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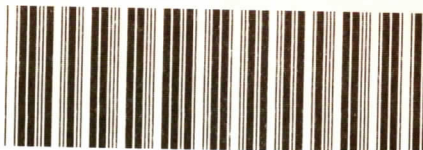
REDEVELOPMENT AGENCY OF
THE CITY OF SAN LEANDRO
City Clerk's Office
835 East 14th Street
San Leandro, CA 94577

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OFFICIAL RECORD
ALAMEDA COUNTY
PATRICK O'CONNOR

04/14/2000 08:30 AM

RECORDING FEE: 0.00



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OFFICE OF SAN LEANDRO

MAY 03 2000

CLERK'S OFFICE

DEED OF TRUST

THIS DEED OF TRUST is made this 12th day of April, 2000 among the Trustor, BATARSE FAMILY TRUST, U.T.A. dated May 7, 1987, ANTHONY A. BATARSE, JR., Trustee (herein "Trustor"), REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO (herein "Trustee"), and the Beneficiary, REDEVELOPMENT AGENCY OF THE CITY OF SAN LEANDRO, a public agency organized and existing under the laws of the State of California whose address is 835 East 14th Street, San Leandro, CA 94577 (herein "Beneficiary").

TRUSTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, that real property located in the County of Alameda, State of California, more fully described in Exhibit A, which has the address of 1444 Marina Boulevard, San Leandro, California;

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property are hereinafter referred to as the "Property";

TO SECURE to Beneficiary payment of the indebtedness evidenced by a promissory note, of even date herewith, and extensions and renewals thereof (herein "Note"), in the principal sum of ONE MILLION FOUR HUNDRED SIX THOUSAND EIGHT HUNDRED NINETY FOUR DOLLARS (\$1,406,894.00), any additional sums and interest thereon hereafter loaned by Beneficiary to Trustor, which loans are evidenced by a promissory note or notes, containing a recitation that this Deed of Trust secures the payment thereof, and the performance of each agreement herein contained.

Trustor covenants that it is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is unencumbered except for encumbrances of record. Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

A. To protect the security of this Deed of Trust, Trustor agrees as follows:

1. Preservation and Maintenance of Property. Trustor agrees to keep the Property in good condition and repair; to construct and maintain improvements as specified in the Owner Participation Agreement between the Batarese Family Trust, Argonaut Holdings, Inc. and the Redevelopment Agency of the City of San Leandro ; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon the Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune, and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. Hazardous Materials. Trustor shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept or used in or about the Property by Trustor, its agents, employees, contractors or invitees, except for those materials necessary for carrying out a new and used automobile dealership business.

Trustor shall indemnify, defend (with counsel approved by Beneficiary) and hold Beneficiary harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Property, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Deed of Trust as a result of any breach, contamination, discharge, or release of Hazardous Materials. This indemnification of Beneficiary by Trustor includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Materials present in, on or under the Property or adjacent property caused by or a result of Trustor's activities. This indemnification specifically excludes hazardous materials on the Property as a result of prior occupant. If any Hazardous Materials are discharged, released, dumped, or spilled on, under, or about the Property after Trustor obtains ownership and results in any contamination of the Property or adjacent property, or otherwise results in the release or discharge on, under or from the Property of Hazardous Materials, Trustor shall promptly take all actions at its sole expense as are necessary to comply with, and in accordance with, all Hazardous Materials Laws.

The term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health & Safety Code, Section 25316 of the California Health & Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment,

industrial hygiene or public health or safety now in effect or enacted after this date.

3. Charges; Liens. Trustor shall pay at least ten days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges, and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust. Trustor shall give prompt notice to Beneficiary of any default under any mortgage, deed of trust or other security agreement with a lien on the Property.

4. Hazard Insurance. Trustor shall keep the improvements and personal property now existing or hereafter erected on the Property insured against loss by fire, vandalism and malicious mischief by a policy of standard fire and extended all-risk insurance. The policy shall be written on a full replacement value basis.

The insurance policy shall be issued in the name of the Trustor and the Beneficiary, as their interests appear.

The full replacement value of the improvements to be insured hereunder shall be determined by the company issuing the policy at the time the policy is initially obtained. Not more frequently than once every two (2) years, either the Trustor or the Beneficiary shall have the right to notify the other party that it elects to have the replacement value redetermined by the insurance company.

The insurance policy shall be issued by an insurance company authorized to do business in the State of California with a financial rating of at least A VII status as rated in the most recent edition of Best's Key Rating Guide. The policy shall contain an endorsement requiring thirty (30) days written notice from the insurance company to both parties before cancellation.

5. Defense of Security. Trustor agrees to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear.

6. Reimbursement of Costs. Trustor agrees to pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, with interest from date of expenditure at the amount allowed by law in effect at the date hereof.

7. Right to Cure. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay,

purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, or in enforcing this Deed of Trust by judicial foreclosure, pay necessary expenses, employ counsel, and pay reasonable attorneys' fees. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary shall give Trustor notice prior to any such inspection specifying reasonable cause therefor related to Beneficiary's interest in the Property.

B. It is mutually agreed that:

1. Condemnation Award. Any award of damages in connection with any condemnation for public use of or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply such moneys received by it to any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

2. Late Payment. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3. Release and Subordination. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey all or any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4. Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, upon surrender of this Deed of Trust and the Note to Trustee for cancellation, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof.

5. Rents, Issues, and Profits. As additional security, Trustor hereby gives to and confers upon Beneficiary the right, power, and authority, during the continuance of these Trusts, to collect the rents, issues, and profits of the Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues, and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or be a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and

expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail return receipt requested addressed to Trustor at Lloyd Wise Company, 10550 International Blvd., **, Attn: Anthony A. Batarese, Jr. or at such other address as Trustor may designate by notice to Beneficiary as provided herein, and (b) any notice to Beneficiary shall be given by certified mail return receipt requested to Beneficiary's address stated herein or to such other address as Beneficiary may designate by notice to Trustor as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein two (2) days after deposit into the United States Mail, or on the date when personally served on the Trustors or Beneficiary.

7. Due On Sale. If Trustor, prior to the due date, sells, transfers, conveys, or assigns Trustors interest in the Property (as defined in the Deed of Trust) to or in favor of any person or entity, without prior written consent of Beneficiary, which consent shall not be unreasonably withheld, then all unpaid interest and principal shall immediately become due and payable.

Notwithstanding the aforementioned, Trustor may at any time, without limitation, and without the necessity of approval from Beneficiary, make a transfer of the Property, or any part thereof, or any interest therein, or any improvements thereon, to: (i) a subsidiary, affiliate, parent or other entity which controls, is controlled by, or is under common control with Trustor; (ii) a successor corporation related to Trustor by merger, consolidation, non-bankruptcy reorganization, or government action; or (iii) a joint venture in which Trustor or any successor to Trustor under the preceding clauses (i) and (ii) is a venturer

8. Preservation of Trust Corpus. Notwithstanding the foregoing, if Trustor wishes to transfer, assign, sell or convey real property or personal property assets from corpus of the Batarese Family Trust, U.T.A. dated May 7, 1987, Anthony J. Batarese, Jr., trustee, such a transfer shall be permitted so long as the net value of the Batarese Family Trust, U.T.A. dated May 7, 1987, Anthony J. Batarese, Jr., trustee, trust corpus remains at a minimum of Three Million Dollars (\$3,000,000), which minimum amount shall be based upon a financial statement prepared by a certified public accountant.

9. Powers of Sale. Upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In the event of default, Beneficiary may employ counsel to enforce payment of the obligations secured hereby, and shall execute or cause the Trustee to execute a written notice of such default and of its election to cause to be sold the Property to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the Recorder of each county wherein the

Property or some part thereof is situated.

Prior to publication of the notice of sale, Beneficiary shall deliver to Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the property described herein, pursuant to the provisions of law and this Deed of Trust.

Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at seven percent (7%) per annum; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's breach, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under this Deed of Trust if the Note had no acceleration provision; (b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; (c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and (d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

11. Indemnification for Relocation Costs. Trustor shall indemnify, defend, and hold harmless the Beneficiary, the City of San Leandro, and the Redevelopment Agency of the City of San Leandro, its officer, employees, agents, and assigns, from and against any and all claims or actions for money or

damages for relocation assistance benefits, which may arise by reason of Article 9 of Chapter 4 of Division 24 of the Health and Safety Code of the State of California, or by reason of Chapter 16 of Division 7 of Title I of the Government Code of the State of California, or by reason of the federal act entitled "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" (Public Law 91-646), as amended, or by reason of any law or regulation of the United States of America or the State of California, made by persons, businesses or entities who have or may have resided or operated on the Property.

12. Request for Notices. Trustor requests that copies of the notice of default and notice of sale be sent to Trustor's address IN Section B.6 hereof. Beneficiary requests that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address, as set forth on page one of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

13. Statement of Obligation. Beneficiary may collect a fee not to exceed \$50 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

14. Utilization of Property. Trustor agrees that the property subject to this Deed of Trust shall be utilized by Trustor for car storage and employee parking at 1444 Marina Boulevard to support the Auto Mall uses on Marina Boulevard, and failure to so utilize constitutes a default under the Deed of Trust and the Note.

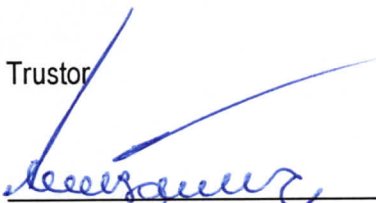
15. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the holder and owner of the Note secured hereby; or, if the Note has been pledged, the pledgee thereof. In this deed of Trust, whenever the context so requires, the singular number includes the plural.

16. Other Sales, Actions, or Proceedings. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

17. Substitution of Trustee. Beneficiary may from time to time or at any time substitute a Trustee or Trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of the county in which the Property is situated, it shall be conclusive evidence of the appointment of such Trustee or Trustees, and such new Trustee or Trustees shall succeed to all of the powers and duties of the Trustee or Trustees named herein.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

Trustor

A handwritten signature in blue ink, appearing to be "Anthony A. Batarse, Jr.", is written over a horizontal line.

Batarse Family Trust, U.T.A. dated May 7, 1987, Anthony
A. Batarse, Jr., Trustee

LMR:kag
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ACKNOWLEDGMENT

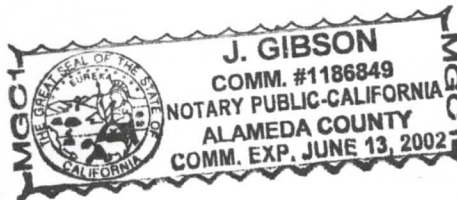
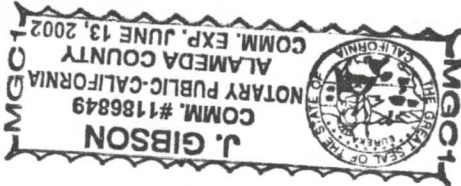
State of California)
) ss.
County of Alameda)

On April 13, 2000 before me, a Notary Public, personally appeared Anthony A. Batarse, Jr., 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(is), 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.



NOTARY PUBLIC



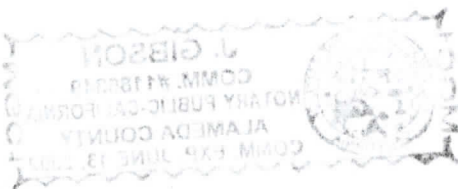


EXHIBIT A

Those parcels of land in the City of San Leandro, County of Alameda, State of California, described as follows:

PARCEL ONE:

Parcel 2, Parcel Map 7569, filed March 29, 2000, Book 249 of Parcel Maps, Page 74, Alameda County Records.

PARCEL TWO:

An easement, for road purposes, upon, over and across the following described parcel of land:

Beginning, for reference, at the most southerly corner of that certain tract of land conveyed to the Workman Packing Company, a California corporation, by deed recorded January 27, 1950, in Book 6004 of Official Records of Alameda County, page 379, said corner being a point on the northwestern line of West Avenue 132, formerly First Street, distant thereon southwesterly 1243.84 feet from the southwestern line of Orchard Avenue; running thence northwesterly, along the southwestern boundary of said tract, a distance of 30.00 feet to the actual point of commencement; thence continuing thereon northwesterly 30.00 feet; thence leaving said boundary line southeasterly in a direct line for a distance of 38.4 feet, more or less, to a point in a line parallel with and 30 feet northwesterly at right angles from said line of West Avenue 132, said point being distant northeasterly 24.00 feet, along said parallel line from the actual point of commencement; thence southwesterly, along last mentioned line 24.00 feet to the actual point of commencement.

Together with all of the right, title and interest of General Motors Corporation to any strips adjoining said premises and to any land lying in the bed of any street or road adjoining said premises.

PARCEL THREE:

Easement to construct and maintain a storm drain and the right to discharge the natural run off, as an appurtenance to Parcel One above, over that portion of Parcel 1, Parcel Map 7569, filed March 29, 2000, Book 249 of Parcel Maps, Page 74, Alameda County Records, designated as "PSDE".

PARCEL FOUR:

A non-exclusive easement for ingress, egress, drainage and utilities appurtenant appurtenant to Parcel One above, over that portion of Parcel 1, Parcel Map 7569, filed March 29, 2000, Book 249 of Parcel Maps, Page 74, Alameda County Records, designated as "Non-Exclusive Access, Drainage and Utilities Easement to Parcel 2".

A.P.N. 077A-0714-004 (portion)