



City of San Leandro

Meeting Date: January 4, 2016

Staff Report

File Number: 15-695 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.H.

TO: City Council

FROM: Chris Zapata
City Manager

BY: Cynthia Battenberg
Community Development Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for the Assignment, Assumption, and Modification of Loan Agreements Provided to Eden Housing for the Real Property Located at 15370-15375 Tropic Court in the City of San Leandro

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council adopt a resolution 1) approving two separate Assignment, Assumption, and Modification Agreements that will assign the existing \$750,000 City federal HOME loan and \$50,000 City loan and regulatory agreements from Las Palmas Development Partners, L.P, a tax credit affiliate entity of the nonprofit developer Eden Housing, Inc., which currently owns and manages Las Palmas Apartments, to a new tax credit limited partnership LPSL, L.P. and 2) authorizing the City Manager to execute such documents and undertake such actions as necessary to carry out the intent of this resolution. Eden requests that the City approve the Assignment, Assumption, and Modification Agreements by late January 2016 when it plans to close escrow on the State/federal low income housing tax credit equity it received in Fall 2015 to provide renovations and maintain the long-term affordability of Las Palmas Apartments.

BACKGROUND AND ANALYSIS

The 91-unit Las Palmas Apartments at 15370 and 15375 Tropic Court received a \$750,000 federal Home Investment Partnership Program (HOME) loan fund from the City of San Leandro on December 6, 1999 and executed a regulatory agreement, which is still in effect, that requires the nonprofit developer, Eden Housing, to maintain the majority of units as long-term affordable rental housing. Around 1999, the property also received State/Federal low income housing tax credits, which also restricted the majority of units as affordable; those tax credits have expired.

Las Palmas Apartments also received a \$50,000 loan from the City of San Leandro Redevelopment Agency on February 7, 2011 to assist in the transfer of the property to Eden Housing prior to the dissolution of Citizens Housing Corporation, the original owner of Las

Palmas Apartments. The former Redevelopment Agency loan was transferred to the City as housing successor in October 2015.

In Summer 2015, Eden Housing re-applied for and was awarded low income housing tax credits (“resyndication”) and tax-exempt bonds from the State Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC), to finance the rehabilitation and improvement of the aging Las Palmas Apartments. Improvements will include new roofs, new vinyl windows, new plumbing, photovoltaic solar panels, solar hot water heater facilities, new ADA units, a newly renovated community room, along with unit renovations such as new appliances, new cabinets and countertops, and new flooring and carpets. Eden Housing is not seeking any additional City financial assistance.

To effectively secure the newly awarded tax credit equity, Eden Housing requests that the City approve the transfer and assignment of both HOME and former RDA Housing loans from Las Palmas Development Partners, L.P, a tax credit affiliate entity of Eden Housing that currently owns and manages Las Palmas Apartments, to a new tax credit limited partnership LPSL, L.P. Additionally, a key modification to the existing loans is the 55-year extension of the maturity date of both loans to reflect the new TCAC regulatory agreements that will extend the affordability of Las Palmas Apartments for an additional 55 years. Under the new TCAC/CDLAC regulatory agreements, 9 of the 22 “market” rate units will be restricted as affordable tax credit units while the remaining 13 “market” rate units will be restricted to 60% Area Median Income through attrition once the over-income tenants move out through the existing City Regulatory Agreement.

Previous Actions

On September 8, 2015, the City Council conducted a TEFRA public hearing and adopted a resolution that approves California Municipal Finance Authority issuance of revenue bonds for Eden’s tax credit/tax-exempt bond financing application for renovations to Las Palmas Apartments.

Committee Review and Actions

On October 5, 2015, the City Council, as housing successor to the former Redevelopment Agency, approved the assignment and assumption of the \$50,000 loan to Eden Housing and Las Palmas Apartments.

On October 14, 2015, the Successor Agency to the City of San Leandro Redevelopment Agency Oversight Board approved by resolution that the \$50,000 Redevelopment Housing Set-Aside loan should be transferred to the housing successor pursuant to Health and Safety Code Sections 34176 (a) and 34181 (a).

Applicable General Plan Policies

The proposed renovations to Las Palmas Apartments by Eden Housing advance Goal 56 (Affordable Housing Conservation) under the City’s Housing Element Update, which was certified by the State Housing and Community Development Department in February 2015.

Legal Analysis

The City Attorney's Office reviewed and approved this staff report, resolution and related legal documents.

Fiscal Impacts

The execution of the Assignment, Assumption, and Modification Agreements for both loans will have no fiscal impact on the City's General Fund. As stated above, there is no City financial assistance going to Eden Housing for the necessary renovations and improvements at Las Palmas Apartments. The City Council is essentially assisting with the re-financing to fund the renovations and improvements by taking the actions requested herein.

ATTACHMENTS

Attachments to Resolution

- Assignment, Assumption, and Modification Agreement (City HOME Program Loan)
- Assignment, Assumption, and Modification Agreement (Affordable Housing Loan)

PREPARED BY: Steve Hernandez, Housing Specialist II, Community Development Department



City of San Leandro

Meeting Date: January 4, 2016

Resolution - Council

File Number: 15-701

Agenda Section: CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: Cynthia Battenberg
Community Development Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: RESOLUTION Approving Assignment, Assumption, and Modification Agreements for Loans Provided to Eden Housing for the Real Property at 15370-15375 Tropic Court in the City of San Leandro and Approving Related Actions

WHEREAS, On February 7, 2011, the Redevelopment Agency of the City of San Leandro (the “**Former Agency**”) entered into that certain affordable housing loan agreement with Las Palmas Development Partners (the “**Borrower**”), pursuant to which the Former Agency provided a loan to Borrower in the amount of Fifty Thousand Dollars (\$50,000) (the “**Housing Loan**”) for the purpose of providing financial assistance for a multi-family affordable housing project owned by Borrower (the “**Original Project**”) located at 15370-15375 Tropic Court in the City; and

WHEREAS, Assembly Bill 26 (“ABx1 26”) was enacted by the State Legislature and signed by the Governor as of June 29, 2011; and

WHEREAS, on December 29, 2011 the California Supreme Court delivered its decision in *California Redevelopment Association v. Matasantos*, finding ABx1 26 (together with AB 1484 and SB 107, the “**Dissolution Law**”) largely constitutional and resulting in the dissolution of all California redevelopment agencies, including the Former Agency, on February 1, 2012; and

WHEREAS, pursuant to the Dissolution Law, the City of San Leandro (the “**City**”) is the successor in interest to the Former Agency with respect to the Housing Loan; and

WHEREAS, on December 6, 1999 the City entered into that certain affordable housing loan agreement with Borrower, pursuant to which the City provided a loan to Citizens Housing Corporation, predecessor in interest to Borrower, in the amount of Seven Hundred Fifty Thousand Dollars (\$750,000) (the “**HOME Loan**”) for the purpose of providing financial assistance for the Original Project; and

WHEREAS, Borrower requests, and City agrees, to the transfer and assignment of the Housing Loan and the HOME Loan (together the “**Loans**”) to a new tax-credit limited partnership for the purpose of providing new equity that will facilitate a substantial rehabilitation to the Original Project (the “**Project**”); and

WHEREAS, in order to effect the transfer and assignment, Borrower requests that City enter into (i) an Assignment, Assumption and Modification Agreement (City HOME Program Loan) (“**HOME Assignment Agreement**”) with LPSL, L.P., a California limited partnership (the “**Assignee**”) and (ii) an Assignment, Assumption and Modification Agreement (Affordable Housing Loan) (the “**Housing Assignment Agreement**,” and together with the HOME Assignment Agreement, the “**Agreements**”) with Assignee, copies of which are on file with the City Clerk; and

WHEREAS, Borrower further requests that City approve the extension of the maturity dates of the loans to fifty-five (55) years from the date of recordation of the Agreements, as set forth in the Agreements.

NOW, THEREFORE, the City Council of the City of San Leandro does hereby RESOLVE as follows:

Section 1. The above recitals are true and correct and incorporated into this Resolution by this reference.

Section 2. The Agreements, substantially in the form on file with the City Clerk, are hereby approved.

Section 3. The City Manager is hereby authorized to forgive all interest owing on the HOME Loan and the Housing Loan, and to extend the maturity dates on the Loans to fifty-five years from the date of recordation of the Assignment Agreements.

Section 4. The City Manager is hereby authorized to execute the Assignment Agreements, with such changes as may be recommended by the City Attorney, and to take all actions and execute such other documents as may be necessary to carry out the obligation of the City under the Assignment Agreements and the intent of this Resolution.

Section 5. This Resolution shall take effect immediately upon its adoption.

NO FEE DOCUMENT:
Entitled to free recording
per Government Code 27383.

**Recording Requested by and
when recorded mail to:**

City of San Leandro
835 East 14th Street
San Leandro, CA 94577

**ASSIGNMENT, ASSUMPTION
AND MODIFICATION AGREEMENT
(CITY HOME PROGRAM LOAN)**

This Assignment, Assumption and Modification Agreement (the “Agreement”) is entered into as of _____, 2016, by and among Las Palmas Development Partners, L.P., a California limited partnership (“Assignor”), LPSL, L.P., a California limited partnership (“Assignee”) and the City of San Leandro, a municipal corporation (the “City”) with reference to the following facts:

A. The City made a loan of HOME program funds in the original amount of \$750,000 (such amount, together with accrued interest thereon, the “Loan”) to Citizens Housing Corporation, predecessor in interest to the Assignor, pursuant to a Loan Agreement dated as of December 6, 1999 recorded in the Official Records of the County of Alameda (the “Official Records”) on December 14, 1999, as Instrument No. 1999-444481, as amended by Amendment No. 1 to Loan Agreement dated as of November 17, 2003 recorded in the Official Records on January 12, 2004, as Instrument No. 2004-013704 (collectively, the “Loan Agreement”) to be used in connection with Assignor's residential housing project for low income persons known as Las Palmas located at 15370-15375 Tropic Court, San Leandro, California and more particularly described in the attached **Exhibit A** (the “Property”).

B. The Loan is also evidenced by that certain Secured Promissory Note (the “Note”) dated December 6, 1999, and secured by a Deed of Trust dated December 6, 1999 recorded in the Official Records on December 14, 1999, as Instrument No. 1999-444481 (the “Deed of Trust”) and a Regulatory Agreement dated December 6, 1999 recorded in the Official Records on December 14, 1999, as Instrument No. 1999-444481, as amended by Amendment No. 1 to Regulatory Agreement dated as of November 17, 2003 recorded in the Official Records on January 12, 2004, as Instrument No. 2004-013705 (collectively, the “Regulatory Agreement” and collectively with the Loan Agreement, the Note and the Deed of Trust, the “Loan Documents”).

C. Concurrently herewith, the Assignee is acquiring the Property from the Assignor

pursuant to a Grant Deed.

D. Assignor now wishes to assign its rights, title and interest in and obligations under the Loan Documents, as amended hereby, to Assignee, and Assignee wishes to assume Assignor's rights and obligations under the Loan Documents.

E. Assignee desires to release Assignor from all obligations in connection with the Loan Documents.

F. The Assignee and the City desire to modify the Loan Documents as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

1. Assignment and Delegation by Assignor. Assignor hereby assigns to Assignee all of Assignor's rights and delegates to Assignee all of Assignor's obligations under the Loan Documents.
2. Acceptance of Assignment and Delegation. Assignee hereby accepts the above assignment and delegation and hereby assumes all of the rights, obligations, covenants, and agreements of Assignor under the Loan Documents. Any reference to Assignor in the Loan Documents described above shall be deemed a reference to Assignee.
3. Release of Assignor. Assignee hereby releases Assignor from all obligations imposed under the Loan Documents.
4. Payment of Obligations. Assignee agrees that any amounts due from Assignor pursuant to the Loan Documents shall be assumed by Assignee.
5. Modification of Loan Term. The term of the Loan and the Regulatory Agreement shall be extended to the date which is 55 years from the date of recordation of this Agreement (the "Maturity Date").
6. Consent to Assignment. The City hereby consents to the assignment of the Loan Documents from Assignor to Assignee and hereby releases Assignor from all obligations imposed under the Loan Documents.
7. Assignor Representations. Assignor represents and warrants to City that: (i) Assignor has the power and authority to execute, deliver and perform its obligations under this Agreement; (ii) the execution, delivery and performance of this Agreement do not violate any rule, regulation, statute, law, order, decree, judgment or the like, or any agreement or instrument to which Assignor is a party, and Assignor is not in breach or default under the Loan Documents; (iii)

Assignor has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature against City relative to the Loan Documents or this Agreement; and (iv) Assignor has not received any notice from any governmental agency relating to any alleged violation of law, ordinance, rule or regulation.

8. Assignee Representations. Assignee represents and warrants to City that: (i) Assignee is a duly organized, validly existing limited partnership in good standing under the laws of the State of California; (ii) Assignee has the power and authority to execute, deliver and perform its obligations under the Loan Documents and this Agreement; (iii) the execution, delivery and performance of the Loan Documents and this Agreement do not violate any rule, regulation, statute, law, order, decree, judgment or the like, or any agreement or instrument to which Assignee is a party, and Assignee is not in breach or default under any lease or other agreement to which it is a party; (iv) Assignee has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature against City; (v) Assignee has not received any notice from any governmental agency relating to any alleged violation of law, ordinance, rule or regulation; (vi) Assignee shall comply with all of the terms and provisions of the Loan Documents; and (vii) Assignee has not filed, and currently has no intention to file, for any bankruptcy or debtor relief, and Assignee is not insolvent.

9. Reaffirmation of Loan Documents. Assignee hereby affirms and agrees that (i) the Loan Documents constitute the valid, legally binding obligation of Assignee as of the date of this Agreement, enforceable against Assignee in accordance with their terms, and (ii) City shall have the right to exercise any and all remedies against Assignee, including actions to realize or collect upon the security, that City would have had against Assignor but for this Agreement. Assignor and Assignee shall not take any action of any kind, directly or indirectly, to oppose, impede, obstruct, enjoin or otherwise interfere with the exercise by City of any of its rights and remedies under the Loan Documents.

10. No Limitation of Remedies. Nothing in this Agreement is intended to limit any rights, powers or remedies of City in enforcing the Loan Documents. Nothing herein shall constitute or be construed as a waiver of any rights or remedies of City under the Loan Documents, or at law or in equity. The Loan Documents are hereby confirmed and ratified in all respects.

11. Miscellaneous. Notwithstanding anything to the contrary contained in the Loan Documents, the City agrees as follows:

11.1 Any cure of any default made or tendered by one or more of Assignee's limited partners shall be deemed to be a cure by Assignee and shall be accepted or rejected on the same basis as if made or tendered by Assignee. Copies of all notices which are sent to Assignee under the Loan Documents shall also be sent to Assignee's limited partner at:

U.S. Bancorp Community Development
Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
Attn.: Director of Project Management
Phone: (314) 335-2600
Fax: (314) 335-2601

with a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attn: Jill H. Goldstein

11.2 Each of following transfers shall be permitted under the Loan Documents and shall not constitute a default thereunder:

(a) transfers of the respective interests of Assignee's limited partner to any entity which is either (a) an affiliate of the limited partner or (b) which is controlled, directly or indirectly, by Assignee's limited partner or an affiliate thereof.

(b) transfers of interests within Assignee's limited partner.

(c) the removal or withdrawal in lieu of removal of a general partner of Assignee by its limited partner for cause in accordance with Assignee's partnership agreement and the replacement thereof by Assignee's limited partner or an affiliate thereof without the consent of the City or by another entity with the prior written consent of the City, which consent shall not be unreasonably withheld.

(d) execution of a purchase option and/or right of first refusal agreement by the Assignee's general partner or an affiliate, to be exercised following expiration of the fifteen-year "compliance period" as defined in and determined in accordance with Section 42(i) of the Internal Revenue Code of 1986, as amended ("Code").

11.3 Assignee intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Code Section 42(h)(6)(B). As of the date hereof Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the requisite extended use agreement is recorded against the Project, City agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

11.4 Neither Assignee nor its partners shall have personal liability for repayment of the Loan, and the sole recourse of City with respect to the repayment of the Loan shall be to the

Property, Assignee's interest in the Project and any other collateral held by City as security for the Loan.

11.5 City agrees that, notwithstanding any provision in the Loan documents to the contrary, insurance and condemnation proceeds shall be used to rebuild or restore the Property provided that (i) if such proceeds are not reasonably sufficient to so rebuild or repair, sufficient additional funds are provided from other sources to rebuild or restore the Property and (ii) City shall have the right to reasonably approve plans and specifications for any major rebuilding and the right to reasonably approve disbursement of such proceeds under a construction escrow or similar arrangement, subject to the prior rights of any senior lenders.

12. Repayment. Notwithstanding anything to the contrary contained in the Loan Documents, no payments or principal or interest shall be due prior to the Maturity Date. The principal balance of the Loan and all accrued and unpaid interest thereon shall be due in full upon the Maturity Date (as extended pursuant to this Agreement).

13. Effective Date. The assignment set forth above shall be effective as of the date the Grant Deed (described in Recital C above) is recorded in the Official Records of the County of Alameda.

14. Counterparts. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

15. Additional Documents. The Assignor, the Assignee and the City agree to execute or provide such documents and instruments, as may be necessary to effectuate the intent of this Agreement.

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ASSIGNOR:

LAS PALMAS DEVELOPMENT PARTNERS,
a California Limited Partnership

By: Eden Las Palmas LLC,
a California limited liability company,
its general partner

By: Eden Investments, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Linda Mandolini, President

ASSIGNEE:

LPSL, L.P.,
a California limited partnership

By: LPSL LLC,
a California limited liability company,
its general partner

By: Eden Investments, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Linda Mandolini, President

CITY:

City of San Leandro,
a municipal corporation

By: _____

Its: _____

APPROVED AS TO FORM:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT A
LEGAL DESCRIPTION

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

PARCEL ONE:

PORTION OF THE 6.12 ACRE PARCEL OF LAND DESCRIBED IN THE DEED FROM ROBERT KING AND WIFE, TO BENEDETTO OBERTI, DATED MARCH 19, 1932, AND RECORDED MARCH 22, 1932 IN BOOK 2790, PAGE 171 OF OFFICIAL RECORDS OF ALAMEDA COUNTY, RECORDER'S SERIES CC/14931, BOUNDED AS FOLLOWS:

BEGINNING AT THE SOUTHERN EXTREMITY OF THE CURVE WITH A RADIUS OF 20 FEET WHICH CONNECTS THE WESTERN LINE OF TROPIC COURT WITH THE SOUTHERN LINE OF LEWELLING BOULEVARD, AS DESCRIBED IN THAT CERTAIN GRANT FROM HARRY KROLL, ET AT, TO THE CITY OF SAN LEANDRO, DATED JUNE 30, 1958 AND RECORDED JULY 29, 1958, IN BOOK 8737, PAGE 383, OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AB/74915, AND RUNNING THENCE ALONG SAID LINE OF TROPIC COURT THE FOUR FOLLOWING COURSES AND DISTANCES: SOUTH 0° 18' EAST 215.60 FEET, SOUTHERLY, ON THE ARC OF A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 20 FEET, A DISTANCE OF 7.36 FEET; SOUTH 20° 46' 15" WEST, TANGENT TO THE LAST MENTIONED ARC, 25.00 FEET, AND SOUTHERLY, ON THE ARC OF A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 40 FEET, THROUGH A CENTRAL ANGLE OF 39° 30' 21 " , A DISTANCE OF 27.58 FEET TO A POINT ON THE GENERAL SOUTHERN BOUNDARY LINE OF THE PARCEL OF LAND DESCRIBED AS PARCEL 1 IN THE DEED FROM HARRY KROLL, ET AL, TO TROPIC PROPERTIES, INC., A CALIFORNIA CORPORATION, DATED MARCH 31, 1959, AND RECORDED APRIL 13, 1959 IN BOOK 8991, PAGE 563, OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AQ/42332 THE LAST DETERMINED POINT BEING THE ACTUAL POINT OF COMMENCEMENT; RUNNING THENCE ALONG SAID GENERAL SOUTHERN BOUNDARY LINE THE FIVE FOLLOWING COURSES AND DISTANCES; SOUTH 71° 15' 54" WEST 7.43 FEET; SOUTH 0° 18" EAST 5.08 FEET; SOUTH 89° 42' WEST 36.80 FEET; SOUTH 0° 18" EAST 38.00 FEET, AND SOUTH 89° 42' WEST 101.49 FEET TO THE WESTERN LINE OF SAID 6.12 ACRE PARCEL OF LAND; THENCE SOUTH 0° 18' EAST ALONG THE LAST MENTIONED LINE 322.18 FEET TO THE CENTER LINE OF SAN LORENZO CREEK; THENCE ALONG SAID CENTER LINE SOUTH 67° 23' EAST 183.07 FEET AND EAST 13.87 FEET TO A LINE DRAWN PARALLEL WITH SAID WESTERN LINE OF SAID 6.12 ACRE PARCEL AND DISTANT 182.49 FEET EASTERLY THEREFROM, MEASURED AT A RIGHT ANGLE THERETO; THENCE NORTH 0° 18' WEST, ALONG SAID PARALLEL LINE, 411.54 FEET TO A POINT ON THE SOUTHERN LINE OF SAID TROPIC COURT, AT WHICH POINT THE CENTER OF THE ABOVE-MENTIONED CURVE WITH A RADIUS OF 40 FEET BEARS NORTH 0° 18' WEST 40.00 FEET DISTANT; THENCE WESTERLY AND NORTHWESTERLY ON THE ARC OF SAID CURVE, TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 71° 33' 54", A DISTANCE OF 49.96 FEET TO THE ACTUAL POINT OF COMMENCEMENT.

PARCEL TWO:

PORTION OF THE 6.12 ACRE PARCEL OF LAND DESCRIBED IN THE DEED FROM ROBERT KING AND WIFE, TO BENEDETTO OBERTI, DATED MARCH 19, 1932, AND RECORDED MARCH 22, 1932, IN BOOK 2790, PAGE 171 OF OFFICIAL RECORDS OF ALAMEDA COUNTY, RECORDER'S SERIES NO. CC/14931, BOUNDED AS FOLLOWS:

BEGINNING AT THE SOUTHERN EXTREMITY OF THE CURVE WITH A RADIUS OF 20 FEET WHICH CONNECTS THE WESTERN LINE OF TROPIC COURT WITH THE SOUTHERN LINE OF LEWELLING BOULEVARD, AS DESCRIBED IN THAT CERTAIN GRANT FROM HARRY KROLL, ET AL, TO THE CITY OF SAN LEANDRO, DATED JUNE 30, 1958 AND RECORDED JULY 29, 1958 IN BOOK 8737, PAGE 383 OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AP/74915, AND RUNNING THENCE ALONG SAID LINE OF TROPIC COURT THE FOUR FOLLOWING COURSES AND DISTANCES: SOUTH 0° 18' EAST 215.60 FEET, SOUTHERLY, ON THE ARC OF A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 20 FEET, A DISTANCE OF 7.36 FEET; SOUTH 20° 46' 15" WEST, TANGENT TO THE LAST MENTIONED ARC 25.00 FEET AND SOUTHERLY, SOUTHEASTERLY AND EASTERLY ON THE ARC OF A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 40 FEET, THROUGH A CENTRAL ANGLE OF 111° 04' 15" A DISTANCE OF 77.54 FEET TO A POINT ON A LINE DRAWN PARALLEL WITH THE WESTERN LINE OF SAID 6.12 ACRE PARCEL OF LAND AND DISTANT 182.49 FEET EASTERLY THEREFROM, MEASURED AT A RIGHT ANGLE THERETO, THE LAST DETERMINED POINT BEING THE ACTUAL POINT OF COMMENCEMENT; RUNNING THENCE SOUTH 0° 18' EAST 411.54 FEET TO THE CENTER LINE OF SAN LORENZO CREEK; THENCE ALONG SAID CENTER LINE EAST 115.49 FEET AND SOUTH 66° 26' EAST 73.26 FEET TO THE EASTERN LINE OF SAID 6.12 ACRE PARCEL; THENCE NORTH 0° 18' WEST, ALONG THE LAST MENTIONED LINE, 423.78 FEET TO THE GENERAL SOUTHERN BOUNDARY LINE OF THE PARCEL OF LAND DESCRIBED AS PARCEL 1 IN THE DEED OF TRUST MADE BY TROPIC PROPERTIES, INC., A CORPORATION, TO W.O. WATSON, TRUSTEE, FOR AMERICAN NATIONAL INSURANCE COMPANY, A CORPORATION, DATED MAY 5, 1959 AND RECORDED MAY 5, 1959 IN BOOK 9015, PAGE 471 OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AQ/52445; THENCE ALONG SAID GENERAL SOUTHERN BOUNDARY LINE THE FIVE FOLLOWING COURSES AND DISTANCES; SOUTH 89° 42' WEST 101.49 FEET; NORTH 0° 18' WEST 38.00 FEET; SOUTH 89° 42' WEST 36.00 FEET; NORTH 0° 18' WEST 5.00 FEET AND NORTH 71° 51' 54" WEST 7.43 FEET TO A POINT ON THE EASTERN LINE OF SAID TROPIC COURT, AT WHICH POINT THE CENTER OF SAID CURVE WITH A RADIUS OF 40 FEET BEARS NORTH 71° 51' 54" WEST 40.00 FEET DISTANT; THENCE ALONG THE LINE OF TROPIC COURT SOUTHERLY, SOUTHWESTERLY AND WESTERLY, ON THE ARC OF SAID CURVE WITH A RADIUS OF 40 FEET TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 71° 33' 54" A DISTANCE OF 49.96 FEET TO THE ACTUAL POINT OF COMMENCEMENT.

APN: 412-0006-006-01 and 412-0006-006-02

**Recording Requested by and
when recorded mail to:**

City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attn: City Manager

Exempt from Recording Fees
Pursuant to Government
Code Sections 6103 and 27383

APN: 412-0006-006-01 and 412-0006-006-02

**ASSIGNMENT, ASSUMPTION
AND MODIFICATION AGREEMENT
(AFFORDABLE HOUSING LOAN)**

This Assignment, Assumption and Modification Agreement (the “Agreement”) is entered into as of _____, 2016, by and among Las Palmas Development Partners, L.P., a California limited partnership (“Assignor”), LPSL, L.P., a California limited partnership (“Assignee”) and the City of San Leandro, a California charter city (the “City”), as successor in interest to the Redevelopment Agency of the City of San Leandro (the “Former Agency”) with reference to the following facts:

A. The Former Agency made a loan in the original amount of \$50,000 (such amount, together with accrued interest thereon, the “Loan”) to Assignor pursuant to a Loan Agreement dated as of February 7, 2011 (the “Loan Agreement”) to be used in connection with Assignor's residential housing project for low income persons known as Las Palmas located at 15370-15375 Tropic Court, San Leandro, California and more particularly described in the attached **Exhibit A** (the “Property”).

B. Assembly Bill 26 (“ABx1 26”) was enacted by the State Legislature and signed by the Governor as of June 29, 2011.

C. On December 29, 2011 the California Supreme Court delivered its decision in California Redevelopment Association v. Matasantos, finding ABx1 26 (together with AB 1484 and SB 107, the “Dissolution Law”), largely constitutional and resulting in the dissolution of all California redevelopment agencies, including the Former Agency, on February 1, 2012.

D. Pursuant to the Dissolution Law, the Successor Agency is the successor in interest to the Former Agency.

E. The Loan is also evidenced by that certain Promissory Note (the “Note”) dated February 7, 2011, and secured by a Deed of Trust dated February 7, 2011 recorded in the Official

Records of the County of Alameda (the "Official Records") on March 28, 2011, as Instrument No. 2011-092526 (the "Deed of Trust"), an Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants dated February 7, 2011 recorded in the Official Records on March 28, 2011, as Instrument No. 2011-92525 (the "Regulatory Agreement") and a Notice of Affordability Restrictions on Transfer of Property dated February 7, 2011 recorded in the Official Records on March 28, 2011, as Instrument No. 2011-092474 (the "Notice" and collectively with the Loan Agreement, the Note, the Deed of Trust, and the Regulatory Agreement, the "Loan Documents").

F. Concurrently herewith, the Assignee is acquiring the Property from the Assignor pursuant to a Grant Deed.

G. Assignor now wishes to assign its rights, title and interest in and obligations under the Loan Documents, as amended hereby, to Assignee, and Assignee wishes to assume Assignor's rights and obligations under the Loan Documents.

H. Assignee desires to release Assignor from all obligations in connection with the Loan Documents.

I. The Assignee and the City desire to modify the Loan Documents as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

1. Assignment and Delegation by Assignor. Assignor hereby assigns to Assignee all of Assignor's rights and delegates to Assignee all of Assignor's obligations under the Loan Documents.

2. Acceptance of Assignment and Delegation. Assignee hereby accepts the above assignment and delegation and hereby assumes all of the rights, obligations, covenants, and agreements of Assignor under the Loan Documents. Any reference to Assignor in the Loan Documents described above shall be deemed a reference to Assignee.

3. Release of Assignor. Assignee hereby releases Assignor from all obligations imposed under the Loan Documents.

4. Payment of Obligations. Assignee agrees that any amounts due from Assignor pursuant to the Loan Documents shall be assumed by Assignee.

5. Modification of Loan Term. The term of the Loan shall be extended to the date which is 55 years from the date of recordation of this Agreement (the "Maturity Date").

6. Modification of Affordability Requirements in the Regulatory Agreement. In addition to the 5 Restricted Units for Very Low Income under the Regulatory Agreement, Assignee agrees to

operate 13 of the current market rate units for households at 60% of Area Median Income as such units are vacated by the over income tenants.

6. Consent to Assignment. The City hereby consents to the assignment of the Loan Documents from Assignor to Assignee and hereby releases Assignor from all obligations imposed under the Loan Documents.

7. Assignor Representations. Assignor represents and warrants to City that: (i) Assignor has the power and authority to execute, deliver and perform its obligations under this Agreement; (ii) the execution, delivery and performance of this Agreement do not violate any rule, regulation, statute, law, order, decree, judgment or the like, or any agreement or instrument to which Assignor is a party, and Assignor is not in breach or default under the Loan Documents; (iii) Assignor has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature against City relative to the Loan Documents or this Agreement; and (iv) Assignor has not received any notice from any governmental agency relating to any alleged violation of law, ordinance, rule or regulation.

8. Assignee Representations. Assignee represents and warrants to City that: (i) Assignee is a duly organized, validly existing limited partnership in good standing under the laws of the State of California; (ii) Assignee has the power and authority to execute, deliver and perform its obligations under the Loan Documents and this Agreement; (iii) the execution, delivery and performance of the Loan Documents and this Agreement do not violate any rule, regulation, statute, law, order, decree, judgment or the like, or any agreement or instrument to which Assignee is a party, and Assignee is not in breach or default under any lease or other agreement to which it is a party; (iv) Assignee has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature against City; (v) Assignee has not received any notice from any governmental agency relating to any alleged violation of law, ordinance, rule or regulation; (vi) Assignee shall comply with all of the terms and provisions of the Loan Documents; and (vii) Assignee has not filed, and currently has no intention to file, for any bankruptcy or debtor relief, and Assignee is not insolvent.

9. Reaffirmation of Loan Documents. Assignee hereby affirms and agrees that (i) the Loan Documents constitute the valid, legally binding obligation of Assignee as of the date of this Agreement, enforceable against Assignee in accordance with their terms, and (ii) City shall have the right to exercise any and all remedies against Assignee, including actions to realize or collect upon the security, that City would have had against Assignor but for this Agreement. Assignor and Assignee shall not take any action of any kind, directly or indirectly, to oppose, impede, obstruct, enjoin or otherwise interfere with the exercise by City of any of its rights and remedies under the Loan Documents.

10. No Limitation of Remedies. Nothing in this Agreement is intended to limit any rights, powers or remedies of City in enforcing the Loan Documents. Nothing herein shall constitute or be construed as a waiver of any rights or remedies of City under the Loan Documents, or at law or in equity. The Loan Documents are hereby confirmed and ratified in all respects.

11. Miscellaneous. Notwithstanding anything to the contrary contained in the Loan

Documents, the City agrees as follows:

11.1 Any cure of any default made or tendered by one or more of Assignee's limited partners shall be deemed to be a cure by Assignee and shall be accepted or rejected on the same basis as if made or tendered by Assignee. Copies of all notices which are sent to Assignee under the Loan Documents shall also be sent to Assignee's limited partner at:

U.S. Bancorp Community Development
Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, MO 63103
Attn.: Director of Project Management
Phone: (314) 335-2600
Fax: (314) 335-2601

with a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attn: Jill H. Goldstein

11.2 Each of following transfers shall be permitted under the Loan Documents and shall not constitute a default thereunder:

(a) transfers of the respective interests of Assignee's limited partner to any entity which is either (a) an affiliate of the limited partner or (b) which is controlled, directly or indirectly, by Assignee's limited partner or an affiliate thereof.

(b) transfers of interests within Assignee's limited partner.

(c) the removal or withdrawal in lieu of removal of a general partner of Assignee by its limited partner for cause in accordance with Assignee's partnership agreement and the replacement thereof by Assignee's limited partner or an affiliate thereof without the consent of the City or by another entity with the prior written consent of the City, which consent shall not be unreasonably withheld.

(d) execution of a purchase option and/or right of first refusal agreement by the Assignee's general partner or an affiliate, to be exercised following expiration of the fifteen-year "compliance period" as defined in and determined in accordance with Section 42(i) of the Internal Revenue Code of 1986, as amended ("Code").

11.3 Assignee intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Code Section 42(h)(6)(B). As of the date hereof Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of

foreclosure. In the event the requisite extended use agreement is recorded against the Project, City agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

11.4 Neither Assignee nor its partners shall have personal liability for repayment of the Loan, and the sole recourse of City with respect to the repayment of the Loan shall be to the Property, Assignee's interest in the Project and any other collateral held by City as security for the Loan.

11.5 City agrees that, notwithstanding any provision in the Loan documents to the contrary, insurance and condemnation proceeds shall be used to rebuild or restore the Property provided that (i) if such proceeds are not reasonably sufficient to so rebuild or repair, sufficient additional funds are provided from other sources to rebuild or restore the Property and (ii) City shall have the right to reasonably approve plans and specifications for any major rebuilding and the right to reasonably approve disbursement of such proceeds under a construction escrow or similar arrangement, subject to the prior rights of any senior lenders.

12. Repayment. Notwithstanding anything to the contrary contained in the Loan Documents, no payments or principal or interest shall be due prior to the Maturity Date. The principal balance of the Loan and all accrued and unpaid interest thereon shall be due in full upon the Maturity Date (as extended pursuant to this Agreement).

13. Effective Date. The assignment set forth above shall be effective as of the date the Grant Deed (described in Recital C above) is recorded in the Official Records of the County of Alameda.

14. Counterparts. This Agreement may be signed by different parties hereto in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument. All counterparts shall be deemed an original of this Agreement.

15. Additional Documents. The Assignor, the Assignee and the City agree to execute or provide such documents and instruments, as may be necessary to effectuate the intent of this Agreement.

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ASSIGNOR:

LAS PALMAS DEVELOPMENT PARTNERS,
a California Limited Partnership

By: Eden Las Palmas LLC,
a California limited liability company,
its general partner

By: Eden Investments, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Linda Mandolini, President

ASSIGNEE:

LPSL, L.P.,
a California limited partnership

By: LPSL LLC,
a California limited liability company,
its general partner

By: Eden Investments, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Linda Mandolini, President

CITY:

City of San Leandro,
a California charter city

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

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

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

WITNESS my hand and official seal.

Signature _____

EXHIBIT A
LEGAL DESCRIPTION

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

PARCEL ONE:

PORTION OF THE 6.12 ACRE PARCEL OF LAND DESCRIBED IN THE DEED FROM ROBERT KING AND WIFE, TO BENEDETTO OBERTI, DATED MARCH 19, 1932, AND RECORDED MARCH 22, 1932 IN BOOK 2790, PAGE 171 OF OFFICIAL RECORDS OF ALAMEDA COUNTY, RECORDER'S SERIES CC/14931, BOUNDED AS FOLLOWS:

BEGINNING AT THE SOUTHERN EXTREMITY OF THE CURVE WITH A RADIUS OF 20 FEET WHICH CONNECTS THE WESTERN LINE OF TROPIC COURT WITH THE SOUTHERN LINE OF LEWELLING BOULEVARD, AS DESCRIBED IN THAT CERTAIN GRANT FROM HARRY KROLL, ET AT, TO THE CITY OF SAN LEANDRO, DATED JUNE 30, 1958 AND RECORDED JULY 29, 1958, IN BOOK 8737, PAGE 383, OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AB/74915, AND RUNNING THENCE ALONG SAID LINE OF TROPIC COURT THE FOUR FOLLOWING COURSES AND DISTANCES: SOUTH 0° 18' EAST 215.60 FEET, SOUTHERLY, ON THE ARC OF A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 20 FEET, A DISTANCE OF 7.36 FEET; SOUTH 20° 46' 15" WEST, TANGENT TO THE LAST MENTIONED ARC, 25.00 FEET, AND SOUTHERLY, ON THE ARC OF A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 40 FEET, THROUGH A CENTRAL ANGLE OF 39° 30' 21 " , A DISTANCE OF 27.58 FEET TO A POINT ON THE GENERAL SOUTHERN BOUNDARY LINE OF THE PARCEL OF LAND DESCRIBED AS PARCEL 1 IN THE DEED FROM HARRY KROLL, ET AL, TO TROPIC PROPERTIES, INC., A CALIFORNIA CORPORATION, DATED MARCH 31, 1959, AND RECORDED APRIL 13, 1959 IN BOOK 8991, PAGE 563, OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AQ/42332 THE LAST DETERMINED POINT BEING THE ACTUAL POINT OF COMMENCEMENT; RUNNING THENCE ALONG SAID GENERAL SOUTHERN BOUNDARY LINE THE FIVE FOLLOWING COURSES AND DISTANCES; SOUTH 71° 15' 54" WEST 7.43 FEET; SOUTH 0° 18" EAST 5.08 FEET; SOUTH 89° 42' WEST 36.80 FEET; SOUTH 0° 18" EAST 38.00 FEET, AND SOUTH 89° 42' WEST 101.49 FEET TO THE WESTERN LINE OF SAID 6.12 ACRE PARCEL OF LAND; THENCE SOUTH 0° 18' EAST ALONG THE LAST MENTIONED LINE 322.18 FEET TO THE CENTER LINE OF SAN LORENZO CREEK; THENCE ALONG SAID CENTER LINE SOUTH 67° 23' EAST 183.07 FEET AND EAST 13.87 FEET TO A LINE DRAWN PARALLEL WITH SAID WESTERN LINE OF SAID 6.12 ACRE PARCEL AND DISTANT 182.49 FEET EASTERLY THEREFROM, MEASURED AT A RIGHT ANGLE THERETO; THENCE NORTH 0° 18' WEST, ALONG SAID PARALLEL LINE, 411.54 FEET TO A POINT ON THE SOUTHERN LINE OF SAID TROPIC COURT, AT WHICH POINT THE CENTER OF THE ABOVE-MENTIONED CURVE WITH A RADIUS OF 40 FEET BEARS NORTH 0° 18' WEST 40.00 FEET DISTANT; THENCE WESTERLY AND NORTHWESTERLY ON THE ARC OF SAID CURVE, TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 71° 33' 54", A DISTANCE OF 49.96 FEET TO THE ACTUAL POINT OF COMMENCEMENT.

PARCEL TWO:

PORTION OF THE 6.12 ACRE PARCEL OF LAND DESCRIBED IN THE DEED FROM ROBERT KING AND WIFE, TO BENEDETTO OBERTI, DATED MARCH 19, 1932, AND RECORDED MARCH 22, 1932, IN BOOK 2790, PAGE 171 OF OFFICIAL RECORDS OF ALAMEDA COUNTY, RECORDER'S SERIES NO. CC/14931, BOUNDED AS FOLLOWS:

BEGINNING AT THE SOUTHERN EXTREMITY OF THE CURVE WITH A RADIUS OF 20 FEET WHICH CONNECTS THE WESTERN LINE OF TROPIC COURT WITH THE SOUTHERN LINE OF LEWELLING BOULEVARD, AS DESCRIBED IN THAT CERTAIN GRANT FROM HARRY KROLL, ET AL, TO THE CITY OF SAN LEANDRO, DATED JUNE 30, 1958 AND RECORDED JULY 29, 1958 IN BOOK 8737, PAGE 383 OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AP/74915, AND RUNNING THENCE ALONG SAID LINE OF TROPIC COURT THE FOUR FOLLOWING COURSES AND DISTANCES: SOUTH 0° 18' EAST 215.60 FEET, SOUTHERLY, ON THE ARC OF A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 20 FEET, A DISTANCE OF 7.36 FEET; SOUTH 20° 46' 15" WEST, TANGENT TO THE LAST MENTIONED ARC 25.00 FEET AND SOUTHERLY, SOUTHEASTERLY AND EASTERLY ON THE ARC OF A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 40 FEET, THROUGH A CENTRAL ANGLE OF 111° 04' 15" A DISTANCE OF 77.54 FEET TO A POINT ON A LINE DRAWN PARALLEL WITH THE WESTERN LINE OF SAID 6.12 ACRE PARCEL OF LAND AND DISTANT 182.49 FEET EASTERLY THEREFROM, MEASURED AT A RIGHT ANGLE THERETO, THE LAST DETERMINED POINT BEING THE ACTUAL POINT OF COMMENCEMENT; RUNNING THENCE SOUTH 0° 18' EAST 411.54 FEET TO THE CENTER LINE OF SAN LORENZO CREEK; THENCE ALONG SAID CENTER LINE EAST 115.49 FEET AND SOUTH 66° 26' EAST 73.26 FEET TO THE EASTERN LINE OF SAID 6.12 ACRE PARCEL; THENCE NORTH 0° 18' WEST, ALONG THE LAST MENTIONED LINE, 423.7 8 FEET TO THE GENERAL SOUTHERN BOUNDARY LINE OF THE PARCEL OF LAND DESCRIBED AS PARCEL 1 IN THE DEED OF TRUST MADE BY TROPIC PROPERTIES, INC., A CORPORATION, TO W.O. WATSON, TRUSTEE, FOR AMERICAN NATIONAL INSURANCE COMPANY, A CORPORATION, DATED MAY 5, 1959 AND RECORDED MAY 5, 1959 IN BOOK 9015, PAGE 471 OF SAID OFFICIAL RECORDS, RECORDER'S SERIES NO. AQ/52445; THENCE ALONG SAID GENERAL SOUTHERN BOUNDARY LINE THE FIVE FOLLOWING COURSES AND DISTANCES; SOUTH 89° 42' WEST 101.49 FEET; NORTH 0° 18' WEST 38.00 FEET; SOUTH 89° 42' WEST 36.00 FEET; NORTH 0° 18' WEST 5.00 FEET AND NORTH 71° 51' 54" WEST 7.43 FEET TO A POINT ON THE EASTERN LINE OF SAID TROPIC COURT, AT WHICH POINT THE CENTER OF SAID CURVE WITH A RADIUS OF 40 FEET BEARS NORTH 71° 51' 54" WEST 40.00 FEET DISTANT; THENCE ALONG THE LINE OF TROPIC COURT SOUTHERLY, SOUTHWESTERLY AND WESTERLY, ON THE ARC OF SAID CURVE WITH A RADIUS OF 40 FEET TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 71° 33' 54" A DISTANCE OF 49.96 FEET TO THE ACTUAL POINT OF COMMENCEMENT.

APN: 412-0006-006-01 and 412-0006-006-02

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