closing shall occur through the Escrow as set forth in this Agreement. The "Closing" shall mean the time and day the Grant Deed is filed for record with the Orange County Recorder. The "Closing Date" shall mean the day on which the Closing occurs.

202.5 Termination. If Escrow is not in condition to close by the Outside Closing Date, then either party which has fully performed under this Agreement may, in writing, demand the return of money or property and terminate this Agreement. If either party makes a written demand for return of documents or properties, this Agreement shall not terminate until five (5) days after Escrow Agent shall have delivered copies of such demand to all other parties at the respective addresses shown in this Agreement. If any objections are raised within said five (5) day period, Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. Developer, however, shall have the sole option to withdraw any money deposited by it with respect to the Closing less Developer's share of costs of Escrow. Termination of this Agreement shall be without prejudice as to whatever legal rights either party may have against the other arising from this Agreement. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible.

202.6 Closing Procedure. Escrow Agent shall close Escrow for the Site as follows:

(a) Record the Grant Deed with instructions for the Recorder of Orange County, California to deliver the Grant Deed to Developer;

(b) Record the Easement Agreement with instructions for the Recorder of Orange County, California to deliver the Easement Agreement to the City;

(c) Instruct the Title Company to deliver the Title Policy to Developer;

(d) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(e) Deliver the FIRPTA Certificate, if any, to Developer;

(f) Deliver to Agency the Purchase Price in immediately available funds; and

(g) Forward to both Developer and Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

203. Review of Title. Developer has obtained from Fidelity National Title Company (the "Title Company") a standard preliminary title report (the "Report") with respect to the title to the Site, together with legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer hereby approves the following Exceptions:

(a) The Redevelopment Plan;

(b) The lien of any non-delinquent property taxes and assessments (to be prorated at Closing); and

(c) The provisions set forth in the Grant Deed and the Easement Agreement.

Developer shall have sixty (60) days from the date of this Agreement to give written notice to Agency and Escrow Agent of Developer's approval or disapproval of any of such Exceptions. If Developer notifies Agency of its disapproval of any Exceptions in the Report, Agency shall have the right, but not the obligation, to (i) remove any disapproved Exceptions within ten (10) business days after receiving written notice of Developer's disapproval or (ii) provide adequate assurances satisfactory to Developer that such Exception(s) will be removed on or before the Closing. If Agency cannot or does not elect to remove any of the disapproved Exceptions within such ten (10) business day period, Developer shall have ten (10) business days after the expiration of such ten (10) business day period to either (a) give the Agency written notice that Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or (b) give the Agency written notice that the Developer elects to terminate this Agreement. The Exceptions to title approved by Developer as provided herein shall hereinafter be referred to as the "Condition of Title." Developer shall have the right to approve or disapprove all Exceptions (other than those created by Developer) which are reported by the Title Company to Developer after Developer has approved the Condition of Title for the Site as set forth above. Agency shall not voluntarily create any new exceptions to title following the Date of Agreement. The Agency shall ensure, at its sole cost and expense, that all financial liens are removed prior to or concurrently with the Closing.

204. Title Insurance. Concurrently with recordation of the Grant Deed conveying title to the Site to Developer, there shall be issued to Developer a CLTA or ALTA owner's policy of title insurance (the "Title Policy"), together with such endorsements as are reasonably requested by the Developer, issued by the Title Company insuring that the title to the Site is vested in Developer in the condition required by Section 203 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Title Policy shall be for the amount of the Purchase Price. The Agency shall pay that portion of the premium for the Title Policy equal to the cost of a CLTA standard coverage title policy in the amount of the Purchase Price. Any additional costs, including the incremental cost of an ALTA policy above the cost of a CLTA policy in the same policy amount, the costs of any required survey, or any endorsements requested by the Developer, shall be borne by the Developer.

205. Conditions of Closing. The Closing is conditioned upon the satisfaction of the following terms and conditions within the times designated below:

205.1 Agency's Conditions Precedent. Agency's obligation to proceed with the Closing of the Conveyance of the Site is subject to the fulfillment (or written waiver by Agency) of each and every one of the conditions precedent (a) through (j), inclusive, described below ("Agency's Conditions Precedent"), which are solely for the benefit of Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) Execution of Documents. The Developer shall have executed and acknowledged the Grant Deed, the Easement Agreement, and any other documents required hereunder and shall have delivered such documents into Escrow.

(b) Payment of Purchase Price. Developer shall have executed and delivered into Escrow cash or other immediately available funds in the amount of One Million Five Hundred Thousand Dollars ($1,500,000), and shall have paid into Escrow all costs of Closing required to be paid by Developer pursuant to the terms of this Agreement.

(c) **Environmental.** The Developer shall either have (i) approved the environmental condition of the Site pursuant to Section 208.3 hereof, or (ii) disapproved the environmental condition of the Site pursuant to Section 208.3 hereof and agreed with Agency upon a mutually acceptable RAP for the Remediation of the Site.

(d) **Design Approvals.** The Developer shall have received City approval of all plans for the Project, including the site plan and building elevations.

(e) **Land Use Approvals.** The Developer shall have received all land use approvals required pursuant to Section 304 hereof.

(f) **Resolution Regarding Parking Needs.** The City Council shall have passed a resolution finding that, based on the Parking Study, the Main Street businesses and the surrounding area no longer require the full one hundred sixty-one (161) public parking spaces currently located at the Site, and that the parking needs of the Main Street businesses and the surrounding area will be satisfied by the approximately one hundred seven (107) Public Parking Spaces to be constructed at the Site, comprised of approximately eighty-eight (88) at-grade spaces in the Project parking structure and approximately nineteen (19) spaces in the parking lot on the south parcel of the Site, and the approximately thirty-nine (39) spaces available for public parking on Grove Avenue and Acacia Parkway.

(g) **Plans and Permits.** All building, grading, and other permits required for the Project shall be ready to be issued.

(h) **Insurance.** The Developer shall have provided proof of insurance as required by Section 307 hereof.

(i) **Financing.** The Developer shall have provided proof satisfactory to the Agency that the Developer has sufficient internal funds or has obtained a loan or financing for construction for the Project from a Construction Lender pursuant to Section 310 hereof, and such financing shall close and be available to the Developer upon the Closing.

(j) **No Default.** Prior to the Closing, Developer shall not be in default in any of its obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

205.2 Developer's Conditions Precedent. Developer's obligation to proceed with the purchase of the Site is subject to the fulfillment or waiver by Developer of each and all of the conditions precedent (a) through (j), inclusive, described below ("Developer's Conditions Precedent"), which are solely for the benefit of Developer, and which shall be fulfilled or waived by the time periods provided for herein:

(a) **Execution of Documents.** The Agency shall have executed and acknowledged the Grant Deed and any other documents required hereunder, and delivered such documents into Escrow.

(b) **Title Policy.** Developer shall have reviewed and approved the condition of title of the Site, as provided in Section 203 hereof, and the Title Company shall, upon

payment of Title Company's regularly scheduled premium, have agreed to provide the Title Policy for the Site upon the Closing, in accordance with Section 204 hereof.

(c) **Environmental.** The Developer shall either have approved, in writing, the environmental condition of the Site pursuant to Section 208.3 hereof, or if the Developer disapproved, in writing, the environmental condition of the Site pursuant to Section 208.3 hereof, then the Agency shall have decided to Remediate any such disapproved conditions on the Site and the Remedial Work shall have been completed pursuant to Section 208.3.

(d) **Land Use Approvals.** The Developer shall have received all land use approvals required pursuant to Section 304 hereof. Additionally, the Planning Commission shall have approved a resolution finding the City's conveyance of the Site to be in conformity with the Garden Grove General Plan pursuant to Section 304.1 hereof.

(e) **Resolution Regarding Parking Needs.** The City Council shall have passed a resolution finding that, based on the Parking Study, the Main Street businesses and the surrounding area no longer require the full one hundred sixty-one (161) public parking spaces currently located at the Site, and that the parking needs of the Main Street businesses and the surrounding area will be satisfied by the approximately one hundred seven (107) Public Parking Spaces to be constructed at the Site, comprised of approximately eighty-eight (88) at-grade spaces in the Project parking structure and approximately nineteen (19) spaces in the parking lot on the south parcel of the Site, and the approximately thirty-nine (39) spaces available for public parking on Grove Avenue and Acacia Parkway.

(f) **Plans and Permits.** All building, grading, and other permits required for the Project shall be ready to be issued.

(g) **Appraisal.** An updated appraisal shall have been conducted, which appraisal shall support the determination that the Purchase Price is equal to or greater than the fair market value of the Site, taking into consideration the restrictions and limitations on the use and development of the Site imposed by this DDA, the Easement Agreement, and the conditions to regulatory approval imposed by the City.

(h) **Financing.** Developer shall have obtained adequate financing for the development of the Project from a Construction Lender pursuant to Section 310 hereof which financing is acceptable to the Agency and Developer in their reasonable discretion, and such financing shall close and be available to Developer upon the Closing.

(i) **No Litigation.** No litigation shall be pending or threatened which seeks to enjoin the transactions contemplated by this Agreement or to obtain damages in connection therewith.

(j) **No Default.** Prior to the Closing, Agency shall not be in default in any of its obligations under the terms of this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

206. Representations and Warranties.

206.1 Agency Representations. Agency represents and warrants to Developer as follows:

(a) Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000, *et seq.*), which has been authorized to transact business pursuant to action of the City.

(b) Agency has full right, power and lawful authority to grant, sell and convey the Site as provided herein, and the execution, performance and delivery of this Agreement and the instruments referenced herein by Agency has been fully authorized by all requisite actions on the part of Agency.

(c) Agency's execution, delivery and performance of its obligations under this Agreement and the instruments referenced herein will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(d) To Agency's actual knowledge, there are no pending actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, affecting, or which may affect, all or any portion of the Site.

(e) To Agency's actual knowledge, there are no agreements (whether oral or written), affecting or relating to the right of any party with respect to the possession of the Site, or any portion thereof, which are obligations which will affect the Site or any portion thereof following the Closing.

(f) Except for this Agreement, the Agency has not provided any person or entity any rights of first refusals or options or other rights to lease or purchase the Site.

Until the Closing, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.1 not to be true as of Closing, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Agency hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Project. If Developer elects to close Escrow following disclosure of such information, Agency's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Developer elects to not close Escrow, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 206.1 shall survive the Closing.

206.2 Developer's Representations. Developer represents and warrants to Agency as follows:

(a) Authority. Developer is a duly organized corporation incorporated within and in good standing under the laws of the State of California. Developer has full right, power and lawful authority to purchase and accept the Conveyance of the Site, develop the Project

and undertake all obligations as provided herein. The execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of the Developer.

(b) No Conflict. To the best of Developer's knowledge, Developer's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement, or order to which the Developer is a party or by which it is bound.

(c) No Developer Bankruptcy. Developer is not the subject of a current or pending bankruptcy proceeding.

Until the Closing, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.2 not to be true as of Closing, immediately give written notice of such fact or condition to Agency. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Project. If Agency elects to close Escrow following disclosure of such information, Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Agency elects to not close Escrow, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 206.2 shall survive the Closing.

207. Studies and Reports. Prior to the Closing, the Developer shall be permitted to study the Site for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement, including the investigation of the environmental condition of the Site pursuant to Section 208 hereof and the feasibility studies required pursuant to Section 302 hereof (collectively, the "Studies"). Any preliminary work undertaken on the Site by Developer prior to the Closing shall be done at the sole expense of the Developer and Developer shall provide Agency with copies of any Studies or Reports conducted on the Site pursuant to this Section 207. Any preliminary work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies. The Agency shall provide to the Developer a copy of all documents and agreements in the possession or control of the Agency with respect to the Site within thirty (30) days after the Date of Agreement. Developer shall have forty-five (45) days from the date on which Developer receives the documentation referred to in the immediately preceding sentence to review such documentation (the "Due Diligence Period"); Developer may terminate this Agreement within such forty-five (45) day period by written notice to the Agency in accordance with Section 503 hereof if Developer reasonably believes that the condition of the Site will not support the construction of the Project thereon. Agency and Developer shall each have an ongoing obligation to provide to the other party any documents relating to the condition of the Site which are obtained during the escrow period.

208. Condition of the Site; Release of Agency as to Site.

208.1 Disclosure Regarding Condition of Site. Agency hereby represents and warrants to the Developer that the Agency has no actual knowledge, and has not received any notice or communication from any governmental agency having jurisdiction over the Site notifying the

Agency of the presence of surface or subsurface zone Hazardous Materials in, on or under the Site or any portion thereof.

208.2 Investigation of Site. The Developer may, prior to the Closing and at Developer's sole expense, cause an environmental investigation of the Site to be performed by an environmental consultant. The Agency shall promptly be provided a copy of all reports and test results provided by Developer's environmental consultant.

208.3 Approval of Environmental Condition of Site. Developer shall be entitled to reasonably approve or disapprove the environmental condition of the Site by written notice to the Agency. In the event that the Developer disapproves the environmental condition of the Site, the Agency shall have the option to Remediate and/or correct the conditions disapproved by the Developer. In the event the Agency chooses to Remediate such disapproved conditions on the Site, the Developer will not be entitled to terminate this Agreement due to the environmental condition of the Site provided that within sixty (60) days after the date Developer delivers its disapproval notice to Agency, Agency and Developer agree upon a remedial action plan ("RAP") for the disapproved conditions and further agree to any extensions to the items in the Schedule of Performance that are affected by the delay due to the Remediation work, including without limitation the Closing Date. The remedial work to be performed pursuant to the RAP ("Remedial Work") shall be performed by Agency in accordance with applicable Governmental Requirements. Agency shall proceed continuously and diligently with the Remedial Work and upon completion of the work Agency shall promptly deliver to Developer the closure letter or such other similar official acknowledgement that is required to be obtained or that may be reasonably available from said public agency or agencies with jurisdiction over the work that confirms each such agency's determination as to whether the work has been completed in accordance with the RAP and applicable Governmental Requirements. In the event Agency has elected to Remediate the Site, Agency's compliance with the provisions of this Section 208.3 shall be a Developer's Condition Precedent under Section 205.2(c). Upon completion of the Remedial Work, Developer shall have the right to inspect the Site to determine if it is reasonably satisfied that the Remedial Work has been completed in accordance with the approved RAP and applicable Governmental Requirements.

208.4 No Further Warranties As To Site; Delivery of Site "as is". Except as otherwise provided herein, the physical condition of the Site is and shall be delivered to Developer in an "as-is" condition, with no warranty expressed or implied by Agency, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Site for the development purposes intended hereunder. Notwithstanding anything to the contrary in this Agreement, neither party waives or relinquishes any common law or statutory rights it may have against one another or third persons arising from or related to the cause or source of any Hazardous Materials on the Site, or for contribution or indemnity as a result of site evaluation, remediation and/or clean-up costs and liability.

208.5 Developer Precautions After Closing. Upon the Closing, the Developer shall use commercially reasonable efforts to prevent the release into the environment of any Hazardous Materials which may be located in, on or under the Site. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials.

208.6 Required Disclosures After Closing. After the Closing, the Developer shall notify the Agency, and provide to the Agency a copy or copies, of all environmental permits,

disclosures, applications, entitlements or inquiries relating to the Site, including notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks. Upon request, the Developer shall furnish to the Agency a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Site including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

208.7 Developer Indemnity. Except as otherwise provided herein, upon Closing, Developer agrees to indemnify, defend and hold Agency and the City and their respective officers, employees, agents, representatives and volunteers harmless from and against any claim, action, suit, proceeding, damage, liability, deficiency, fine, penalty, or punitive damage (including, without limitation, reasonable attorneys' fees), resulting from, arising out of, or based upon (i) the release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Site which first occurs after the Closing, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site which first occurs after the Closing; it being the express intention of the parties that the foregoing provisions shall have no application to Hazardous Materials existing on or under the Site prior to the Closing Date. At the request of the Developer, the Agency shall cooperate with and assist the Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance. This indemnification shall not apply to (i) any release or discharge of Hazardous Materials, or violations of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site which occurred prior to the Closing, or any release after the Closing of Hazardous Materials that were located on the Site prior to the Closing except to the extent such released Hazardous Materials were handled, stored, or disposed of in a negligent manner by Developer or its employees, agents, or contractors, or (ii) any release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from the Site by Agency, City or any of their respective employees, agents or contractors, or (iii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from, the Site by Agency, City or any of their respective employees, agents or contractors.

300. DEVELOPMENT OF THE SITE

301. Scope of Development. Developer shall develop a total of approximately one hundred (100) condominium residential units on the Site (the "Housing Units"), approximately twelve (12) of which shall be Live-Work Units located on the ground level of the Project along Grove Avenue, approximately eighty eight (88) at-grade Public Parking Spaces for use by guests of the residents of the condominiums and the public, approximately nineteen (19) Public Parking Spaces in the parking lot at the southernmost parcel of the Site, and approximately two hundred (200) subterranean and at-grade Resident Parking Spaces reserved for use by the residents of the condominiums, associated landscaping, and all onsite and offsite improvements required as

conditions of regulatory approval of the foregoing (the "Project"). The Project shall be developed in accordance with the Scope of Development and the plans, drawings and documents submitted by Developer and approved by the Agency and the City as set forth herein, within the time periods set forth in the Schedule of Performance. Any demolition required to be performed at the Site shall be done by Developer at Developer's sole expense. Developer shall be responsible for any improvements required as conditions of regulatory approval to provide the thirty-nine (39) public parking spaces that are to be located on Grove Avenue and Acacia Parkway.

302. Trash Study. Prior to commencement of construction, Developer shall work with the City to create an appropriate and feasible solution to the lack of appropriate trash receptacle locations for the Main Street businesses.

303. Design Review.

303.1 Developer Submissions. Before commencement of construction of the Project or other works of improvement upon the Site, and as a Condition Precedent pursuant to Section 202, and at or prior to the times set forth herein, the Developer shall submit to the City any plans and drawings (collectively, the "Project Plans") which may be required by the City with respect to any permits and entitlements which are required to be obtained to develop the Project, and such plans for the Project as required by the City in order for the Developer to obtain building permits for the Project. Within thirty (30) days after the City's disapproval or conditional approval of such plans, the Developer shall use commercially reasonable efforts to revise the portions of such plans identified by the City as requiring revisions and shall resubmit the revised plans to the City.

303.2 City Review and Approval. The City shall have all rights to review and approve or disapprove all Project Plans and other required submittals in accordance with the City Municipal Code, and nothing set forth in this Agreement shall be construed as the City's approval of any or all of the Project Plans.

303.3 Revisions. Any and all change orders or revisions to the Project Plans required by the City and its inspectors which are required under the Municipal Code and all other applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Project Plans and other required submittals and shall be completed during the construction of the Project.

303.4 Defects in Project Plans. The Agency and the City shall not be responsible either to the Developer or to third parties in any way for any defects in the Project Plans, nor for any structural or other defects in any work done according to the approved Project Plans, nor for any delays reasonably caused by the review and approval processes established by this Section 303.

304. Land Use Approvals. Before commencement of construction of the Project or other works of improvement upon the Site, Developer shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, permits and approvals which may be required for the Project by the City or any other governmental agency affected by such construction or work, except for those which are the responsibility of Agency as set forth herein.

304.1 Finding of General Plan Consistency. No later than the date that is fifteen (15) days after the Date of Agreement, Agency shall submit a request to the Planning Commission of City to determine and make a finding that the disposition of the Property is consistent with the

City's General Plan in accordance with Government Code Section 65402 ("Consistency Finding Matter"). In the event that the Planning Commission has not taken action on the Consistency Finding Matter by the date that is thirty (30) days after the Agency has submitted such request, but no later than forty-five (45) days after the Date of Agreement, Developer shall have the right to terminate this Agreement pursuant to Section 503 hereof. If the Planning Commission makes the determination during the Escrow period that the consistency finding cannot be made, then Agency and Developer each shall have the right to terminate this Agreement and the Escrow by delivery of written notice to the other party and Escrow Agent.

304.2 Developer to Pay Costs. Developer shall, without limitation, apply for and secure the following, and pay all costs, charges and fees associated therewith:

(a) All permits, fees and approvals required by the City, County of Orange and other governmental agencies with jurisdiction over the Project (other than the costs of Remediation, if any);

(b) A Conditional Use Permit from the City, including necessary variances and waivers, if applicable;

(c) A zoning change from the City, if applicable; and

(d) All approvals required pursuant to the California Environmental Quality Act.

304.3 Agency Cooperation. Agency staff will work cooperatively with Developer to assist in coordinating the expeditious processing and consideration of all necessary permits, entitlements and approvals. The Developer shall be responsible for payment of all fees payable in connection with the Project. The execution of this Agreement does not constitute the granting of any required land use permits, entitlements or approvals.

305. Schedule of Performance. Developer shall submit all required plans and drawings, commence and complete all construction of the Project, and satisfy all other obligations and conditions of this Agreement within the times established therefor in this Agreement and the Schedule of Performance, subject to extensions pursuant to Section 602 hereof. Agency shall satisfy all other obligations and conditions of this Agreement within the times established therefor in this Agreement and the Schedule of Performance.

306. Cost of Construction. All of the cost of planning, designing, developing and constructing all of the Project, including the development of the Public Parking Spaces and all applicable offsite improvements, shall be borne solely by Developer.

307. Insurance Requirements. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of the final Certificate of Completion pursuant to Section 311 of this Agreement, a commercial general liability policy in the amount of Two Million Dollars ($2,000,000) per occurrence, and a comprehensive automobile liability policy in the amount of One Million Dollars ($1,000,000) per occurrence, or such other policy limits as the Agency may approve at its discretion, including contractual liability, as shall protect the Developer, City and Agency from claims for such damages, and which policy shall be issued by an "A" rated insurance carrier. Such policy or policies shall be written on an occurrence form. The Developer

shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that Developer and any contractor with whom it has contracted for the performance of work on the Site or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. The Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, employees, agents, representatives and volunteers as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the Agency or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance.

308. Developer's Indemnification. Except as otherwise set forth in this Agreement, the Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their officers, employees, agents, representatives and volunteers, harmless from all claims, judgments, demands, damages, defense costs or liability of any kind or nature arising out of or relating to the subject matter of this Agreement or the validity, applicability, interpretation or implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which is caused by the acts or omissions of the Developer under this Agreement, or that of Developer's agents, employees, or contractors, whether such damage shall accrue or be discovered before or after termination of this Agreement. In no event shall the foregoing indemnity apply to, and Developer shall not be liable for, such matters to the extent caused by the negligence, willful misconduct, breach of this Agreement, or failure to comply with applicable laws by the Agency or City or their respective agents, contractors or employees. The Developer shall have the obligation to defend any such action; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects Agency and City from any liability or obligation. In this regard, Developer's obligation and right to defend shall include the right to hire (subject to written approval by the Agency and City, which approval shall not be unreasonably withheld, conditioned or delayed) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer, Agency, or City.

309. Rights of Access. Representatives of Agency and City shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Project so long as Agency and City representatives comply with all safety rules and do not interfere with, delay or interrupt Developer's construction activities.

310. Financing of the Project.

310.1 Approval of Financing. As required herein and as an Agency Condition Precedent to the Closing, Developer shall submit to Agency evidence that Developer has obtained sufficient equity capital or has obtained firm and binding commitments for construction financing from a Construction Lender necessary to undertake the development of the Site and the construction of the Project in accordance with this Agreement. The Agency shall approve or disapprove such evidence of financing commitments within fifteen (15) days of receipt of a complete submission. Approval shall not be unreasonably withheld, delayed or conditioned. If Agency shall disapprove any such evidence of financing, Agency shall do so by Notice to Developer stating the specific reasons for such disapproval and Developer shall promptly obtain and submit to Agency new evidence of financing. Agency shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 310.1 for the approval or disapproval of the evidence of financing as initially submitted to Agency. Developer shall close the approved construction financing prior to or concurrently with the Closing.

Such evidence of financing shall include the following: (a) a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from one or more Construction Lenders for the mortgage loan or loans for construction financing for the Project, subject to such Construction Lenders' reasonable, customary and normal conditions and terms, and (b) other documentation reasonably satisfactory to the Agency as evidence of other sources of capital sufficient to reasonably demonstrate that Developer has adequate funds to cover the difference, if any, between the total cost of the construction and completion of the Project, less financing authorized by those loans set forth in clause (a) above.

310.2 No Encumbrances Except Mortgages, Deeds of Trust, or Sales and Leasebacks for Acquisition and Development. Mortgages, deeds of trust and sales and leasebacks for acquisition and construction financing shall be permitted before completion of the Project only with the Agency's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, but only for the purpose of securing loans of funds to be used for financing the acquisition of the Site and the construction of the Project (including architecture, engineering, legal, permit costs, construction interest, and related direct costs as well as indirect hard and soft costs) on or in connection with the Site (including real property taxes, assessments, and insurance costs), and any other purposes necessary and appropriate in connection with development under this Agreement. In no event, however, shall the amount or amounts of indebtedness secured by mortgages or deeds of trust exceed the sum of the fair market value of the Site and the projected cost of constructing the Project, as evidenced by a pro forma and a construction contract which set forth such construction costs. The Developer shall notify the Agency in advance of any mortgage, deed of trust or sale and leaseback financing, if the Developer proposes to enter into the same before completion of the construction of the Project. The words "mortgage" and "trust deed" as used hereinafter shall include sale and leaseback. Agency hereby covenants to reasonably cooperate with Developer in Developer's efforts to secure acquisition and construction financing from Developer's Construction Lender, and to execute all documents reasonably necessary and customary in connection therewith.

310.3 Holder Not Obligated to Construct Project. The holder of any mortgage or deed of trust authorized by this Agreement (including without limitation, all Construction Lenders) shall not be obligated by the provisions of this Agreement to construct or complete the Project or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any

other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

310.4 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer in completion of construction of the Project, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement (including without limitation, all Construction Lenders) a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Project, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 311 of this Agreement, to a Certificate of Completion. It is understood that a holder shall be deemed to have satisfied the thirty (30) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such thirty (30) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default. Agency agrees to reasonably consider modifications or amendments to this Agreement proposed by the Construction Lenders relating to the protection of their interests in the Project.

310.5 Failure of Holder to Complete Project. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof (including without limitation, all Construction Lenders) receives a notice from Agency of a default by the Developer in completion of construction of any of the Project under this Agreement, and such holder has not exercised the option to construct as set forth in Section 310.4, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase, without recourse and without representation or warranty (other than if the lender is the holder and beneficiary of the deed of trust), the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder, within sixty (60) days after foreclosure, of an amount equal to the sum of the following:

(a) The unpaid mortgage or deed of trust debt (including principal, interest, and all other sums secured by the mortgage or deed of trust) at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure including reasonable attorneys' fees;

(c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;

(d) The costs of any improvements made by such holder;

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and

(f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by the Developer.

310.6 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of any of the Project or any part thereof, Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default within the same cure periods, if any, given Developer under the mortgage or deed of trust. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be unconditionally and fully junior and subordinate to the mortgages or deeds of trust pursuant to this Section 310.

311. Certificate of Completion. Promptly after completion of all construction and development required by this Agreement to be completed by Developer upon the Site in conformity with this Agreement, including the completion of the Public Parking Spaces and the conveyance to Agency of the Public Parking Easement, the Agency shall furnish Developer with the Certificate of Completion upon written request therefor by Developer. The Agency shall not unreasonably withhold any such Certificate of Completion. Such Certificate of Completion shall be a conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and the Certificate of Completion shall so state. The Certificate of Completion shall be in such form as to permit it to be recorded in the Recorder's Office of Orange County. If the Agency refuses or fails to furnish a Certificate of Completion after written request from Agency, the Agency shall, within ten (10) days of written request therefor, provide Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also contain Agency's opinion of the actions Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate availability of specific items of materials for landscaping, the Agency will issue its Certificate of Completion upon the posting of a bond or other security acceptable to Agency in Agency's sole discretion by Developer with the Agency in an amount representing a fair value of the work not yet completed. Such Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Certificate of Completion is not a notice of completion as referred to in the California Civil Code Section 3093.

312. Compliance With Laws. The Developer shall carry out the design, construction and operation of the Project in conformity with all applicable laws, including all applicable state labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation (to the extent applicable) the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

312.1 Public Works Requirements. The Developer shall carry out the construction of the Project and the development of the Site in conformity with all applicable federal and state labor laws (including, without limitation, if applicable, the requirement under California law to pay prevailing wages). The parties believe that California law does not require the payment of prevailing wages with respect to the construction of the Project, because the Site is being sold at its fair market price, and the Agency is not providing any subsidies or assistance hereunder. The Developer shall be solely responsible for determining and effectuating compliance with all applicable public works requirements, prevailing wage laws, and federal and state labor laws, and the Agency and City make no representation as to the applicability or non-applicability of any of such laws to the Project or any part thereof. Developer hereby expressly acknowledges and agrees that the Agency has not previously affirmatively represented to the Developer or its contractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by this Agreement is not a "public work," as defined in Section 1720 of the Labor Code. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures or identifications required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. Developer shall indemnify, protect, defend and hold harmless the Agency, 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 reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the improvements, including, without limitation, any and all public works (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 Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. 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 and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 312.1, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Project by the Developer.

312.2 Liens and Stop Notices. If a claim of a lien or stop notice is given or recorded affecting the Site or the Project, the Developer shall within thirty (30) days of such recording or service or within five (5) days of the Agency's demand whichever last occurs:

(a) pay and discharge the same; or

(b) affect the release thereof by recording and delivering to the Agency a surety bond in sufficient form and amount, or otherwise; or

(c) provide the Agency with other assurance which the Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

400. COVENANTS AND RESTRICTIONS

401. Uses. The Developer covenants and agrees to devote, use, operate, and maintain the Site in accordance with the Grant Deed, the Association CC&Rs, and this Agreement. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to the Redevelopment Plan, all applicable provisions of the Garden Grove Municipal Code, and the recorded documents pertaining to and running with the Site.

402. Provision of Public Parking Spaces.

402.1 Public Parking Spaces. The Site is currently located in Vehicle Parking District No. 2, and currently provides one hundred sixty-one (161) public parking spaces at no cost. These parking spaces are used by customers, proprietors, and employees of the retail and commercial businesses on Main Street in Garden Grove and the surrounding area. The Developer conducted a study of the parking needs of the area which determined that fewer than the one hundred sixty-one (161) currently-available spaces are needed to support the businesses on Main Street and the surrounding areas (the "Parking Study"). According to the Parking Study, the parking needs of the Main Street businesses and the surrounding area will be satisfied by the creation of (i) approximately thirty-nine (39) parking spaces along Grove Avenue and Acacia Parkway; (ii) approximately one hundred seven (107) Public Parking Spaces on the Site, comprised of approximately nineteen (19) spaces in the parking lot at the south end of the Site, and approximately eighty-eight (88) at-grade spaces to be located in the Project parking structure; and (iii) the other public parking lots located in the surrounding area. The Garden Grove City Council intends to pass a resolution declaring that the approximately one hundred forty six (146) public parking spaces described in the immediately preceding sentence will fully satisfy the need for parking to support the businesses on and around Main Street in the City and the guest parking needs of the Project.

402.2 Construction of Public Parking Spaces. The Developer shall construct the Public Parking Spaces according to the Scope of Development and within the time set forth in the Schedule of Performance. City and Developer shall enter into an Easement Agreement in substantially the form attached hereto as Attachment No. 8, pursuant to which Developer will grant a permanent easement to City reserving the Public Parking Spaces for guest and public use. Developer agrees to comply with all Governmental Regulations, including each and every applicable public works requirement set forth in Section 312.1 herein to the extent such requirements are applicable, when constructing the Public Parking Spaces.

402.3 Location of Public Parking Spaces. The Public Parking Spaces shall be located on the ground level of the Project and in the parking lot at the south end of the Site, and use of such spaces shall be provided to the public and guests of the residents of the Project at no cost.

403. Live-Work Housing Units. The Project shall include approximately twelve (12) two-story, live-work Housing Units ("Live-Work Units") located along Grove Avenue, each of which shall consist of a lower level suitable for use as professional or administrative offices or custom art studios, or such other uses as a approved by the City's zoning administrator and an upper level suitable for residential use. The Live-Work Units shall be sold to the greatest extent feasible to persons who intend to both live in and maintain retail or commercial businesses in the units and such restriction on use shall be included in the grant deed for the Live-Work Units and in the Association CC&Rs. The Association CC&Rs shall restrict the type of businesses that can be operated out of the Live-Work Units to exclude establishments selling alcohol and adult-oriented retail or services catering mainly to adults. Any such restrictions on the Live-Work Units in the Association CC&Rs and any modifications thereto shall be subject to the Agency's reasonable approval.

404. Maintenance and CC&Rs. The Developer shall maintain or cause to be maintained the interiors and exteriors of the Project and the Site in a decent, safe and sanitary manner, in accordance with the standard of maintenance of similar mixed-use developments within Orange County, California. No exterior alterations of the buildings or landscaping shall be made without the prior written consent of the Agency. If at any time Developer fails to maintain the Project and/or the Site in accordance with this Agreement and such condition is not corrected within five days after written notice from the Agency with respect to graffiti, debris, waste material, and general maintenance, or thirty days after written notice from the Agency with respect to landscaping and building improvements (subject to notice and an opportunity to cure pursuant to Section 501 hereof), then the Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project and the Site and perform all acts and work necessary to protect, maintain, and preserve the Improvements and landscaped areas on the Project and the Site, and to attach a lien upon the Project and the Site, or to assess the Project and the Site, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Agency and/or costs of such cure, including a fifteen percent (15%) administrative charge, which amount shall be promptly paid by Developer to the Agency upon demand. The Developer intends to hire an operating company to perform all maintenance activities. The Developer shall maintain the Public Parking until such time that the maintenance obligation is transferred to the Association.

The Developer shall prepare and submit to the City and the Agency for their reasonable approval a Declaration of Covenants, Conditions and Restrictions (the "Association CC&Rs"), which establishes a property owner's association for the Housing Units, the Resident Parking, and the Public Parking (the "Association"). The Association CC&Rs shall require the owners of all Housing Units to be members of the Association. The Association CC&Rs shall entitle each owner to use of the common areas and facilities to be constructed on the Site and shall set forth an equitable apportionment of the costs of maintaining and operating such common areas and facilities in accordance with California law. The Association CC&Rs shall require the maintenance of the improvements and the Site in accordance with the standards of this Section 404 and the standards of similar developments within the County. In addition, the Association CC&Rs shall contain the use restrictions set forth in Section 403, above. The Association CC&Rs shall be enforceable by the Agency, and any substantive amendments to the Association CC&Rs shall require the consent of the Agency, which consent shall not unreasonably be withheld. The Association CC&Rs shall be

recorded against the Site before the sale of any Housing Units. The Association CC&Rs shall specifically state that the Agency and City are intended third party beneficiaries of the Association CC&Rs with the ability to enforce all the obligations set forth therein, including, without limitation, the ability to cause any and all maintenance and repair obligations to be performed. The Association CC&Rs shall state that any provision relating to the maintenance of the Site, the use of the Live-Work Units, or parking, may only be amended with the consent and approval, in writing, of the City and the Agency. When Developer completes all development contemplated under this Agreement and conveys all of its interest in the Site, and the Association assumes responsibility of the maintenance of the Project, including the Public Parking Spaces according to the applicable provisions of the Association CC&Rs, the Developer shall be released from any further maintenance obligations hereunder.

405. Nondiscrimination Covenants. The Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Developer 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 Site. The foregoing covenants shall run with the land.

The Developer shall refrain from restricting the rental, sale or lease of the Site or any of the Housing Units on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such 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 race, color, creed, religion, sex, 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 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, 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 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 race, color, creed, religion, sex, marital status, national origin, or ancestry 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."

(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, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee 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, subtenants, sublessees or vendees of the premises."

406. Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction. The covenants established in this Agreement, the Association CC&Rs, the Easement Agreement, and the Grant Deed shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, as to those covenants which are for its benefit or the benefit of the public. The covenants contained in this Agreement shall remain in effect for the periods of time specified therein. The covenants against discrimination shall remain in effect in perpetuity.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purpose of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. The Agreement and the covenants shall run in favor of the Agency, without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site or in the Project Area. Except as otherwise set forth herein, the Agency shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. The City is an intended third party beneficiary of this Agreement and the covenants contained herein, and subject to the liquidated damages provision of Section 505 hereof shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled.

After issuance of a Certificate of Completion for all of the Project, all of the terms, covenants, agreements and conditions set forth in this Agreement relating to the construction and development of the Site shall cease and terminate. All of the other applicable terms, covenants, and conditions set forth in this Agreement relating to use, operation, ownership, and maintenance of the Site shall survive and shall remain in full force and effect.

500. DEFAULTS AND REMEDIES

501. Default Remedies. Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default" under this Agreement. A party claiming a Default shall give written notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within thirty (30) days from receipt of such notice cures such Default, or if the nature of such Default is that it cannot reasonably be expected to be cured within such thirty (30) day period, then the claimant shall not institute any proceeding

against any other party, and the other party shall not be in Default if such party, with due diligence, commences to cure, correct or remedy such failure or delay within thirty (30) days of notice thereof and completes such cure, correction or remedy with diligence.

502. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or 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 Orange, State of California, or in the United States District Court for the Central District of California.

503. Termination by Developer. In the event that Developer is not in default under this Agreement and prior to the Closing:

(a) Agency does not tender title to the Site pursuant to the Grant Deed in the manner and condition and by the date provided in this Agreement, or

(b) One or more of Developer's Conditions Precedent to the Closing is not satisfied on or before the time set forth in the Schedule of Performance; or

(c) The Cooperation Agreement is rescinded, revoked, or otherwise amended in a manner that would prevent the Agency from acquiring the Site from the City at Closing or is not executed by the City and the Agency within thirty (30) days of the date of this Agreement; or

(d) Developer determines the condition of the Site will not support the construction of the Project thereon as set forth in Section 207 hereof; or

(e) The Planning Commission has not approved a resolution finding the City's conveyance of the Site to be in conformity with the Garden Grove General Plan within forty-five (45) days of the Date of Agreement, as set forth in Section 304.1 hereof; or

(f) A lawsuit is filed challenging the validity of this Agreement, including without limitation any land use or other entitlements, permits, or approvals required for the implementation of this Agreement, or which would otherwise impair Developer's ability to implement this Agreement, and the Developer reasonably believes defending such challenge will be futile or so costly as to make completion of the Project financially impracticable; or

(g) Within forty-five (45) days of the Date of Agreement, the City Council has not approved a resolution finding that, based on the Parking Study, the Main Street businesses and the surrounding area no longer require the full one hundred sixty-one (161) public parking spaces currently located at the Site, and that the parking needs of the Main Street businesses and the surrounding area will be satisfied by the approximately one hundred seven (107) Public Parking Spaces to be constructed at the Site, comprised of approximately eighty-eight (88) at-grade spaces in the Project parking structure and approximately nineteen (19) spaces in the parking lot on the south parcel of the Site, and the approximately thirty nine (39) spaces available for public parking on Grove Avenue and Acacia Parkway; or

(h) In the event of any default of Agency prior to the Closing which is not cured within the time set forth in Section 501 hereof, and any such failure is not cured within the applicable time period after written demand by Developer,

then this Agreement may, at the option of Developer, be terminated by written notice thereof to Agency. From the date of the written notice of termination of this Agreement by Developer to Agency and thereafter this Agreement shall be deemed terminated, and there shall be no further rights or obligations between the parties with respect to the Site, except that Developer may pursue any remedies it has hereunder.

504. Termination by Agency. In the event that Agency is not in Default under this Agreement and prior to the Closing:

(a) One or more of Agency's Conditions Precedent to the Closing is not satisfied on or before the time set forth in the Schedule of Performance; or

(b) Developer is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 501 hereof;

then this Agreement and any rights of Developer or any assignee or transferee with respect to or arising out of the Agreement, shall, at the option of Agency, be terminated by Agency by written notice thereof to Developer. From the date of the written notice of termination of this Agreement by Agency to Developer and thereafter this Agreement shall be deemed terminated, and there shall be no further rights or obligations between the parties with respect to the Site, except that Agency may pursue any remedies it has hereunder.

505. LIQUIDATED DAMAGES. IN THE EVENT THE CLOSING HAS NOT OCCURRED BY THE OUTSIDE CLOSING DATE BECAUSE OF A DEFAULT BY DEVELOPER UNDER THIS AGREEMENT AND THE DEVELOPER HAS NOT TERMINATED THIS AGREEMENT AS PROVIDED IN SECTION 503 ABOVE, THEN THE ESCROW AGENT MAY BE INSTRUCTED BY AGENCY TO CANCEL THE ESCROW, IF THE ESCROW HAS BEEN OPENED, AND AGENCY SHALL THEREUPON BE RELEASED FROM ITS OBLIGATIONS HEREUNDER. DEVELOPER AND AGENCY AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH AGENCY'S DAMAGES BECAUSE OF A FAILURE TO CLOSE ESCROW BY THE OUTSIDE DATE. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE DELAY OR FRUSTRATION OF TAX REVENUES THEREFROM TO THE CITY AND THE AGENCY, THE DELAY OR FAILURE OF THE AGENCY TO FURTHER THE IMPLEMENTATION OF THE REDEVELOPMENT PLAN, AND A LOSS OF OPPORTUNITY TO ENGAGE IN OTHER POTENTIAL TRANSACTIONS, RESULTING IN DAMAGE AND LOSS TO THE AGENCY. AGENCY AND DEVELOPER, IN A REASONABLE EFFORT TO ASCERTAIN WHAT AGENCY'S DAMAGES WOULD BE IN THE EVENT OF SUCH DEFAULT BY DEVELOPER, HAVE AGREED BY PLACING THEIR INITIALS BELOW THAT THE DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF AGENCY'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. IN THE EVENT OF AND FOR SUCH DEFAULT BY DEVELOPER RESULTING IN A FAILURE TO CLOSE ESCROW, AGENCY SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT AND TO RETAIN THE DEPOSIT PLUS ALL INTEREST

THEREON AS LIQUIDATED DAMAGES AND AS AGENCY'S SOLE REMEDY AGAINST DEVELOPER FOR SUCH DEFAULT. ACCORDINGLY, DEVELOPER AND AGENCY AGREE THAT IN THE EVENT ESCROW DOES NOT CLOSE ON OR BEFORE THE OUTSIDE DATE AND DEVELOPER HAS NOT TERMINATED THIS AGREEMENT AS PROVIDED HEREIN, IT WOULD BE REASONABLE AT SUCH TIME TO AWARD AGENCY "LIQUIDATED DAMAGES" EQUAL TO THE AMOUNT OF THE DEPOSIT PROVIDED FOR IN SECTION 201.2 ABOVE. THE FOREGOING SHALL NOT LIMIT AGENCY'S RECOVERY FOR A DEFAULT BY DEVELOPER RESULTING IN DAMAGES OTHER THAN OR IN ADDITION TO A FAILURE TO CLOSE ESCROW BY THE OUTSIDE CLOSING DATE, NOR SHALL THE FOREGOING OTHERWISE LIMIT ANY RECOVERY BY AGENCY UNDER ANY INDEMNITIES MADE BY DEVELOPER IN THIS AGREEMENT OR ANY RECOVERY OF ATTORNEYS' FEES OR COSTS BY AGENCY HEREUNDER. FURTHER, THE DAMAGES RECOVERABLE BASED UPON DEVELOPER'S BREACH OF ANY POST-CLOSING OBLIGATIONS OF DEVELOPER SHALL NOT BE LIMITED BY THE SUMS RECOVERABLE UNDER THIS SECTION 505.

AGENCY AND DEVELOPER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION 505 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Agency's Initials

Developer's Initials

506. Reentry and Revesting of Title to the Site After the Conveyance and Prior to Completion of Construction. Agency has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in Agency the estate conveyed to Developer by the Conveyance if after the Closing and prior to the issuance of the Certificate of Completion, Developer (or its successors in interest) shall:

(a) fail to start the construction of the Project as required by this Agreement for a period beginning when Developer receives written notice of such failure from Agency pursuant to Section 501 and ending on the later of (i) sixty (60) days or (ii) the end of the cure period provided in Section 501 hereof (subject to extensions pursuant to Section 602 hereof); or

(b) abandon or substantially suspend construction of the Project required by this Agreement for a period beginning when Developer receives written notice of such abandoned or suspended construction from Agency pursuant to Section 501 and ending on the later of (i) sixty (60) days or (ii) the end of the cure period provided in Section 501 hereof (subject to extensions pursuant to Section 602 hereof); or

(c) contrary to the provisions of Section 603 transfer or suffer any involuntary transfer of the Site or any part thereof in violation of this Agreement, which is not cured within the notice and cure period in Section 501.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by this Agreement; or

2. Any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deeds of trust.

The Grant Deed shall contain appropriate reference and provision to give effect to Agency's right as set forth in this Section 506, under specified circumstances prior to recordation of the Certificate of Completion, to reenter and take possession of the Site, with all improvements thereon, and to terminate and revest in Agency the estate conveyed to Developer. Upon the revesting in Agency of title to the Site as provided in this Section 506, Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by Agency) who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to Agency and in accordance with the uses specified for such Site or part thereof in the Redevelopment Plan. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this Agreement, shall be applied:

i. First, to reimburse Agency for all costs and expenses incurred by Agency, excluding Agency staff costs, but specifically, including, but not limited to, any expenditures by Agency in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by Agency from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which Developer has not paid; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time or revesting of title thereto in Agency, or 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 improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing Agency, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession, less (b) any gains or income withdrawn or made by Developer from the Site or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by Agency as its property. In the event Agency exercises its rights under this Section 506 and acquires the Site, Developer shall have no further responsibility for developing the Project; however, the rights established in this Section 506 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that Agency will have conveyed the Site to Developer for redevelopment purposes, particularly for development of housing and commercial uses and not for speculation in undeveloped land.

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

508. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either 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 the other party.

509. Inaction Not a Waiver of Default. Any failures or delays by either 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, or deprive either such 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.

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

600. GENERAL PROVISIONS

601. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Agency:	Garden Grove Agency for Community Development 11222 Acacia Parkway Garden Grove, California 92842 Attention: Matthew Fertal, Agency Director
With Copy To:	Stradling Yocca Carlson & Rauth 660 Newport Center Drive, Suite 1600 Newport Beach, California 92660 Attn: Jon E. Goetz, Agency Special Counsel
To Developer:	The Sheldon Group c/o Sheldon Public Relations 901 Dove Street, Suite 140 Newport Beach, California 92660 Attn: Mr. Steve Sheldon

Any written notice, demand or communication shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

602. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to causes beyond the control or without the fault of the party claiming an extension of time to perform, which may include, without limitation, the following: war; acts of terrorism, insurrection; strikes; lockouts; labor troubles; inability to procure materials; power failures; riots; floods; earthquakes; fires; other natural disasters; casualties; acts of God; acts of terrorism; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; unusually severe weather; acts or omissions of the other party; governmental moratoria; or acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of Agency which shall not excuse performance by Agency). Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause 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 party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Developer. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the Improvements shall not constitute grounds of enforced delay pursuant to this Section 602.

603. Transfers of Interest in Site or Agreement.

603.1 Prohibition. The qualifications and identity of Developer are very important and of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this Agreement with Developer. Except as provided as provided in Section 603.2, below, no voluntary or involuntary successor in interest of Developer shall, prior to the issuance of the Certificate of Completion, (i) acquire any rights or powers under this Agreement, (ii) make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the improvements thereon, or (iii) transfer the Project, without the prior written approval of the Agency, except as expressly set forth herein.

603.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, Agency approval of an assignment of this Agreement or conveyance of the Site or Project, or any part thereof, shall not be required in connection with any of the following:

(a) Any transfers to an entity or entities in which Developer or the sole shareholder of the Developer retains a portion of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

(b) The conveyance or dedication of any portion of the Site to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Project.

(c) Any requested assignment for financing purposes (subject to such financing being considered and approved by Agency pursuant to Section 310 herein), including the grant of a deed of trust to secure the funds necessary for land acquisition, construction and permanent financing of the Project.

(d) The presale and sale of individual Housing Units to homebuyers in the ordinary course of business.

In the event of an assignment by Developer under subparagraph (a) above not requiring Agency's prior approval, Developer nevertheless agrees that at least thirty (30) days prior to such assignment Developer shall give written notice to Agency of such assignment and satisfactory evidence that the assignee has assumed the obligations of this Agreement.

603.3 Agency Consideration of Requested Transfer. Developer anticipates that Developer will enter into a partnership or other joint venture with an entity experienced in the development of mixed-use residential developments involving subterranean Project parking structures or such other types of developments similar to the Project. Agency acknowledges Developer's intention to enter into such a partnership or joint venture arrangement and agrees that it will not unreasonably withhold approval of a request made pursuant to this Section 603 for the transfer of Developer's interest in this Agreement or the Site to such partnership or joint venture, provided Developer delivers written notice to Agency requesting such approval. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and/or operational qualifications and experience, its financial commitments and resources and its ability to comply with the covenants set forth herein, in sufficient detail to enable Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and as reasonably determined by Agency. Agency shall evaluate each proposed transferee or assignee on the basis of its development and/or qualifications and experience in the development of facilities similar to the Project, its financial commitments and resources and its ability to comply with those covenants set forth herein, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 603 applies, which Agency determines does not possess equal or better qualifications than the transferring Developer, as applicable. An assignment and assumption agreement in form satisfactory to Agency's legal counsel shall also be required for all proposed assignments. Within thirty (30) days after the receipt of Developer's written notice requesting Agency approval of an assignment or transfer pursuant to this Section 603, Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to Agency such further information as may be reasonably requested.

603.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and their permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

603.5 Assignment by Agency. Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of Developer, which approval shall not be unreasonably withheld; provided, however, that Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of Developer; provided further that any such assignee of Agency shall assume all of the obligations of Agency hereunder.

604. Non-Liability of Officials and Employees of Agency. No member, official or employee of Agency or the City shall be personally liable to Developer or any successor in interest,

in the event of any Default or breach by Agency (or the City) or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement.

605. Relationship Between Agency and Developer. It is hereby acknowledged that the relationship between Agency and Developer is not that of a partnership or joint venture and that Agency and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project. Developer agrees to indemnify, hold harmless and defend Agency from any claim made against Agency arising from a claimed relationship of partnership or joint venture between Agency and Developer with respect to the development, operation, maintenance or management of the Site or the Project which claim arises from or is based upon actions by Developer.

606. Agency Approvals and Actions. The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency Director (or his duly authorized representative). The Agency Director shall have the authority to make approvals, issue interpretations, waive provisions, enter into amendments of this Agreement, sign and approve escrow documents and additional documents, on behalf of the Agency so long as such actions do not materially or substantially change the uses or development permitted on the Site, or materially or substantially add to the costs incurred or to be incurred by the Agency as specified herein. Such actions which may be approved by the Agency Director include extensions of time to perform as specified in the Schedule of Performance, extensions of the Outside Closing Date, assignments under Section 603.3, and changes to the Scope of Development. All other material and/or substantive approvals, interpretations, waivers or amendments, shall require the consideration, action and written consent of the Agency Board.

607. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement.

608. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes Attachment Nos. 1 through 8, which together with the Agreement constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

609. Real Estate Brokerage Commission. Agency and Developer each represent and warrant to the other that no broker or finder is entitled to any commission or finder's fee in connection with this transaction, and Developer and Agency agree to defend and hold each other harmless from any claim to any such commission or fee resulting from any action on its part.

610. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief or any other

relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

611. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

612. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

613. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

614. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

615. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

616. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens) and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

617. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

618. Time of Essence. Time is expressly made of the essence with respect to the performance by Agency and Developer of each and every obligation and condition of this Agreement.

619. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or

appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

620. Conflicts of Interest. No member, official or employee of Agency 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 personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

621. Time for Acceptance of Agreement by Agency. This Agreement, when executed by Developer and delivered to Agency, must be authorized, executed and delivered by Agency within thirty (30) days after signing and delivery of this Agreement by Developer or this Agreement shall be void, except to the extent that Agency and Developer shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement by Agency.

622. Date of Agreement. The date of this Agreement ("Date of Agreement") shall be the date set forth in the first paragraph of this Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date set forth above.

AGENCY:

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic

By: _____
Chairperson

ATTEST:

_____
Agency Secretary

APPROVED AS TO FORM:

_____
Stradling Yocca Carlson & Rauth,
Agency Special Counsel

DEVELOPER:

SHELDON PUBLIC RELATIONS, a California corporation

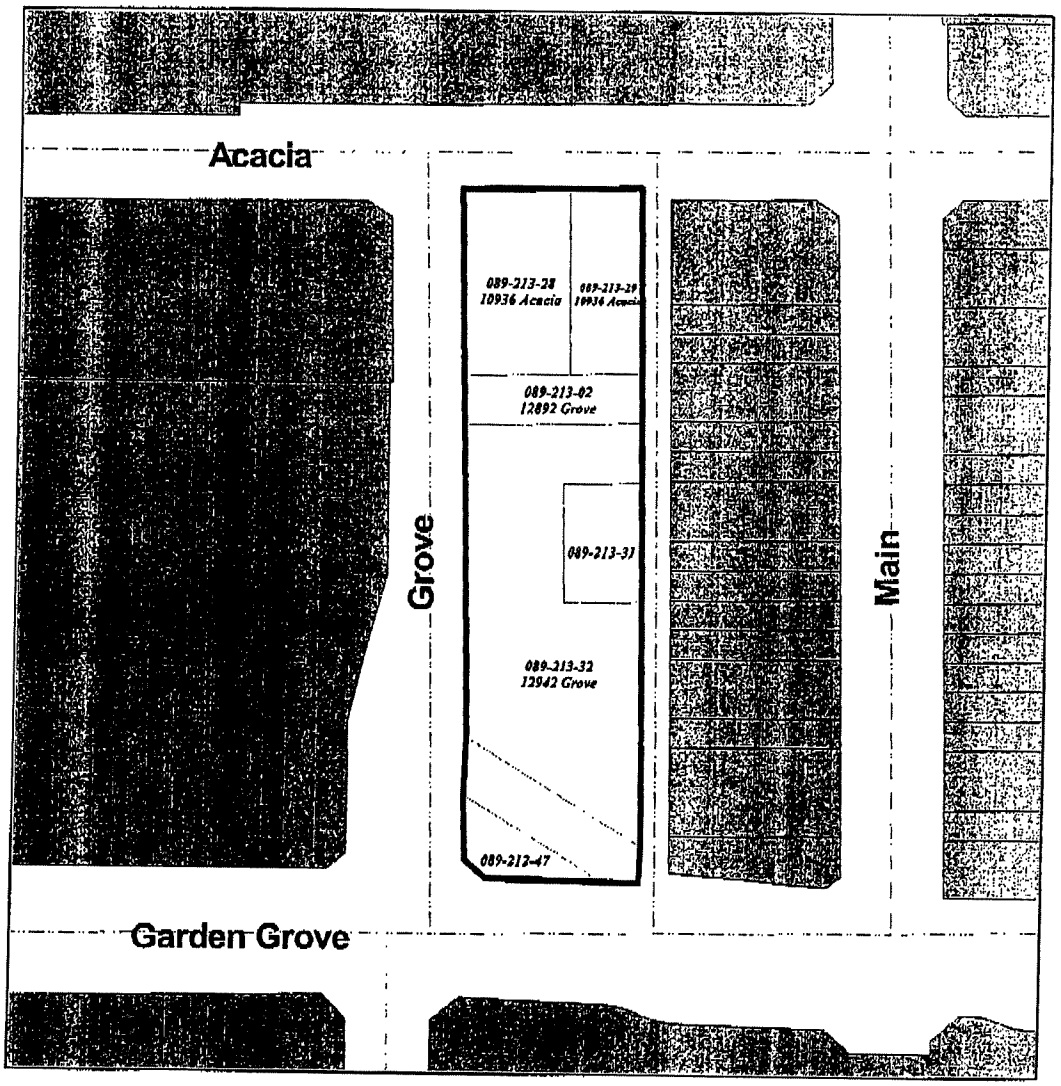
By: _____
Steve Sheldon, President

ATTACHMENT NO. 1

SITE MAP

GARDEN GROVE

SITE MAP
VPD NO. 2, LOT NO. 1



50 0 50 100 150 200 Feet

N

NOTE

- THE ENTIRE SUBJECT SITE IS OWNED BY THE CITY OF GARDEN GROVE

CITY OF GARDEN GROVE
ECONOMIC DEVELOPMENT DEPARTMENT
GIS SYSTEM
REF: MAINGROVE.APR
OCTOBER 2006

ATTACHMENT NO. 2

LEGAL DESCRIPTION

PARCEL 1

LOTS 25 TO 36, INCLUSIVE, OF SCHOOL ADDITION TO GARDEN GROVE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2

THAT PORTION OF GROVE AVENUE, 40.00 FEET WIDE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS SHOWN AND DEDICATED ON THE MAP OF SCHOOL ADDITION TO GARDEN GROVE RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS DELINEATED AND IDENTIFIED AS OLD C/L GROVE AVENUE ON THE MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY WHICH EXTENDS NORTHWESTERLY FROM THE SOUTHERLY PROLONGATION OF THE EAST LINE OF LOT 33 OF SAID SCHOOL ADDITION TO GARDEN GROVE , TO THE EAST LINE OF SAID GROVE AVENUE, AS SHOWN ON THE MAP THE SAID RECORD OF SURVEY 91-1127.

THE SIDELINES OF SAID GROVE AVENUE HEREIN VACATED SHALL BE PROLONGED OR SHORTENED SO AS TO TERMINATE SOUTHEASTERLY ON SAID SOUTHERLY PROLONGATION OF THE EAST LINE OF SAID LOT 33 AND NORTHWESTERLY ON SAID EAST LINE OF GROVE AVENUE AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

EXCEPT THEREFROM THAT PORTION THEREOF, WHICH LIES WITHIN THE LINES OF GARDEN GROVE BOULEVARD AS, SAID STREET IS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

TOGETHER WITH:

THAT PORTION OF GROVE AVENUE, AS HEREINABOVE DESCRIBED, LYING NORTH OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID OLD GROVE AVENUE, WEST OF THE WEST LINE OF LOTS 31 AND 32 OF SAID SCHOOL ADDITION TO GARDEN GROVE AND EAST OF THE EAST LINE OF SAID GROVE AVENUE AS SHOWN ON SAID RECORD OF SURVEY 91-1127.

PARCEL 3

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS

PER MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 12-12A IN FINAL ORDER OF CONDEMNATION ENTERED JANUARY 5, 1983, SUPERIOR COURT CASE 12-03-46, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 6, 1983, AS INSTRUMENT 83-0077859 OF OFFICIAL RECORDS OF SAID COUNTY, WHICH LIES EASTERLY OF THE EAST LINE OF GROVE AVENUE 56.00 FEET WIDE AS SHOWN ON A MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND WHICH LIES WITHIN GARDEN GROVE BOULEVARD AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY

ATTACHMENT NO. 3

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Sheldon Public Relations)
901 Dove Street, Suite 140)
Newport Beach, California 92660)
Attn: Steve Sheldon)
)

This document is exempt from payment of a recording fee pursuant to Government Code Section 27383.

Documentary Transfer Tax: $_____
Based on Full Value of Real Property Conveyed

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic (the "Agency"), acting to carry out the Redevelopment Plan ("Redevelopment Plan") for the Garden Grove Community Project, under the Community Redevelopment Law of California, hereby grants to **SHELDON PUBLIC RELATIONS,** a California corporation ("Developer"), as of this _____, 200__, the real property hereinafter referred to as the "Site," described in Exhibit A attached hereto and incorporated herein, subject to the existing easements, restrictions and covenants of record described there.

1. Agency Reservation. Agency excepts and reserves from the conveyance herein described all interest of Agency in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than five hundred (500) feet below the surface, together with the right to drill into, through and to use and occupy all parts of the Site lying more than five hundred (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 said Site or other lands, but without, however, any right to use either the surface of the Site or any portion thereof within five hundred (500) feet of the surface for any purpose or purposes whatsoever, or to use the Site in such a manner as to create a disturbance to the use or enjoyment of the Site.

2. Subject to DDA. The Site is conveyed in accordance with and subject to the Disposition and Development Agreement entered into between Agency and Developer dated October 24, 2006, (the "DDA"), a copy of which is on file with Agency at its offices located at 11222 Acacia Parkway, Garden Grove, California 92842 as a public record and which is incorporated herein by reference. The DDA generally requires Developer to construct approximately one hundred (100) condominium housing units including approximately twelve (12) Live-Work Units, approximately two hundred (200) Resident Parking Spaces, approximately eighty-eight (88) at-grade Public Parking Spaces located within the condominium building, approximately nineteen (19) Public Parking Spaces located in the parking lot on the southernmost parcel of the Site, associated landscaping, and all onsite and offsite improvements required as conditions of regulatory approval of the foregoing (the

"Project") on the Site, and other requirements as set forth therein. All terms used herein shall have the same meaning as those used in the DDA.

3. **Public Parking Spaces.** Developer shall construct approximately eighty-eight (88) at-grade Public Parking Spaces at the Project and approximately nineteen (19) Public Parking Spaces in the lot at the south end of the Site, to be used by the public and guests of the residents of the Project at no cost in accordance with the "Public Parking Easement" which shall be conveyed to the City for the benefit of the public pursuant to that certain Easement Agreement entered into between the City and Developer, dated _____, 2006 ("Easement Agreement").

4. **Restrictions on Use.** Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that upon the date of this Grant Deed, (i) Developer shall devote the Site to the uses specified in the DDA for the periods of time specified therein, and (ii) Developer shall construct the Project in accordance with Section 301 of the DDA. All uses conducted on the Site, including, without limitation, all activities undertaken by Developer pursuant to the Agreement, shall conform to the Redevelopment Plan and all applicable provisions of the Garden Grove Municipal Code. The foregoing covenants shall run with the land.

5. **Live-Work Housing Units.** The Project shall include approximately twelve (12) two-story, live-work Housing Units ("Live-Work Units") located along Grove Avenue, each of which shall consist of a lower level suitable for use as professional and administrative offices or custom art studios, or such other uses as are approved by the City's zoning administrator and an upper level suitable for residential use. The Live-Work Units shall be sold to the greatest extent feasible to persons who intend to both live in and maintain retail or commercial businesses in the units and such restriction on use shall be included in the grant deed for the Live-Work Units and in the Association CC&Rs. The Association CC&Rs shall restrict the type of businesses that can be operated out of the Live-Work Units to exclude establishments selling alcohol and adult-oriented retail or other services catering mainly to adults. Any such restrictions on the Live-Work Units in the Association CC&Rs and any modifications thereto shall be subject to the Agency's reasonable approval.

6. **Maintenance and CC&Rs.** The Developer shall maintain or cause to be maintained the interiors and exteriors of the Project and the Site in a decent, safe and sanitary manner, in accordance with the standard of maintenance of similar housing units within Orange County, California. No exterior alterations of the buildings or landscaping shall be made without the prior written consent of the Agency. If at any time Developer fails to maintain the Project and/or the Site in accordance with this Agreement and such condition is not corrected within five days after written notice from the Agency with respect to graffiti, debris, waste material, and general maintenance, or thirty days after written notice from the Agency with respect to landscaping and building improvements (subject to notice and an opportunity to cure pursuant to Section 501 of the DDA), then the Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project and the Site and perform all acts and work necessary to protect, maintain, and preserve the Improvements and landscaped areas on the Project and the Site, and to attach a lien upon the Project and the Site, or to assess the Project and the Site, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Agency and/or costs of such cure, including a fifteen percent (15%) administrative charge, which amount shall be promptly paid by Developer to the Agency upon demand. The Developer intends to hire an operating company to perform all maintenance activities on the Site.

The Developer or the Association shall maintain the Public Parking Area according to the provisions of the Public Parking Easement which shall be conveyed to the City for the benefit of the public.

7. **Association CC&Rs.** The Developer shall prepare and submit to the Agency and City for their reasonable approval a Declaration of Covenants, Conditions and Restrictions (the "Association CC&Rs"), which establishes a property owner's association for the Housing Units and the Resident and Public Parking areas (the "Association"). The Association CC&Rs shall require the owners of all Housing Units to be members of the Association. The Association CC&Rs shall entitle each owner to use of the common areas and facilities to be constructed on the Site and shall set forth an equitable apportionment of the costs of maintaining and operating such common areas and facilities in accordance with California law. The Association CC&Rs shall require the maintenance of the improvements and the Site in accordance with the standards of this Section 7 and the standards of similar developments within the County. The Association CC&Rs shall be enforceable by the Agency and the City, and any substantive amendments to the Association CC&Rs that relate to maintenance, the use of the Live-Work Units, or parking shall require the consent of the Agency and the City, which consent shall not unreasonably be withheld. The Association CC&Rs shall be recorded against the Site before the sale of any Housing Units. The Association CC&Rs shall specifically state that the Agency and the City are intended third party beneficiaries of the Association CC&Rs with the ability to enforce all the obligations set forth therein, including, without limitation, the ability to cause any and all maintenance and repair obligations to be performed. When Developer completes all development contemplated under the DDA and conveys all of its interest in the Site, and the Association assumes responsibility of the maintenance of the Project, including the Public Parking Spaces, the Developer shall be released from any further maintenance obligations hereunder.

8. **Restrictions on Transfer.** Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that upon the date of this Grant Deed and until the Agency's issuance of the Certificate of Completion for the Project:

a. Developer shall not make any sale, transfer, conveyance, subdivision, refinancing or assignment of the Site or any part thereof or any interest therein, without the prior written consent of Agency except as permitted by Section 603 the DDA.

b. Developer shall not place or suffer to be placed on the Site any lien or encumbrance other than the Association CC&Rs, the documents to be recorded pursuant to the DDA, and mortgages, deeds of trust or any other form of conveyance required for acquisition of the Site and financing of the construction of the Project on the Site, and any other expenditures necessary and appropriate to develop the Site pursuant to the DDA, except as provided in Sections 310 and 603 of the DDA.

9. **Nondiscrimination.** Developer 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 race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall Developer 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, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land and remain in effect in perpetuity.

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

> 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 race, color, creed, religion, sex, 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 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, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."
>
> 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:
>
> "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin 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."
>
> 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, marital status, ancestry or national origin, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee 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, subtenants, sublessees or vendees of the premises."

The foregoing covenants regarding discrimination shall run with the land and shall remain in effect in perpetuity.

10. Revesting of Title. Agency has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in Agency the estate conveyed to Developer if after the Closing and prior to the issuance of the Certificate of Completion, Developer (or its successors in interest) shall:

a. fail to start the construction of the Project as required by the DDA for a period beginning when Developer receives written notice of such failure from Agency pursuant to Section 501 of the DDA and ending on the later of (i) sixty (60) days or (ii) the end of the cure period provided in Section 501 of the DDA (subject to extensions pursuant to Section 602 of the DDA); or

b. abandon or substantially suspend construction of the Project required by the DDA for a period beginning when Developer receives written notice of such abandoned or suspended construction from Agency pursuant to Section 501 of the DDA and ending on the later of (i) sixty (60) days or (ii) the end of the cure period provided in Section 501 of the DDA (subject to extensions pursuant to Section 602 of the DDA); or

c. contrary to the provisions of Sections 506 and 603 of the DDA transfer or suffer any involuntary transfer of the Site or any part thereof in violation of the DDA, which is not cured within the notice and cure period in Section 501 of the DDA.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by the DDA; or

2. Any rights or interests provided in the DDA for the protection of the holders of such mortgages or deeds of trust.

Upon the revesting in Agency of title to the Site as provided in Section 506 of the DDA, Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by Agency) who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to Agency and in accordance with the uses specified for such Site or part thereof in the Redevelopment Plan. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this Agreement, shall be applied:

i. First, to reimburse Agency, all costs and expenses incurred by Agency, excluding Agency staff costs, but specifically, including, but not limited to, any expenditures by Agency in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by Agency from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which Developer has not paid (or, in the event that Site is exempt from taxation or assessment of such charges during the period of ownership thereof by Agency, an amount, if paid, equal to such taxes, assessments or charges as would have been payable if the Site were not so exempt); any payments made or necessary to be made to discharge any encumbrances or

liens existing on the Site or part thereof at the time or revesting of title thereto in Agency, or 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 improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing Agency, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession, less (b) any gains or income withdrawn or made by Developer from the Site or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by Agency as its property. In the event Agency exercises its rights under this Section 10 and acquires the Site, Developer shall have no further responsibility for developing the Project; however, the rights established in this Section 10 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that Agency will have conveyed the Site to Developer for redevelopment purposes, particularly for development of housing and commercial uses, and not for speculation in undeveloped land.

11. Rights of Lienholders. 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.

12. Holder Not Obligated to Construct Project. The holder of any mortgage or deed of trust authorized by the DDA (including without limitation, all Construction Lenders) shall not be obligated by the provisions of this Grant Deed or the DDA to construct or complete the Project or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Grant Deed or the DDA be construed so to obligate such holder. Nothing in this Grant Deed or the DDA shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Grant Deed and the DDA.

13. Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer in completion of construction of the Project, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement (including without limitation, all Construction Lenders) a copy of such notice or demand. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within thirty (30) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Nothing contained in this Grant Deed or the DDA shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Project, or any portion thereof (beyond the extent necessary to

conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the improvements to which the lien or title of such holder relates. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 311 of the DDA, to a Certificate of Completion. It is understood that a holder shall be deemed to have satisfied the thirty (30) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such thirty (30) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

14. Failure of Holder to Complete Project. In any case where, thirty (30) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof (including without limitation, all Construction Lenders) receives a notice from Agency of a default by the Developer in completion of construction of any of the Project under this Agreement, and such holder has not exercised the option to construct as set forth in Section 13 of this Grant Deed, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase, without recourse and without representation or warranty (other than if the lender is the holder and beneficiary of the deed of trust), the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder, within sixty (60) days after foreclosure, of an amount equal to the sum of the following:

(a) The unpaid mortgage or deed of trust debt (including principal, interest, and all other sums secured by the mortgage or deed of trust) at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure including reasonable attorneys' fees;

(c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site or part thereof;

(d) The costs of any improvements made by such holder;

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and

(f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by the Developer.

15. Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer prior to the completion of the construction of any of the Project or any part thereof, Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has

not exercised its option to construct, the Agency shall have the right but no obligation to cure the default within the same cure periods, if any, given Developer under the mortgage or deed of trust. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default. The Agency shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be unconditionally and fully junior and subordinate to the mortgages or deeds of trust pursuant to this Section 15.

16. Termination of Covenants. All covenants contained in this Grant Deed shall be covenants running with the land. All of Developer's obligations hereunder except as provided in Sections 8, 9, and 10 above, shall terminate and shall become null and void on July 1, 2020. Every covenant contained in this Grant Deed against discrimination contained in paragraph 9 of this Grant Deed shall remain in effect in perpetuity. The covenants contained in Sections 8 and 10 above shall terminate as provided therein.

17. Covenants to Benefit Agency. All covenants without regard to technical classification or designation shall be binding for the benefit of Agency, and such covenants shall run in favor of Agency for the entire period during which such covenants shall be in force and effect, without regard to whether Agency is or remains an owner of any land or interest therein to which such covenants relate. Agency, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

18. Amendments. Both Agency, its successors and assigns, and Developer and the successors and assigns of Developer in and to all or any part of the fee title to the Site shall have the right with the mutual consent of Agency to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements or restrictions contained in this Grant Deed without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Site. However, Developer and Agency are obligated to give written notice to and obtain the consent of any first mortgagee prior to consent or agreement between the parties concerning such changes to this Grant Deed. The covenants contained in this Grant Deed, without regard to technical classification, shall not benefit or 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 other such realty. Any amendment to the Redevelopment Plan which proposes to change the uses or development permitted on the Site, or otherwise proposes a change of any of the restrictions or controls that apply to the Site, shall require the written consent of the first mortgagee and Developer or the successors and assigns of Developer in and to all or any part of the fee title to the Site, but any such amendment which proposes a change affecting the Site shall not require the consent of any tenant, lessee, easement holder, licensee, mortgagee (other than the first mortgagee), trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Site.

IN WITNESS WHEREOF, the parties hereto have executed this Grant Deed on the date first set forth above.

AGENCY:

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic

By: _____
Matthew Fertal, Agency Director

ATTEST:

_____
Agency Secretary

APPROVED AS TO FORM:

_____
Stradling Yocca Carlson & Rauth,
Agency Special Counsel

ACCEPTED BY DEVELOPER:

SHELDON PUBLIC RELATIONS, a California corporation

By: _____
Steve Sheldon, President

EXHIBIT "A"

LEGAL DESCRIPTION OF SITE

PARCEL 1

LOTS 25 TO 36, INCLUSIVE, OF SCHOOL ADDITION TO GARDEN GROVE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2

THAT PORTION OF GROVE AVENUE, 40.00 FEET WIDE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS SHOWN AND DEDICATED ON THE MAP OF SCHOOL ADDITION TO GARDEN GROVE RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS DELINEATED AND IDENTIFIED AS OLD C/L GROVE AVENUE ON THE MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY WHICH EXTENDS NORTHWESTERLY FROM THE SOUTHERLY PROLONGATION OF THE EAST LINE OF LOT 33 OF SAID SCHOOL ADDITION TO GARDEN GROVE , TO THE EAST LINE OF SAID GROVE AVENUE, AS SHOWN ON THE MAP THE SAID RECORD OF SURVEY 91-1127.

THE SIDELINES OF SAID GROVE AVENUE HEREIN VACATED SHALL BE PROLONGED OR SHORTENED SO AS TO TERMINATE SOUTHEASTERLY ON SAID SOUTHERLY PROLONGATION OF THE EAST LINE OF SAID LOT 33 AND NORTHWESTERLY ON SAID EAST LINE OF GROVE AVENUE AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

EXCEPT THEREFROM THAT PORTION THEREOF, WHICH LIES WITHIN THE LINES OF GARDEN GROVE BOULEVARD AS, SAID STREET IS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

TOGETHER WITH:

THAT PORTION OF GROVE AVENUE, AS HEREINABOVE DESCRIBED, LYING NORTH OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID OLD GROVE AVENUE, WEST OF THE WEST LINE OF LOTS 31 AND 32 OF SAID SCHOOL ADDITION TO GARDEN GROVE AND EAST OF THE EAST LINE OF SAID GROVE AVENUE AS SHOWN ON SAID RECORD OF SURVEY 91-1127.

PARCEL 3

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS

PER MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 12-12A IN FINAL ORDER OF CONDEMNATION ENTERED JANUARY 5, 1983, SUPERIOR COURT CASE 12-03-46, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 6, 1983, AS INSTRUMENT 83-0077859 OF OFFICIAL RECORDS OF SAID COUNTY, WHICH LIES EASTERLY OF THE EAST LINE OF GROVE AVENUE 56.00 FEET WIDE AS SHOWN ON A MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND WHICH LIES WITHIN GARDEN GROVE BOULEVARD AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On _____ , before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

☐ 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 Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On _____ , before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

☐ 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 Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
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Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

ATTACHMENT NO. 4

SCHEDULE OF PERFORMANCE

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
1. Consideration of Agreement by the Agency. The Agency shall consider this Agreement and, if approved, shall deliver one (1) executed copy thereof to the Developer.		Within thirty (30) days after the Developer's delivery to the Agency of three (3) executed copies of this Agreement
2. Discretionary Land Use Permits and Building Permits.		
2.1 Submittal of Application for Discretionary land use Permits. Developer submits application to City for discretionary land use permits.		Completed.
2.2 City review of discretionary Land Use Permits. City to take final action on Developer's application for approval of discretionary land use permits.		Within ninety (90) days after the Date of Agreement.
2.3 Submittal of Final Building Plans and Application for related Ministerial Permits. Developer submits to City final building plans, final grading plans, utility plans, landscaping plans, perimeter offsite public improvement plans, and application for final tract map.		Within two hundred seventy (270) days after City approval of Developer's discretionary land use permits (Item 2.2 above), but in no event earlier than nine (9) months after the expiration of the Due Diligence Period.
2.4 Completion of Initial Plan Check. City to complete first plan check of Developer's final building plans and related matters referred to in Item 2.3 above.		Within forty-five (45) days after receipt of Developer's submittal.
2.5 Re-submittal of Plan Check Corrections. Developer completes plan check corrections and resubmits final building plans and related matters to City.		Within thirty (30) days after receipt of City's initial plan check corrections.

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
2.6	**Approval of Final Building Plans and Related Items.** City to approve final building plans and related matters.	Within thirty (30) days after City's receipt of plan check corrections.
3.	**Physical and Environmental Condition of the Site.**	
3.1	**Delivery of Studies and Reports.** Agency delivers information to Developer regarding physical and environmental condition of the Site. (Section 207.)	Within thirty (30) days after the Date of Agreement.
3.2	**Due Diligence Period.** Developer shall review the documents submitted by the Agency. (Section 207.)	The Due Diligence Period shall end forty-five (45) days after Developer's receipt of all documents to be submitted by the Agency pursuant to item 3.1.
3.3	**Agency Provides Access to Site For Inspection and Testing.** Agency will reasonably provide Developer a right of access to the Site to perform inspection and testing as needed to enable Developer to determine acceptability of physical and environmental conditions of Site. (Section 207.)	Upon Developer's written request.
3.4	**Developer Approves or Disapproves Physical and Environmental Condition of the Site.** Developer approves or disapproves the physical and environmental condition of the Site. (Section 208.3.)	Within one hundred eighty (180) days of the Date of Agreement.
3.5	**Remedial Action Plan.** In the event Developer disapproves the environmental condition of the Site, Agency and Developer shall make reasonable efforts to enter into a remedial action plan for the remediation of the Site.	Within sixty (60) days of the Agency's receipt of written notice of Developer's disapproval of the condition of the Site.

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
4. Approval of Condition of Title.		
4.1 Delivery of Title Report and Exceptions to Developer. Agency causes Title Company to deliver the Report and Exceptions to Developer. (Section 203.)		Completed.
4.2 Developer Approves or Disapproves Exceptions. Developer delivers written notice to Agency approving or disapproving the Exceptions in the Report. (Section 203.)		Within sixty (60) days after the Date of Agreement.
4.3 Agency Elects Whether to Remove Disapproved Exceptions. Agency may, but is not required to either remove the disapproved Exceptions or provide adequate assurances satisfactory to Developer that such disapproved Exceptions will be removed before Closing. (Section 203.)		Within ten (10) business days after Developer's delivery of written notice disapproving Exceptions to title pursuant to item 4.2 above (if applicable).
4.4 Developer Elects Whether to Waive Disapproval of Exceptions. Developer delivers written notice to Agency stating either that Developer elects to waive any Exceptions not removed by Agency and proceed with Closing or terminate the Agreement. (Section 203.)		Within ten (10) business days after expiration of the ten (10) day period set forth in Item 4.3 above.
5. Evidence of Financing.		
5.1 Submittal of Evidence of Financing. Developer submits its evidence of financing to Agency Director for approval. (Section 310.1.)		Not later than ninety (90) days prior to the scheduled Closing Date.
5.2 Agency Approval or Disapproval of Evidence of Financing. Agency Director approves or disapproves Developer's evidence of financing. (Section 310.1.)		Within fifteen (15) days after receipt of completed submittal (pursuant to Item 5.1), and within fifteen (15) days after each subsequent submittal of evidence of financing if the first submittal is not approved by the Agency.

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
6.	**Escrow.**	
6.1	**Opening of Escrow.** Agency and Developer open Escrow for Conveyance of the Site. (Section 202.)	No less than sixty (60) before the Outside Closing Date.
6.2	**Conveyance; Close of Escrow.** Agency conveys Site to Developer, Grant Deed is recorded, and Easement Agreement is executed by Developer and is recorded against the Site.	No later than eighteen (18) months from the end of the Due Diligence Period.
7.	**Construction of Improvements.**	
7.1	**Commencement of Construction.** Developer commences construction of on and offsite improvements.	Construction of improvements to be commenced within fifteen (15) days after the Closing Date.
7.2	**Completion of Construction.** Developer completes construction of all on and offsite improvements required by the Agreement and the conditions of approval.	Within eighteen (18) months after commencement of construction. In the event of delays beyond Developer's control not rising to the level of force majeure, the Agency shall, in its reasonable discretion, grant such extensions of the time for completion of construction as are appropriate given the circumstances of such delay.
7.3	**Certificate of Completion.** Agency furnishes Developer with Certificate of Completion for the Site. (Section 311.)	Promptly after completion of all construction and development required by the Agreement.
8.	**Covenants, Conditions and Restrictions.**	
8.1	**Association Covenants, Conditions, and Restrictions.** Developer submits Covenants, Conditions and Restrictions (Association CC&R's) for Agency Director's Approval. (Section 404.)	Prior to close of escrow for the sale of any of the Housing Units constructed on the Site.
8.2	**Agency Approval of Association CC&Rs.** Agency shall approve or disapprove the Association CC&Rs.	Within thirty (30) days of receipt of Developer's submittal pursuant to Item 8.1 above.

ITEM OF PERFORMANCE		TIME FOR PERFORMANCE
8.3 Record Association CC&Rs. The Association CC&Rs shall be recorded against the Site.		No later than five (5) days before the certificate of completion is issued by the Agency.

NOTES:

1. Deadlines set forth in this Schedule of Performance as subject to the enforced delay provisions of Section 602 of the Agreement.

2. The City is not a party to the Agreement and is not bound by any of the time requirements set forth in the Schedule of Performance; however in the event the City or Agency does not perform any of its review and/or approval/disapproval actions set forth in this Schedule of Performance within the time periods set forth herein, the Outside Closing Date shall be extended by one day for each additional day required by the City or Agency to perform such action beyond the deadlines set forth herein.

3. The Agency Director has authority under Sections 602 and 606 of the Agreement to approve extensions of time on behalf of the Agency.

4. The descriptions of the items of performance and deadlines in this Schedule of Performance are not intended to supersede the more complete descriptions in the text of the Agreement and the various conditions to the Parties' obligations as set forth therein, and in the event of any conflict between the text of the Agreement and this Schedule of Performance the text of the Agreement shall govern.

ATTACHMENT NO. 5

SCOPE OF DEVELOPMENT

Developer shall be responsible for the following:

- Develop a total of approximately one hundred (100) condominium residential units on the site, approximately twelve (12) of which shall be Live-Work Units located on the ground level of the Project along Grove Avenue.
- Construct approximately eighty-eight (88) at-grade indoor Public Parking Spaces for use by guests of the residents and the public.
- Construct approximately nineteen (19) Public Parking Spaces in the parking lot at the southernmost parcel of the Site and perform all work necessary and required as conditions of regulatory approval to provide thirty-nine (39) new Public Parking Spaces along Grove Avenue and Acacia Parkway.
- Construct approximately two hundred (200) subterranean and at-grade indoor assigned Resident Parking Spaces.
- All development shall be in conformity with the site plan, floor plan and building design, including colors and materials, which were approved on August 3, 2006 by the City Planning Commission, with approval from the Community Development Department.
- Construct all onsite and offsite improvements required as conditions of approval for the Project.
- Perform all demolition required for development of the Project.
- Replace the four trash enclosures currently located on the west side of Main Street on the Site.
- Develop and/or install all associated landscaping, including the existing landscape planters in the alley behind the site.
- Perform all conditions imposed by the City Planning Commission and listed in the conditions of approval for the project, as such conditions may be amended or revised by the Planning Commission..

ATTACHMENT NO. 6

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Garden Grove Agency for Community Development)
11222 Acacia Parkway)
Garden Grove, California 92842)
Attn: Agency Director)
)

(Space above for Recorder's Use.)

CERTIFICATE OF COMPLETION OF CONSTRUCTION AND DEVELOPMENT

THIS CERTIFICATE OF COMPLETION OF CONSTRUCTION AND DEVELOPMENT (the "Certificate") is made by the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT,** a public body, corporate and politic (the "Agency"), in favor of **SHELDON PUBLIC RELATIONS,** a California corporation (the "Developer"), as of the date set forth below.

RECITALS

A. The Agency and the Developer have entered into that certain Disposition and Development Agreement (the "DDA") dated _____, 20___ concerning the redevelopment of certain real property situated in the City of Garden Grove, California as more fully described in Exhibit "A" attached hereto and made a part hereof.

B. As referenced in Section 311 of the DDA, the Agency is required to furnish the Developer or its successors with a Certificate of Completion upon completion of construction of the Project (as defined in Section 100 of the DDA), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's office of Orange County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the DDA.

C. The Agency has conclusively determined that such construction and development of the Project has been satisfactorily completed.

NOW THEREFORE:

1. As provided in the DDA, the Agency does hereby certify that the construction of the Project has been satisfactorily performed and completed, and that such development and construction work complies with the DDA.

2. This Certificate of Completion does not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage or any insurer of a mortgage security money loaned to finance the work of construction of improvements and development of the Site, or any part thereof. This Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

3. Notwithstanding this Certificate of Completion, all executory provisions of the DDA shall remain in full force and effect.

IN WITNESS WHEREOF, the Agency has executed this Certificate as of this ___ day of _____, 200___.

GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT, a public body, corporate and politic

By: _____
Matthew Fertal, Agency Director

ATTEST:

_____
Agency Secretary

APPROVED BY DEVELOPER:

SHELDON PUBLIC RELATIONS, a California corporation

By: _____
Steve Sheldon, President

EXHIBIT "A" TO ATTACHMENT NO. 6

LEGAL DESCRIPTION OF SITE

PARCEL 1

LOTS 25 TO 36, INCLUSIVE, OF SCHOOL ADDITION TO GARDEN GROVE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2

THAT PORTION OF GROVE AVENUE, 40.00 FEET WIDE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS SHOWN AND DEDICATED ON THE MAP OF SCHOOL ADDITION TO GARDEN GROVE RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS DELINEATED AND IDENTIFIED AS OLD C/L GROVE AVENUE ON THE MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY WHICH EXTENDS NORTHWESTERLY FROM THE SOUTHERLY PROLONGATION OF THE EAST LINE OF LOT 33 OF SAID SCHOOL ADDITION TO GARDEN GROVE , TO THE EAST LINE OF SAID GROVE AVENUE, AS SHOWN ON THE MAP THE SAID RECORD OF SURVEY 91-1127.

THE SIDELINES OF SAID GROVE AVENUE HEREIN VACATED SHALL BE PROLONGED OR SHORTENED SO AS TO TERMINATE SOUTHEASTERLY ON SAID SOUTHERLY PROLONGATION OF THE EAST LINE OF SAID LOT 33 AND NORTHWESTERLY ON SAID EAST LINE OF GROVE AVENUE AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

EXCEPT THEREFROM THAT PORTION THEREOF, WHICH LIES WITHIN THE LINES OF GARDEN GROVE BOULEVARD AS, SAID STREET IS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

TOGETHER WITH:

THAT PORTION OF GROVE AVENUE, AS HEREINABOVE DESCRIBED, LYING NORTH OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID OLD GROVE AVENUE, WEST OF THE WEST LINE OF LOTS 31 AND 32 OF SAID SCHOOL ADDITION TO GARDEN GROVE AND EAST OF THE EAST LINE OF SAID GROVE AVENUE AS SHOWN ON SAID RECORD OF SURVEY 91-1127.

PARCEL 3

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS

PER MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 12-12A IN FINAL ORDER OF CONDEMNATION ENTERED JANUARY 5, 1983, SUPERIOR COURT CASE 12-03-46, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 6, 1983, AS INSTRUMENT 83-0077859 OF OFFICIAL RECORDS OF SAID COUNTY, WHICH LIES EASTERLY OF THE EAST LINE OF GROVE AVENUE 56.00 FEET WIDE AS SHOWN ON A MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND WHICH LIES WITHIN GARDEN GROVE BOULEVARD AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ , before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

☐ 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 Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ , before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____

☐ 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 Of Notary

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

ATTACHMENT NO. 7

PREVAILING WAGE AND PUBLIC WORKS REQUIREMENTS[1]

I. Developer's Requirements:

(1) Obtain the prevailing wage rate from the Director of Industrial Relations in accordance with Labor Code Sections 1771 and 1773.

(2) Specify the appropriate prevailing wage rates, in accordance with Labor Code Sections 1773.2 and 1777.5.

(A) The posting requirement is applicable for each job site.

EXCEPTION: If more than one worksite exists on any project, then the applicable rates may be posted at a single location which is readily available to all workers.

(B) If a wage rate for a craft, classification or type of worker is not published in the Director's general prevailing wage determinations, a request for a special determination should be made by the awarding body to Chief, Division of Labor Statistics and Research, P.O. Box 420603, San Francisco, CA 94142, at least 45 days prior to the project bid advertisement date.

(3) Notify the Division of Apprenticeship Standards, Department of Industrial Relations. See Labor Code Section 1773.3.

(4) Inform prime contractors, to the extent feasible, of relevant public work requirements:

NOTE: Requirement information may be disseminated at a pre-acceptance of bid conference or in a call for bids or at an award of bid conference.

The public works requirements are:

(A) the appropriate number of apprentices are on the job site, as set forth in Labor Code Section 1777.5.

(B) workers' compensation coverage, as set forth in Labor Code Sections 1860 and 1861.

(C) keep accurate records of the work performed on public works projects, as set forth in Labor Code Section 1812.

(D) inspection of payroll records pursuant to Labor Code Section 1776, and as set forth in Section 16400 (e) of Title 8 of the California Code of Regulations.

---

[1] These requirements are applicable only if the Project is a "public work" pursuant to the requirements of Labor Code Section 1720.

(E) and other requirements imposed by law.

(5) Withhold monies. See Labor Code Section 1727.

(6) Ensure that public works projects are not split or separated into smaller work orders or projects for the purpose of evading the applicable provisions of Labor Code Section 1771.

(7) Deny the right to bid on public work contracts to contractors or subcontractors who have been debarred from bidding on public works contracts, as set forth in Labor Code Section 1777.7.

(8) Not permit workers on public works to work more than eight hours a day or 40 hours in any one calendar week, unless compensated at not less than time and a half as set forth in Labor Code Section 1815.

EXCEPTION: If the prevailing wage determination requires a higher rate of pay for overtime work than is required under Labor Code Section 1815, then that higher overtime rate must be paid, as specified in subsection 16200(a)(3)(F) of Title 8 of the California Code of Regulations.

(9) Not take or receive any portion of the workers' wages or accept a fee in connection with a public works project, as set forth in Labor Code Sections 1778 and 1779.

(10) Comply with those requirements as specified in Labor Code Sections 1776(g), 1777.5, 1810, 1813, and 1860.

II. Contractor and Subcontractor Requirements:

The contractor and subcontractors shall:

(1) Pay not less than the prevailing wage to all workers, as defined in Section 16000 of Title 8 of the California Code of Regulations, and as set forth in Labor Code Sections 1771 and 1774;

(2) Comply with the provisions of Labor Code Sections 1773.5, 1775, and 1777.5 regarding public works jobsites;

(3) Provide workers' compensation coverage as set forth in Labor Code Section 1861;

(4) Comply with Labor Code Sections 1778 and 1779 regarding receiving a portion of wages or acceptance of a fee;

(5) Maintain and make available for inspection payroll records, as set forth in Labor Code Section 1776;

(6) Pay workers overtime pay, as set forth in Labor Code Section 1815 or as provided in the collective bargaining agreement adopted by the Director of Industrial Relations as set forth in Section 16200 (a) (3) of Title 8 of the California Code of Regulations;

(7) Comply with Section 16101 of Title 8 of the California Code of Regulations regarding discrimination;

(8) Be subject to provisions of Labor Code Section 1777.7 which specifies the penalties imposed on a contractor who willfully fails to comply with provisions of Section 1777.5;

(9) Comply with those requirements as specified in Labor Code Sections 1810 and 1813; and

(10) Comply with other requirements imposed by law.

ATTACHMENT NO. 8

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of Garden Grove)
11222 Acacia Parkway)
Garden Grove, California 92840)
)

Space above this line for recorder's use.

EASEMENT AGREEMENT

This **EASEMENT AGREEMENT** (the "Agreement") is made as of _____, 200__ by and between the **CITY OF GARDEN GROVE,** a California municipal corporation (the "City"), and **SHELDON PUBLIC RELATIONS,** a California corporation ("Developer").

RECITALS

The following recitals are a substantive part of this Agreement:

A. Developer and the Garden Grove Agency for Community Development (the "Agency") entered into that certain Disposition and Development Agreement, dated as of October 24, 2006 (the "DDA"), pursuant to which the Agency agreed to convey to Developer certain real property generally located on the east side of Grove Avenue, west of Main Street and north of Garden Grove Boulevard in the City (the "Site") and Developer agreed to develop a mixed-use condominium development on the Site as more specifically described in the DDA (the "Project"). The Site is depicted in the "Site Map" attached hereto as Exhibit "A" and legally described in the "Legal Description" attached hereto as Exhibit "B," both of which exhibits are incorporated herein.

B. Previous to its conveyance to Developer pursuant to the DDA, the Site was used as public parking for the benefit of the nearby Main Street businesses and the general public. The DDA requires Developer to construct approximately one hundred seven (107) parking spaces on the Site to be reserved for use by guests of the condominiums and the public (the "Public Parking Spaces"). The DDA also requires the Developer to convey a permanent easement to the City for the benefit of the public, reserving the Public Parking Spaces for use by the public and guests of the condominiums.

C. Developer desires to grant to the City an easement over a portion of the Site for the benefit of the public, reserving the Public Parking Spaces for use as guest and public parking as more specifically described herein.

D. The parties acknowledge that Developer intends to convey its interest in the Site to individual homeowners (the "Homeowners") and a homeowners association (the "Association"), and upon such transfers Developer will not be responsible or incur any liability for any acts or omissions of the transferee Homeowners or the Association from and after the date of such transfers, and the Homeowners and the Association will thereupon be bound by and entitled to all of the rights and

obligations under this Agreement and Developer shall be released from the obligation to perform hereunder. As used herein, "Developer" includes the Developer, the Homeowners, and/or the Association, as appropriate.

E. In addition to granting and particularly describing the Public Parking Easement granted to City, this Agreement constitutes a binding declaration of covenants, conditions, and restrictions with respect to the use, maintenance, and management of the Easement Area and the Public Parking Spaces.

NOW, THEREFORE, in consideration of the above recitals, Developer hereby agrees as follows:

1. **Grant of Public Parking Easement.** For valuable consideration, the receipt and adequacy of which is hereby acknowledged by Developer, Developer hereby grants to the City, for the benefit of the City and the public, an easement (the "Public Parking Easement") over and across the portion of the Site upon which the Public Parking Spaces are located, specifically the approximately eighty-eight (88) at-grade parking spaces to be located in the Project parking structure and the approximately nineteen (19) at-grade parking spaces in the parking lot to be located on the southernmost parcel of the Site (the "Easement Area"). The Public Parking Spaces shall be provided to the City for use by the public immediately upon completion of the construction thereof.

a. **Easement for Access.** The Public Parking Easement includes a nonexclusive, permanent easement for access, ingress, and egress to and from the public streets adjacent to the Easement Area and to and from the Public Parking Spaces for vehicles and pedestrians; and for pedestrian access to and from the Project for access to and from the Public Parking Spaces.

b. **No Easement by Implication; Prevention of Prescriptive Rights.** The Public Parking Easement hereinafter granted shall bind and inure to the benefit of the respective successors and assigns of all parties, and shall be solely for the benefit of the City and the public. Neither the execution of this Agreement or any agreement executed in connection herewith, nor the granting or reservation of the Public Parking Easement described in this Section 1 shall be deemed to grant any other such particular easement to any third party except to the extent expressly provided in this Section 1, or to establish any easement by implication. Developer hereby reserves the right to restrict access to the Easement Area or the Project for such reasonable period or periods of time as may be legally necessary to prevent the acquisition of prescriptive rights by any person; provided, however, that prior to such restrictions of access, Developer shall give written notice to City of its intention to do so and shall coordinate such restrictions of access with City so that there is no interference with the use of the Public Parking Spaces. No restriction of access shall be undertaken by Developer without prior written approval from the City Manager.

c. **Character of Public Parking Easement.** The Public Parking Easement is a permanent easement; the Public Parking Easement may only be terminated or abandoned in accordance with the terms of Sections 8 and 11 below.

2. **Use of the Easement Area.** The City and the public, including guests of Project residents, may use the Easement Area only for public parking, including ingress and egress thereto. There shall be no charge for use of the Public Parking Spaces. The Public Parking Spaces shall be available for use by the general public on a first-come, first-served basis. Developer shall not grant

any other person or entity any preferential rights with respect to the use of the Public Parking Spaces. The City shall not cause or permit any other improvements to be constructed or located upon the Easement Area.

3. **Regulation of Public Parking.**

a. Rules and Regulations. The Developer or Association, as applicable, may impose such restrictions on the use of the Public Parking Spaces by the public as it finds necessary or appropriate, subject to approval of the City. Such restrictions may include restrictions on the length of time vehicles are permitted to remain in the Public Parking Spaces and hours when the Public Parking Spaces shall be available to the public. Any rules or regulations promulgated by the Developer or the Association shall be reasonably calculated to ensure that the public has access to the Public Parking Spaces during the hours of operation of the businesses, facilities, or other attractions that are or may be located in the general vicinity of the Project and for at least one (1) hour before and two (2) hours after such hours of operation. In addition, the Developer or Association shall promulgate such rules and regulations and shall implement such procedures which are reasonably approved by the City and reasonably calculated to ensure that the residents of the Project do not use the Public Parking Spaces, which rules, regulations, and procedures may include the issuance of parking permits to Project residents and the recordation of information regarding the make, model, color, and number of vehicles owned by Project residents.

b. Signage. Developer shall post or cause to be posted, at Developer's cost, on the exterior and interior of the Easement Area, signs stating the availability of parking for the public and the rules and regulations applicable to the use of the Public Parking Spaces. In addition, Developer shall install, at its cost, signage on the exterior of the condominium and parking facility visible from the street stating the availability of public parking. The signage shall be in the form of City's standard template announcing the availability of public parking, and shall indicate that the Public Parking Spaces are available for use at no cost. The exact location of such signage shall be as reasonably determined by Developer with the City Manager's reasonable approval.

4. Security at the Easement Area. The Developer or the Association, as applicable, shall be responsible for ensuring the safety of the guests and members of the public using the Easement Area for parking by providing such security or other protective devices or services at the Easement Area as may be appropriate, including but not limited to the provision of lights, video cameras, and security personnel.

5. Operation and Maintenance of the Easement Area. The Developer or the Association, as applicable, shall be responsible at its sole cost and expense for the operation and maintenance of the Easement Area, including maintaining and keeping the Easement Area in a safe, clean, and presentable condition at all times during the term of this Agreement.

a. Right to Restrict Access. Notwithstanding anything to the contrary contained herein, Developer shall have the right, in its reasonable discretion, to restrict access to the Easement Area during repairs to or reconstruction of the Project or the Easement Area or if necessitated by an act of God or other force majeure circumstance without being in default under this Agreement.

b. Access to Easement Area. Developer shall provide and maintain vehicular and pedestrian access, ingress, and egress to and from the public streets adjacent to the Easement

Area to and from the Public Parking Spaces within the Easement Area, through and over such driveways and entranceways as determined by Developer and as approved by the City.

c. License to Enter. Developer hereby grants to the City an irrevocable license to enter the Easement Area at any time for purposes of inspecting and/or regulating the use of the Public Parking Spaces.

d. Ownership of Improvements. All improvements constructed on the Site (the "Improvements") shall be and remain the property of Developer; provided that Developer shall have no right to waste, destroy, demolish or remove the Project or any part thereof and provided further that use and enjoyment of the Easement Area portion of the Project are included in the Public Parking Easement granted to the City by this Agreement, and that Developer's rights and powers with respect to the Project are subject to the terms and limitations of this Agreement.

e. Indemnification. Developer agrees to and shall indemnify and hold the City, its officers, agents and employees, harmless from and against all 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 and damage whatsoever cause to any person or to the property of any person, and whether such damage shall accrue or be discovered before or after termination of this Agreement, which may be caused by (1) the construction, maintenance, or repair of the Project, (2) the use of the Site including without limitation the Public Parking Spaces by (a) Developer, (b) Developer's permittees, or (c) the general public, (3) the performance of Developer's obligations under this Agreement, or (4) any errors or omissions of Developer, its contractors or subcontractors, its agents, or anyone directly or indirectly employed by Developer. Such indemnification by the Developer shall not apply to liability, loss, damage, costs, or expenses arising from or as a result of the acts or omissions of the City, its agents or employees.

f. Insurance. During the term of this Agreement, Developer shall procure and maintain, at Developer's expense, for the duration of this Agreement the following insurance coverages from insurance carriers authorized to write insurance in the State of California, or nonadmitted insurers listed in the California Department of Insurance List of Eligible Surplus Line Insurers (LESLI), with a current rating of or equivalent to A:VIII by A.M. Best Company:

(i) a commercial general liability policy in the amount of Two Million Dollars ($2,000,000) per occurrence;

(ii) "all risk" property insurance, including builder's risk protection during the course of construction and debris removal, in an amount sufficient to cover the full replacement value of all Improvements.

The City shall be named as additional insured and loss payee under a standard loss payable endorsement. Each insurance policy required herein shall also be endorsed to provide (a) that coverage shall not be voided, cancelled, or changed by either party except that after thirty (30) days prior written notice to City, (b) that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability, and (c) that the coverage shall be primary and not contributing to any other insurance or self-insurance maintained by the City and its officials, employees, or agents. Developer shall deliver to City as a condition to Closing under the DDA certificates of insurance and required endorsements evidencing the insurance coverage required by this Agreement for approval as to sufficiency and form. In

addition, Developer shall, at least thirty (30) days prior to expiration of such policies, furnish City with certificates of insurance and endorsements evidencing renewal of the insurance required herein. City reserves the right to require copies of all policies of the Developer at any time. If in the opinion of the City's Risk Manager from time to time, the amount, scope, or type of insurance coverage specified herein is not adequate, Developer shall amend its insurance as reasonably required by City's Risk Manager or designee, considering the insurance coverage required of similar properties in similar locations. The insurance required herein shall not be deemed to limit Developer's liability relating to performance under this Agreement. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this Agreement. Developer understands and agrees that, notwithstanding any insurance, Developer, the Homeowners, and/or the Association, as applicable, are obligated to defend, indemnify, and hold the City and its officials, employees, and agents harmless hereunder for the full and total amount of any damage, injury, loss, expense, cost, or liability caused by the condition of the Site or in any manner connected with or attributed to the acts, omissions, or operations of Developer, the Homeowners, the Association, or their officers, agents, contractors, subcontractors, employees, licensees, or visitors, or their use, misuse, or neglect of the Public Parking Spaces and/or the Easement Area. Developer agrees to make available to City all books, records, and other information relating to the insurance coverage required by this Agreement during normal business hours. Any modification or waiver of the insurance requirements herein shall be made only with the written approval of the City's Risk Manager or designee.

g. **Damage and Destruction.** Developer shall notify City in writing immediately upon the occurrence of any damage to the Public Parking Spaces and/or the Easement Area. Irrespective of the extent of the damage to the Public Parking Spaces and/or the Easement Area, Developer shall use the proceeds received by it from the Insurance policies described in subparagraph (f) above and contribute any deductible amounts to pay for the necessary repairs. Damage and destruction do not terminate this Agreement. Developer shall repair any damage as soon as reasonably possible. If the insurance proceeds received by Developer plus any deductible amounts are not sufficient to pay the entire cost of repair, or if the cause of the damage is not covered by the insurance policies which Developer maintains under subparagraph (f) above, Developer shall pay any additional cost of repairing the Public Parking Spaces and/or the Easement Area. Developer is obliged to use all insurance proceeds to reinstate the Public Parking Spaces and/or the Easement Area; Developer is further obliged to make the Public Parking Spaces an integral part of any redevelopment of the Project and to replace an equal number of Public Parking Spaces as are required to be constructed pursuant to the DDA.

6. **Public Parking Easement Term.** This Agreement and the Public Parking Easement shall commence upon the date hereof and shall remain in effect in perpetuity.

7. **Allocation of Real Property Taxes.** Developer and its successors and assigns shall pay all real property taxes and assessments on the Easement Area.

8. **Condemnation.** If all or any portion of the Site is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), and such Condemnation renders the provision of the Public Parking Spaces infeasible, then this Agreement shall terminate as of the date the condemning authority takes title to or possession of the Site. Otherwise, this Agreement shall remain in effect. If the Easement Area is impacted by a Condemnation, the number of Public Parking Spaces shall be reduced prior to any reduction in the then code-required parking for Developer's commercial or residential tenants. If the Public Parking

Spaces or their use are affected in any way by the Condemnation, Developer and City shall together make one claim for an award for their combined interests in the Site and the Improvements including an award for severance damages if less than the whole Site is taken. The Condemnation proceeds shall be distributed to Developer and City as their respective interests appear. Both parties shall have the right to appear in and defend against such action as they deem proper in accordance with their own interests at their own expense. To the extent possible, the parties shall cooperate to maximize the Condemnation proceeds payable by reason of the Condemnation.

9. Reservation of Rights. Developer, the Homeowners, the Association, and their successors and assigns retain any and all rights not specifically granted herein, including without limitation any and all rights which are not directly incompatible with the easements granted herein, and the right to grant easements to other third parties over, under and through the Easement Area for utility easements.

10. Release and Quitclaim of Other Interests. The City hereby acknowledges and agrees that except for the rights specifically granted in this Agreement, the City shall have no rights with respect to the Site. The City hereby releases, waives and quitclaims to Developer any other rights the City may have with respect to the Site, except for the Public Parking Easement over the Easement Area which is granted in this Agreement.

11. Amendments of this Agreement; Termination. No amendment to this Agreement or any agreement or notice purporting to terminate or alter the terms of this Agreement shall be effective unless written approval is given to such amendment, agreement or notice by the Developer or the Homeowners through the Association and the City, or their respective successors and assigns. The Public Parking Easement may be terminated only by a written agreement to that effect, signed by the City and the Developer or the Association, as applicable.

12. Binding Covenants. The parties intend that the covenants, conditions and restrictions contained herein shall be enforceable as equitable servitudes and shall constitute covenants, the burdens and benefits of which shall run with the land and bind successive owners of the Site.

13. Developer Release. The parties acknowledge that Developer intends to convey its interest in the Site to the Homeowners and the Association, and upon such transfer Developer shall not be responsible or incur any liability for loss, damage, injury, or expense arising from or as a result of any acts or omissions of the transferee Homeowners or the Association, nor shall Developer incur any liability or responsibility for any injury or damage occurring on the Site from and after the date of Developer's conveyance of Developer's entire remaining fee interest in the Site. Upon Developer's transfer of its fee interest in the Site, Developer shall be relieved of all responsibility for performance of the executory obligations of "Developer" under this Agreement.

14. Remedies. The parties acknowledge that in the event the Public Parking Spaces are not made available to the City and the public, it will be impossible to measure in a dollar amount the damage to the City and the public caused by such failure to comply with the covenants set forth in this Agreement, that each such covenant is material, and that in the event of any such failure, City will not have an adequate remedy at law or in damages. Therefore, Developer consents to the issuance of an injunction or the enforcement of other equitable remedies against Developer at the suit of City, without bond or other security, to compel the performance of all of the terms of this Agreement, and waives the defense of the availability of relief in damages.

15. **Recordation of Agreement.** This Agreement shall be recorded in the Official Records of Orange County, California. The terms and provisions of this Agreement shall take effect upon such recordation hereof.

16. **Notices.** Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire or be required to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To City: City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92842
Attention: Matthew Fertal, City Manager

To Developer: The Sheldon Group
c/o Sheldon Public Relations
901 Dove Street, Suite 140
Newport Beach, California 92660
Attn: Mr. Steve Sheldon

Any written notice, demand or communication shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

17. **Applicable Law.** The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

18. **Relationship Between City and Developer.** It is hereby acknowledged that the relationship between City and Developer is not that of a partnership or joint venture and that City and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Project. Developer agrees to indemnify, hold harmless and defend City from any claim made against City arising from a claimed relationship of partnership or joint venture between City and Developer with respect to the development, operation, maintenance or management of the Site or the Project which claim arises from or is based upon actions by Developer.

19. **Attorneys' Fees.** In any action between the parties to interpret, enforce, reform, modify, rescind or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

20. **Titles and Captions.** Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section or numbers or paragraph references are to sections in this Agreement, unless expressly stated otherwise.

21. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

22. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

23. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

24. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

25. Cooperation. Each party agrees to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements, and to do such acts as will further the purposes hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

CITY:

CITY OF GARDEN GROVE, a California municipal corporation

By: _____
Matthew Fertal, City Manager

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
Stradling Yocca Carlson & Rauth
Special Counsel to City

DEVELOPER:

SHELDON PUBLIC RELATIONS, a California corporation

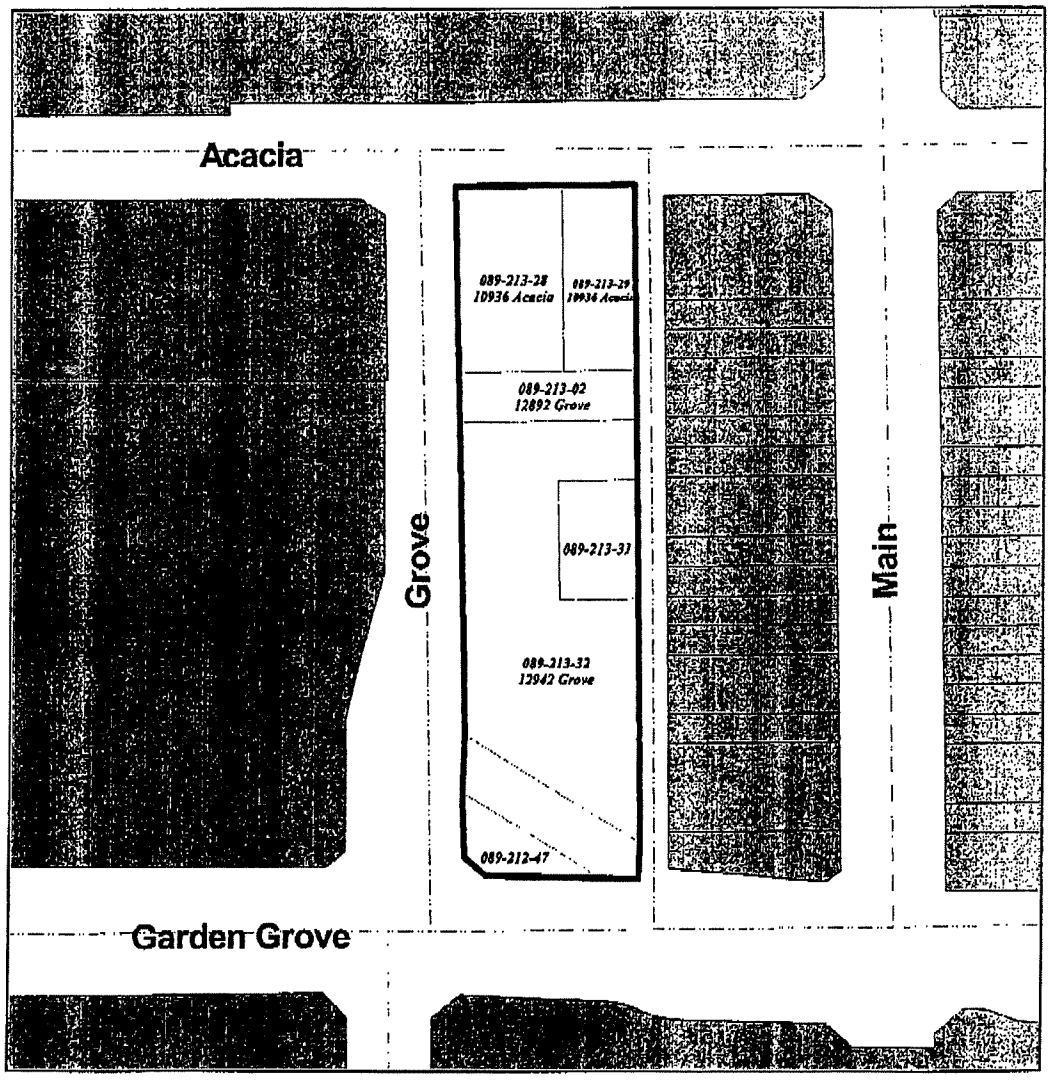
By: _____
Steve Sheldon

EXHIBIT A

SITE MAP

GARDEN GROVE

SITE MAP
VPD NO. 2, LOT NO. 1



N

50 0 50 100 150 200 Feet

NOTE

- THE ENTIRE SUBJECT SITE IS OWNED BY THE CITY OF GARDEN GROVE

CITY OF GARDEN GROVE
ECONOMIC DEVELOPMENT DEPARTMENT
GIS SYSTEM
REF: MAINGROVE.APR
OCTOBER 2006

EXHIBIT B

LEGAL DESCRIPTION

PARCEL 1

LOTS 25 TO 36, INCLUSIVE, OF SCHOOL ADDITION TO GARDEN GROVE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

PARCEL 2

THAT PORTION OF GROVE AVENUE, 40.00 FEET WIDE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS SHOWN AND DEDICATED ON THE MAP OF SCHOOL ADDITION TO GARDEN GROVE RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS DELINEATED AND IDENTIFIED AS OLD C/L GROVE AVENUE ON THE MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY WHICH EXTENDS NORTHWESTERLY FROM THE SOUTHERLY PROLONGATION OF THE EAST LINE OF LOT 33 OF SAID SCHOOL ADDITION TO GARDEN GROVE , TO THE EAST LINE OF SAID GROVE AVENUE, AS SHOWN ON THE MAP THE SAID RECORD OF SURVEY 91-1127.

THE SIDELINES OF SAID GROVE AVENUE HEREIN VACATED SHALL BE PROLONGED OR SHORTENED SO AS TO TERMINATE SOUTHEASTERLY ON SAID SOUTHERLY PROLONGATION OF THE EAST LINE OF SAID LOT 33 AND NORTHWESTERLY ON SAID EAST LINE OF GROVE AVENUE AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

EXCEPT THEREFROM THAT PORTION THEREOF, WHICH LIES WITHIN THE LINES OF GARDEN GROVE BOULEVARD AS, SAID STREET IS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

TOGETHER WITH:

THAT PORTION OF GROVE AVENUE, AS HEREINABOVE DESCRIBED, LYING NORTH OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID OLD GROVE AVENUE, WEST OF THE WEST LINE OF LOTS 31 AND 32 OF SAID SCHOOL ADDITION TO GARDEN GROVE AND EAST OF THE EAST LINE OF SAID GROVE AVENUE AS SHOWN ON SAID RECORD OF SURVEY 91-1127.

PARCEL 3

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS PER MAP

RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 12-12A IN FINAL ORDER OF CONDEMNATION ENTERED JANUARY 5, 1983, SUPERIOR COURT CASE 12-03-46, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 6, 1983, AS INSTRUMENT 83-0077859 OF OFFICIAL RECORDS OF SAID COUNTY, WHICH LIES EASTERLY OF THE EAST LINE OF GROVE AVENUE 56.00 FEET WIDE AS SHOWN ON A MAP OF RECORD OF SURVEY NO. 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND WHICH LIES WITHIN GARDEN GROVE BOULEVARD AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY