

File No.:	1-357
Name (Previous Owner):	Citizen Housing Corporation (James M. Buckley)
Assessor's Parcel No.:	412-0006-007-00
Address of Property:	15320 Tropic Court
Year:	2002

RECORDING REQUESTED BY
AMERICAN TITLE COMPANY

Recording Requested by and
After Recording Return To:

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

2002261093 06/13/2002 08:30 AM
OFFICIAL RECORDS OF RECORDING FEE: 0.00
ALAMEDA COUNTY
PATRICK O'CONNELL



9 PGS

CITY OF SAN LEANDRO

JUL 08 2002

DEED OF TRUST

CITY CLERK'S OFFICE

THIS DEED OF TRUST is made this 6th day of May, 2002 among the Trustor, Citizens' Housing Corporation, a California nonprofit public benefit corporation, (herein "Trustor"), THE CITY OF SAN LEANDRO (herein "Trustee"), and the Beneficiary, THE 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 15320 Tropic Court, 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 THREE HUNDRED THOUSAND DOLLARS (\$300,000.00), 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, to the best of Trustor's knowledge, 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; not to remove or demolish any building thereon; 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.

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, but excludes materials used in compliance with the law in the construction and operation of the Project.

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.

Subject to the rights of senior mortgagees, the insurance policy shall be issued in the name of the Trustor and the Beneficiary, as their interests appear. The insurance policy shall contain an endorsement which provides that any proceeds shall be disbursed and used to repair or rebuild any such improvements so damaged or destroyed.

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. Subject to the rights of senior mortgagees, 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 and the expiration of applicable cure periods, 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 Citizen's Housing Corporation, 26 O'Farrell Street, 6th Floor, San Francisco, CA 94108, 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 without the consent of Beneficiary. If the Property, any part of it, or interest in it is sold, or if Trustor agrees to sell, convey, or alienate said property, by operation of law or otherwise in violation of the transfer provisions of the Loan Agreement, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, at the option of the holder thereof and without demand shall immediately become due and payable.
8. Powers of Sale. Upon default and expiration of applicable cure periods by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, after the expiration of applicable notice and cure periods, 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.

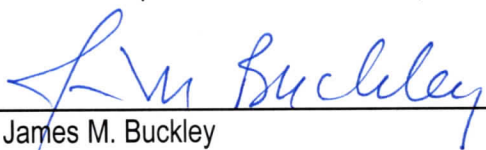
After deducting all costs, fees, and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest 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.

9. 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.
10. 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.
11. Request for Notices. Trustor requests that copies of the notice of default and notice of sale be sent to Trustor's address which is 26 O'Farrell Street, Sixth Floor, San Francisco, CA 94108. 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.
12. 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.

13. Utilization of Property. Trustor agrees that the property subject to this Deed of Trust shall be utilized by Trustor for residential housing and failure to so utilize constitutes a default under the Deed of Trust and the Note.
14. 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.
15. 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.
16. 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, Citizens' Housing Corporation
A California Nonprofit Public Benefit Corporation


By: James M. Buckley

J:\wpd\Mnrsw\432\AGREE\Surf deed 042302.doc

LMR:bwh

STATE OF California

COUNTY OF Alameda

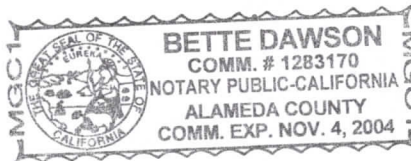
On June 7, 2002 before me, Bette Dawson
(Name, Title of Officer)

James M. Buckley
personally appeared _____

~~personally known to me~~ 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.

Bette Dawson
(Signature of Notary Public)



(This area for notarial seal)

EXHIBIT "ONE"

Parcel One:

Portion of the 6.12 acre parcel of land described in the Deed to Benedetto Oberti, recorded March 22, 1932, Book 2790 OR, page 171, Series CC/14931, described as follows:

Beginning at the Southern extremity of the curve with a radius of 20 feet which connects the eastern line of Tropic Court with the Southern line of Lewelling Boulevard, as described in the grant of easement to the City of San Leandro, recorded July 29, 1958, Book 8737 OR, Page 383, Series No. AP/74915; thence along said line of Tropic Court the four following courses and distances: South $0^{\circ} 18'$ East 215.60 feet Southerly, on the arc of a tangent curve to the left with a radius of 20 feet, a distance of 7.36 feet; South $21^{\circ} 22' 15''$ east, tangent to the last mentioned arc, 25.00 feet, and Southerly, on the arc of a tangent curve to the right with a radius of 40 feet, through a central angle of $39^{\circ} 30' 21''$, a distance of 27.58 feet; thence South $73^{\circ} 51' 54''$ east 7.43 feet; thence South $0^{\circ} 18'$ East 5.00 feet; thence North $89^{\circ} 42'$ East 36.00 feet; thence South $0^{\circ} 18'$ East 38.00 feet; thence North $89^{\circ} 42'$ East 101.49 feet to the Eastern line of said 6.12 acre parcel of land; thence North $0^{\circ} 18'$ West, along the last mentioned line, 338.50 feet to said Southern line of Lewelling Boulevard; thence South $89^{\circ} 42'$ West, along the last mentioned line, 135.49 feet to the Eastern extremity of said curve with a radius of 20 feet which connects said line with the Eastern line of Tropic Court, thence Westerly, Southwesterly and Southerly, along the arc of said curve, to the left, a distance of 31.42 feet to the point of beginning.

Parcel Two:

A non-exclusive easement for driveway purposes appurtenant to Parcel One herein described and any subsequent subdivision or subdivisions thereof, granted in the Deed to Tropic Properties, Inc., recorded October 21, 1958, Book 8821 OR, Page 137, AP/109260, over the following described parcel of land:

Portion of the 6.12 acre tract of land described in the deed to Benedetto Oberti, recorded March 22, 1932, Book 2790, Official Records, page 171, Series No. CC/14931 described as follows:

Beginning at the intersection of the general Southern boundary line of Parcel 1 herein described with the Eastern line of Tropic Court, as referred to herein; thence along said general Southern boundary line the four following courses and distances: South $71^{\circ} 51' 54''$ East 7.43 feet; South $0^{\circ} 18'$ East 5.00 feet; North $89^{\circ} 42'$ East 36.00 feet and South $0^{\circ} 18'$ East 25.00 feet; thence South $89^{\circ} 42'$ West 49.85 feet to a line drawn South $34^{\circ} 59' 43''$ East from the center of the curve with a radius of 40 feet which forms the boundary line of said Tropic Court; thence North $34^{\circ} 59' 42''$ West 14.73 feet to said line of Tropic Court; thence Northeasterly, along said last mentioned line, on the arc of a curve with a radius of 40 feet, to the left through a central angle of $36^{\circ} 52' 11''$, a distance of 25.74 feet to the point of beginning.

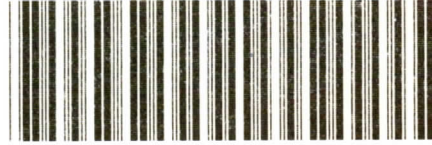
8
RECORDING REQUESTED BY
AMERICAN TITLE COMPANY

Recording Requested by and
After Recording Return To:

THE CITY OF SAN LEANDRO

City Clerk's Office
835 East 14th Street
San Leandro, CA 94577
Ec 607879

2002261092 06/13/2002 08:30 AM
OFFICIAL RECORDS OF RECORDING FEE: 0.00
ALAMEDA COUNTY
PATRICK O'CONNELL



9 PGS

CITY OF SAN LEANDRO

Re.: Reso.
2002-65, Exh. H(1)
05-06-02
(2096)

JUL 08 2002

DEED OF TRUST

CITY CLERK'S OFFICE

THIS DEED OF TRUST is made this 6th day of May, 2002 among the Trustor, Citizens' Housing Corporation, a California nonprofit public benefit corporation, (herein "Trustor"), THE CITY OF SAN LEANDRO (herein "Trustee"), and the Beneficiary, 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 15320 Tropic Court, 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 SEVEN HUNDRED THOUSAND (\$700,000.00), 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, to the best of Trustor's knowledge, 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; not to remove or demolish any building thereon; 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.

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, but excludes materials used in compliance with the law in the construction and operation of the Project.

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.

Subject to the rights of senior mortgagees, the insurance policy shall be issued in the name of the Trustor and the Beneficiary, as their interests appear. The insurance policy shall contain an endorsement which provides that any proceeds shall be disbursed and used to repair or rebuild any such improvements so damaged or destroyed.

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. Subject to the rights of senior mortgagees, 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 and the expiration of applicable cure periods, 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 Citizen's Housing Corporation, 26 O'Farrell Street, 6th Floor, San Francisco, CA 94108, 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 without the consent of Beneficiary. If the Property, any part of it, or interest in it is sold, or if Trustor agrees to sell, convey, or alienate said property, by operation of law or otherwise in violation of the transfer provisions of the Loan Agreement, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, at the option of the holder thereof and without demand shall immediately become due and payable.
8. Powers of Sale. Upon default and expiration of applicable cure periods by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, after the expiration of applicable notice and cure periods, 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.

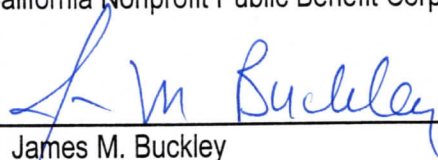
9. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's breach, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five days before sale 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.
10. 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.
11. Request for Notices. Trustor requests that copies of the notice of default and notice of sale be sent to Trustor's address which is 26 O'Farrell Street, Sixth Floor, San Francisco, CA 94108. 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.
12. 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.
13. Utilization of Property. Trustor agrees that the property subject to this Deed of Trust shall be utilized by Trustor for residential housing and failure to so utilize constitutes a default

under the Deed of Trust and the Note.

14. 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.
15. 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.
16. 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, Citizens' Housing Corporation
A California Nonprofit Public Benefit Corporation


By: James M. Buckley

J:\wpd\lMrsw\136\001\AGREE\2002\Citizens\Exhibit H Deed of Trust 2 042402..doc

LMR:bwh

ACKNOWLEDGMENT

State of California)
San Francisco) ss.
County of Alameda)

On April 25, 2002 before me, a Notary Public, personally appeared
James M. Buckley, 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.

[Signature]
NOTARY PUBLIC



EXHIBIT "ONE"

Parcel One:

Portion of the 6.12 acre parcel of land described in the Deed to Benedetto Oberti, recorded March 22, 1932, Book 2790 OR, page 171, Series CC/14931, described as follows:

Beginning at the Southern extremity of the curve with a radius of 20 feet which connects the eastern line of Tropic Court with the Southern line of Lewelling Boulevard, as described in the grant of easement to the City of San Leandro, recorded July 29, 1958, Book 8737 OR, Page 383, Series No. AP/74915; thence along said line of Tropic Court the four following courses and distances: South $0^{\circ} 18'$ East 215.60 feet Southerly, on the arc of a tangent curve to the left with a radius of 20 feet, a distance of 7.36 feet; South $21^{\circ} 22' 15''$ east, tangent to the last mentioned arc, 25.00 feet, and Southerly, on the arc of a tangent curve to the right with a radius of 40 feet, through a central angle of $39^{\circ} 30' 21''$, a distance of 27.58 feet; thence South $73^{\circ} 51' 54''$ east 7.43 feet; thence South $0^{\circ} 18'$ East 5.00 feet; thence North $89^{\circ} 42'$ East 36.00 feet; thence South $0^{\circ} 18'$ East 38.00 feet; thence North $89^{\circ} 42'$ East 101.49 feet to the Eastern line of said 6.12 acre parcel of land; thence North $0^{\circ} 18'$ West, along the last mentioned line, 338.50 feet to said Southern line of Lewelling Boulevard; thence South $89^{\circ} 42'$ West, along the last mentioned line, 135.49 feet to the Eastern extremity of said curve with a radius of 20 feet which connects said line with the Eastern line of Tropic Court, thence Westerly, Southwesterly and Southerly, along the arc of said curve, to the left, a distance of 31.42 feet to the point of beginning.

Parcel Two:

A non-exclusive easement for driveway purposes appurtenant to Parcel One herein described and any subsequent subdivision or subdivisions thereof, granted in the Deed to Tropic Properties, Inc., recorded October 21, 1958, Book 8821 OR, Page 137, AP/109260, over the following described parcel of land:

Portion of the 6.12 acre tract of land described in the deed to Benedetto Oberti, recorded March 22, 1932, Book 2790, Official Records, page 171, Series No. CC/14931 described as follows:

Beginning at the intersection of the general Southern boundary line of Parcel 1 herein described with the Eastern line of Tropic Court, as referred to herein; thence along said general Southern boundary line the four following courses and distances: South $71^{\circ} 51' 54''$ East 7.43 feet; South $0^{\circ} 18'$ East 5.00 feet; North $89^{\circ} 42'$ East 36.00 feet and South $0^{\circ} 18'$ East 25.00 feet; thence South $89^{\circ} 42'$ West 49.85 feet to a line drawn South $34^{\circ} 59' 43''$ East from the center of the curve with a radius of 40 feet which forms the boundary line of said Tropic Court; thence North $34^{\circ} 59' 42''$ West 14.73 feet to said line of Tropic Court; thence Northeasterly, along said last mentioned line, on the arc of a curve with a radius of 40 feet, to the left through a central angle of $36^{\circ} 52' 11''$, a distance of 25.74 feet to the point of beginning.

 AMERICAN TITLE
COMPANY
Serving the American Dream

3549 Castro Valley Boulevard • Castro Valley, CA 94546
(510) 537-2933 • FAX (510) 537-3640

June 14, 2002

(1-357)

Redevelopment Agency of The City of San Leandro
Attn: City Clerk's Office
835 East 14th Street
San Leandro, CA 94577

Order No.: 607879
Loan No.: Citizen's Housing

We appreciate the opportunity of being of service to you. Please refer any questions regarding this policy of title insurance to:

American Title Company

CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY 1990

Policy No. 02-067- 20004

CHICAGO TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;

and in addition, as to an insured lender only:

5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority;
7. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule B, or the failure of the assignment shown in Schedule B to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

In Witness Whereof, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of Date of Policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

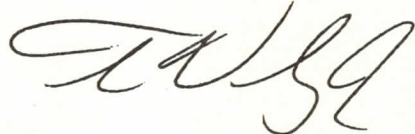
CHICAGO TITLE INSURANCE COMPANY

By:

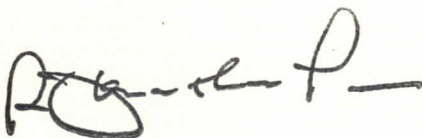


President

ATTEST



Secretary



EXCLUSIONS FROM COVERAGE

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

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

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. The term "insured" also includes

(i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);

(ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;

(iii) the parties designated in Section 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage.

(c) "insured lender": the owner of an insured mortgage.

(d) "insured mortgage": a mortgage shown in Schedule B, the owner of which is named as an insured in Schedule A.

(e) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(f) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(g) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(h) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

(i) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage which would entitle a purchaser of the estate or interest described in Schedule A or the insured

mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

(a) **After Acquisition of Title by Insured Lender.** If this policy insures the owner of the indebtedness secured by the insured mortgage, the coverage of this policy shall continue in force as of Date of Policy in favor of (i) such insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title by an Insured.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from an insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to an insured.

(c) **Amount of Insurance.** The amount of insurance after the acquisition or after the conveyance by an insured lender shall in neither event exceed the least of:

(i) the amount of insurance stated in Schedule A;

(ii) the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or

(iii) the amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

An insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of a defect, lien or encumbrance of title or interest which is adverse to the insured's title to the estate or interest insured by the insured mortgage, as insured, and

which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to that insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE

(a) Upon written request by an insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of such insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of such insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, an insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for this purpose. Whenever requested by the Company, an insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of an insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of an insured claimant to provide the required proof of loss or damage, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, an insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by an insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of an insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information

from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that insured for that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or

(ii) in case loss or damage is claimed under this policy by the owner of the indebtedness secured by the insured mortgage, to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of the option provided for in paragraph a(i), all liability and obligations to the insured under this policy, other than to make the payment required in that paragraph, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

Upon the exercise by the Company of the option provided for in paragraph a(ii) the Company's obligation to an insured lender under this policy for the claimed loss or damage, other than the payment required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (b)(ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy to an insured lender shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2 (c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured lender has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The liability of the Company under this policy to an insured owner of the estate or interest in the land described in Schedule A shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(d) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. LIMITATION OF LIABILITY

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or, if applicable, to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable to an insured lender for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.

9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto. However, as to an insured lender, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of the insurance afforded under this policy as to any such insured except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured lender except as provided in Section 2(a) of these Conditions and Stipulations.

10. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

The provisions of this Section shall not apply to an insured lender, unless such insured acquires title to said estate or interest in satisfaction of the indebtedness secured by an insured mortgage.

11. PAYMENT OF LOSS

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

12. SUBROGATION UPON PAYMENT OR SETTLEMENT

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the

insured claimant, the Company shall be subrogated (i) as to an insured owner, to all rights and remedies in the proportion which the Company's payment bears to the whole amount of loss; and (ii) as to an insured lender, to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Insured's Rights and Limitations.

Notwithstanding the foregoing, the owner of the indebtedness secured by an insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of an insured mortgage by an obligor (except an obligor described in Section 1(a)(ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a)(i) of these Conditions and Stipulations.

13. ARBITRATION

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage, or of the title to the estate or interest covered hereby, or by any action asserting such claim shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

15. SEVERABILITY

In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

16. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at the issuing office or to:

CHICAGO INSURANCE COMPANY
Claims Dept.
171 North Street
Chicago, IL 60601-3294

SCHEDULE A

Order Number: 607879

Policy No.:

02-067 20004

Amount of Insurance:

\$ 300,000.00

Premium:

\$ 214.00

Date of Policy: June 13, 2002 at 08:30 a.m.

1. Name of Insured:

The Redevelopment Agency of The City of San Leandro

2. The estate or interest in the land described herein and which is covered by this policy is:

A FEE as to Parcel(s) 1;

AN EASEMENT more fully described below as to Parcel(s) 2

3. Title to the estate or interest in the land is vested in:

Citizens Housing Corporation, a California nonprofit public benefit corporation

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

SEE EXHIBIT "ONE" ATTACHED HERETO AND MADE A PART HEREOF

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

EXHIBIT "ONE"

Parcel One:

Portion of the 6.12 acre parcel of land described in the Deed to Benedetto Oberti, recorded March 22, 1932, Book 2790 OR, page 171, Series CC/14931, described as follows:

Beginning at the Southern extremity of the curve with a radius of 20 feet which connects the eastern line of Tropic Court with the Southern line of Lewelling Boulevard, as described in the grant of easement to the City of San Leandro, recorded July 29, 1958, Book 8737 OR, Page 383, Series No. AP/74915; thence along said line of Tropic Court the four following courses and distances: South $0^{\circ} 18'$ East 215.60 feet Southerly, on the arc of a tangent curve to the left with a radius of 20 feet, a distance of 7.36 feet; South $21^{\circ} 22' 15''$ east, tangent to the last mentioned arc, 25.00 feet, and Southerly, on the arc of a tangent curve to the right with a radius of 40 feet, through a central angle of $39^{\circ} 30' 21''$, a distance of 27.58 feet; thence South $73^{\circ} 51' 54''$ east 7.43 feet; thence South $0^{\circ} 18'$ East 5.00 feet; thence North $89^{\circ} 42'$ East 36.00 feet; thence South $0^{\circ} 18'$ East 38.00 feet; thence North $89^{\circ} 42'$ East 101.49 feet to the Eastern line of said 6.12 acre parcel of land; thence North $0^{\circ} 18'$ West, along the last mentioned line, 338.50 feet to said Southern line of Lewelling Boulevard; thence South $89^{\circ} 42'$ West, along the last mentioned line, 135.49 feet to the Eastern extremity of said curve with a radius of 20 feet which connects said line with the Eastern line of Tropic Court, thence Westerly, Southwesterly and Southerly, along the arc of said curve, to the left, a distance of 31.42 feet to the point of beginning.

Parcel Two:

A non-exclusive easement for driveway purposes appurtenant to Parcel One herein described and any subsequent subdivision or subdivisions thereof, granted in the Deed to Tropic Properties, Inc., recorded October 21, 1958, Book 8821 OR, Page 137, AP/109260, over the following described parcel of land:

Portion of the 6.12 acre tract of land described in the deed to Benedetto Oberti, recorded March 22, 1932, Book 2790, Official Records, page 171, Series No. CC/14931 described as follows:

Beginning at the intersection of the general Southern boundary line of Parcel 1 herein described with the Eastern line of Tropic Court, as referred to herein; thence along said general Southern boundary line the four following courses and distances: South $71^{\circ} 51' 54''$ East 7.43 feet; South $0^{\circ} 18'$ East 5.00 feet; North $89^{\circ} 42'$ East 36.00 feet and South $0^{\circ} 18'$ East 25.00 feet; thence South $89^{\circ} 42'$ West 49.85 feet to a line drawn South $34^{\circ} 59' 43''$ East from the center of the curve with a radius of 40 feet which forms the boundary line of said Tropic Court; thence North $34^{\circ} 59' 42''$ West 14.73 feet to said line of Tropic Court; thence Northeasterly, along said last mentioned line, on the arc of a curve with a radius of 40 feet, to the left through a central angle of $36^{\circ} 52' 11''$, a distance of 25.74 feet to the point of beginning.

Assessor's Parcel No: 412-0006-007

SCHEDULE B

EXCEPTIONS FROM COVERAGE

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

PART I

All matters set forth in paragraphs 1 through 5 inclusive on the cover of this policy under the caption Part I of Schedule B.

PART II

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2002-2003.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$2,856,000.00
Dated: June 4, 2002
Trustor: Citizens Housing Corporation, a California nonprofit public benefit corporation
Trustee: PRLAP, Inc.
Beneficiary: Bank of America, N.A., a National Banking Association
Loan No.: 1058295-1
Recorded: June 13, 2002, Instrument No. 2002-261087, of Official Records
4. **Regulatory Agreement**,
By and Between: City of San Leandro and Citizens' Housing Corporation, a California nonprofit public benefit corporation
Recorded: June 13, 2002, Instrument No.: 2002-261091, Official Records

5. **A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby**

Amount: \$700,000.00
Dated: May 6, 2002
Trustor: Citizens Housing Corporation, a California nonprofit public benefit corporation
Trustee: The City of San Leandro
Beneficiary: The City of San Leandro
Loan No.: None shown
Recorded: June 13, 2002, Instrument No. 2002-261092, of Official Records

An agreement which states that this instrument was subordinated to the document or interest shown as Item No. 3,

By agreement

Recorded: June 13, 2002, Instrument No. 2002-261088, of Official Records

6. **A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby**

Amount: \$300,000.00
Dated: May 6, 2002
Trustor: Citizens Housing Corporation, a California nonprofit public benefit corporation
Trustee: The City of San Leandro
Beneficiary: The Redevelopment Agency of the City of San Leandro
Loan No.: None shown
Recorded: June 13, 2002, Instrument No. 2002-261093, of Official Records

An agreement which states that this instrument was subordinated to the document or interest shown as Item No. 3,

By agreement

Recorded: June 13, 2002, Instrument No. 2002-261089, of Official Records

7. **An unrecorded lease with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document**

Entitled: Memorandum of Lease
Lessor: Benjamin F. Moal
Lessee: Web Service Company, Inc.
Recorded: November 22, 1996, Instrument No. 96-296760, of Official Records

The present ownership of the leasehold created by said lease and other matters affecting the interest of the lessee are not shown herein.

An agreement (and the provisions contained therein) which states that said lease is subordinate to the Deed of Trust shown as item No. 3, by document

Recorded: June 13, 2002, Instrument No. 2002-261090, of Official Records

An agreement (and the provisions contained therein) which states that said lease is subordinate to the Deed of Trust shown as item No. 5, by document

Recorded: June 13, 2002, Instrument No. 2002-261094, of Official Records

An agreement (and the provisions contained therein) which states that said lease is subordinate to the Deed of Trust shown as item No. 6, by document

Recorded: June 13, 2002, Instrument No. 2002-261095, of Official Records

ASSESSOR'S MAP 412

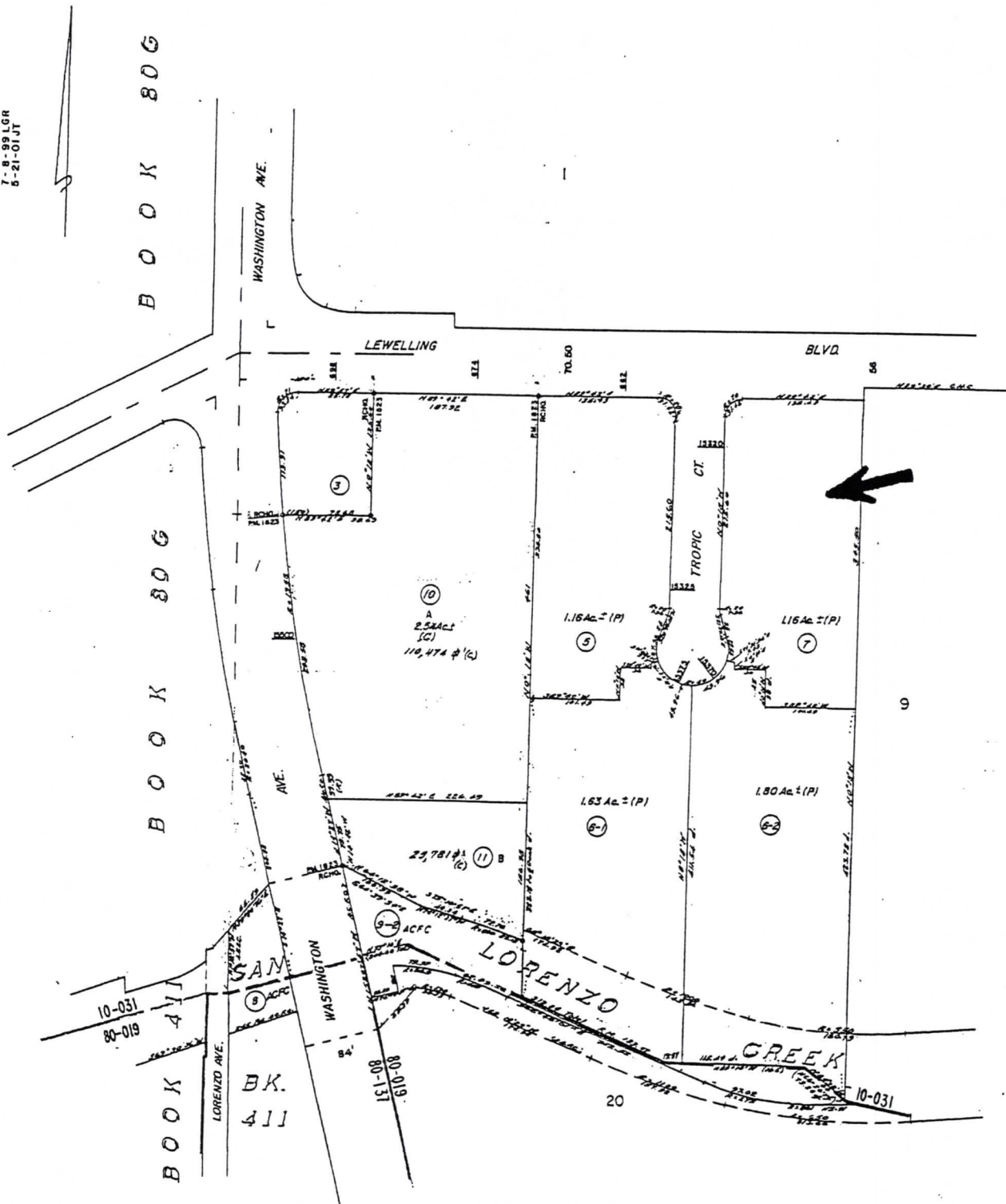
Code Area Nos. 10-031
80-019

6

Scale: 1"=100'

Rancho San Leandro (J.J. Estudillo) (Bk. Pat. A* Pg. 116)
P.M. 1823 (Bk. 91 Pg. 16)

Drn. 5-62 H.N.
Corrected: 6-5-78 RG
4-13-81 PB
4-13-81 MC
7-8-89 LGR
5-21-01 JT



Fmly. Bk. 800 - Pgs. Bk. 544

ACM 16

Ref: P.M. 602 (Bk. 64 Pg. 11) L.S. 1428 20/84

HPN: 12

Order tk

Description: 412 6

1051

Continued

 AMERICAN TITLE
COMPANY
Serving the American Dream

3549 Castro Valley Boulevard • Castro Valley, CA 94546
(510) 537-2933 • FAX (510) 537-3640

June 14, 2002

(1-357)

The City of San Leandro
Attn: City Clerk's Office
835 East 14th Street
San Leandro, CA 94577

Order No.: 607879
Loan No.: Citizens Housing

We appreciate the opportunity of being of service to you. Please refer any questions regarding this policy of title insurance to:

American Title Company

CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY 1990

Policy No. 02-067-

20003

CHICAGO TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;

and in addition, as to an insured lender only:

5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority;
7. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule B, or the failure of the assignment shown in Schedule B to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

In Witness Whereof, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of Date of Policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

CHICAGO TITLE INSURANCE COMPANY



By:

A handwritten signature in black ink, appearing to be "Robert L. St. C."

President

ATTEST

A handwritten signature in black ink, appearing to be "T. W. B. G."

Secretary

A handwritten signature in black ink, appearing to be "R. G. P."

EXCLUSIONS FROM COVERAGE

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

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

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. The term "insured" also includes

(i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of the indebtedness except a successor who is an obligor under the provisions of Section 12(c) of these Conditions and Stipulations (reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor insured, unless the successor acquired the indebtedness as a purchaser for value without knowledge of the asserted defect, lien, encumbrance, adverse claim or other matter insured against by this policy as affecting title to the estate or interest in the land);

(ii) any governmental agency or governmental instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage, or any part thereof, whether named as an insured herein or not;

(iii) the parties designated in Section 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage.

(c) "insured lender": the owner of an insured mortgage.

(d) "insured mortgage": a mortgage shown in Schedule B, the owner of which is named as an insured in Schedule A.

(e) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(f) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(g) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(h) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

(i) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A or the insured

mortgage to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

(a) **After Acquisition of Title by Insured Lender.** If this policy insures the owner of the indebtedness secured by the insured mortgage, the coverage of this policy shall continue in force as of Date of Policy in favor of (i) such insured who acquires all or any part of the estate or interest in the land by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage; (ii) a transferee of the estate or interest so acquired from an insured corporation, provided the transferee is the parent or wholly-owned subsidiary of the insured corporation, and their corporate successors by operation of law and not by purchase, subject to any rights or defenses the Company may have against any predecessor insureds; and (iii) any governmental agency or governmental instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage.

(b) **After Conveyance of Title by an Insured.** The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from an insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to an insured.

(c) **Amount of Insurance.** The amount of insurance after the acquisition or after the conveyance by an insured lender shall in neither event exceed the least of:

(i) the amount of insurance stated in Schedule A;

(ii) the amount of the principal of the indebtedness secured by the insured mortgage as of Date of Policy, interest thereon, expenses of foreclosure, amounts advanced pursuant to the insured mortgage to assure compliance with laws or to protect the lien of the insured mortgage prior to the time of acquisition of the estate or interest in the land and secured thereby and reasonable amounts expended to prevent deterioration of improvements, but reduced by the amount of all payments made; or

(iii) the amount paid by any governmental agency or governmental instrumentality, if the agency or instrumentality is the insured claimant, in the acquisition of the estate or interest in satisfaction of its insurance contract or guaranty.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

An insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of an if title or interest which is adverse to the title to the estate or interest of the insured mortgage, as insured, and

which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to that insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE

(a) Upon written request by an insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of such insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of such insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, an insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for this purpose. Whenever requested by the Company, an insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured. If the Company is prejudiced by the failure of an insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of an insured claimant to provide the required proof of loss or damage, the Company's obligations to such insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, an insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by an insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of an insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information

from third parties as required in paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that insured for that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or

(ii) in case loss or damage is claimed under this policy by the owner of the indebtedness secured by the insured mortgage, to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of the option provided for in paragraph a(i), all liability and obligations to the insured under this policy, other than to make the payment required in that paragraph, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

Upon the exercise by the Company of the option provided for in paragraph a(ii) the Company's obligation to an insured lender under this policy for the claimed loss or damage, other than the payment required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (b)(ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy to an insured lender shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2 (c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured lender has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The liability of the Company under this policy to an insured owner of the estate or interest in the land described in Schedule A shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(d) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. LIMITATION OF LIABILITY

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or, if applicable, to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable to an insured lender for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.

9. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto. However, as to an insured lender, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of the insurance afforded under this policy as to any such insured except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(b) Payment in part by any person of the principal of the indebtedness, or any other obligation secured by the insured mortgage, or any voluntary partial satisfaction or release of the insured mortgage, to the extent of the payment, satisfaction or release, shall reduce the amount of insurance pro tanto. The amount of insurance may thereafter be increased by accruing interest and advances made to protect the lien of the insured mortgage and secured thereby, with interest thereon, provided in no event shall the amount of insurance be greater than the Amount of Insurance stated in Schedule A.

(c) Payment in full by any person or the voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured lender except as provided in Section 2(a) of these Conditions and Stipulations.

10. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

The provisions of this Section shall not apply to an insured lender, unless such insured acquires title to said estate or interest in satisfaction of the indebtedness secured by an insured mortgage.

11. PAYMENT OF LOSS

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

12. SUBROGATION UPON PAYMENT OR SETTLEMENT

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the

insured claimant, the Company shall be subrogated (i) as to an insured owner, to all rights and remedies in the proportion which the Company's payment bears to the whole amount of loss; and (ii) as to an insured lender, to all rights and remedies of the insured claimant after the insured claimant shall have recovered its principal, interest, and costs of collection.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Insured's Rights and Limitations.

Notwithstanding the foregoing, the owner of the indebtedness secured by an insured mortgage, provided the priority of the lien of the insured mortgage or its enforceability is not affected, may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness.

When the permitted acts of the insured claimant occur and the insured has knowledge of any claim of title or interest adverse to the title to the estate or interest or the priority or enforceability of the lien of the insured mortgage, as insured, the Company shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

The Company's right of subrogation shall not be avoided by acquisition of an insured mortgage by an obligor (except an obligor described in Section 1(a)(ii) of these Conditions and Stipulations) who acquires the insured mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an insured under this policy, notwithstanding Section 1(a)(i) of these Conditions and Stipulations.

13. ARBITRATION

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage, or of the title to the estate or interest covered hereby, or by any action asserting such claim shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

15. SEVERABILITY

In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

16. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at the issuing office or to:

CHICAGO TITLE INSURANCE COMPANY
Claims Dept.
171 North C
Chicago, IL 60601-3294

SCHEDULE A

Order Number: 607879

Policy No.:	02-067 20003
Amount of Insurance:	\$ 700,000.00
Premium:	\$ 314.00

Date of Policy: June 13, 2002 at 08:30 a.m.

1. Name of Insured:

The City of San Leandro

2. The estate or interest in the land described herein and which is covered by this policy is:

A FEE as to Parcel(s) 1;

AN EASEMENT more fully described below as to Parcel(s) 2

3. Title to the estate or interest in the land is vested in:

Citizens Housing Corporation, a California nonprofit public benefit corporation

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

SEE EXHIBIT "ONE" ATTACHED HERETO AND MADE A PART HEREOF

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

EXHIBIT "ONE"

Parcel One:

Portion of the 6.12 acre parcel of land described in the Deed to Benedetto Oberti, recorded March 22, 1932, Book 2790 OR, page 171, Series CC/14931, described as follows:

Beginning at the Southern extremity of the curve with a radius of 20 feet which connects the eastern line of Tropic Court with the Southern line of Lewelling Boulevard, as described in the grant of easement to the City of San Leandro, recorded July 29, 1958, Book 8737 OR, Page 383, Series No. AP/74915; thence along said line of Tropic Court the four following courses and distances: South $0^{\circ} 18'$ East 215.60 feet Southerly, on the arc of a tangent curve to the left with a radius of 20 feet, a distance of 7.36 feet; South $21^{\circ} 22' 15''$ east, tangent to the last mentioned arc, 25.00 feet, and Southerly, on the arc of a tangent curve to the right with a radius of 40 feet, through a central angle of $39^{\circ} 30' 21''$, a distance of 27.58 feet; thence South $73^{\circ} 51' 54''$ east 7.43 feet; thence South $0^{\circ} 18'$ East 5.00 feet; thence North $89^{\circ} 42'$ East 36.00 feet; thence South $0^{\circ} 18'$ East 38.00 feet; thence North $89^{\circ} 42'$ East 101.49 feet to the Eastern line of said 6.12 acre parcel of land; thence North $0^{\circ} 18'$ West, along the last mentioned line, 338.50 feet to said Southern line of Lewelling Boulevard; thence South $89^{\circ} 42'$ West, along the last mentioned line, 135.49 feet to the Eastern extremity of said curve with a radius of 20 feet which connects said line with the Eastern line of Tropic Court, thence Westerly, Southwesterly and Southerly, along the arc of said curve, to the left, a distance of 31.42 feet to the point of beginning.

Parcel Two:

A non-exclusive easement for driveway purposes appurtenant to Parcel One herein described and any subsequent subdivision or subdivisions thereof, granted in the Deed to Tropic Properties, Inc., recorded October 21, 1958, Book 8821 OR, Page 137, AP/109260, over the following described parcel of land:

Portion of the 6.12 acre tract of land described in the deed to Benedetto Oberti, recorded March 22, 1932, Book 2790, Official Records, page 171, Series No. CC/14931 described as follows:

Beginning at the intersection of the general Southern boundary line of Parcel 1 herein described with the Eastern line of Tropic Court, as referred to herein; thence along said general Southern boundary line the four following courses and distances: South $71^{\circ} 51' 54''$ East 7.43 feet; South $0^{\circ} 18'$ East 5.00 feet; North $89^{\circ} 42'$ East 36.00 feet and South $0^{\circ} 18'$ East 25.00 feet; thence South $89^{\circ} 42'$ West 49.85 feet to a line drawn South $34^{\circ} 59' 43''$ East from the center of the curve with a radius of 40 feet which forms the boundary line of said Tropic Court; thence North $34^{\circ} 59' 42''$ West 14.73 feet to said line of Tropic Court; thence Northeasterly, along said last mentioned line, on the arc of a curve with a radius of 40 feet, to the left through a central angle of $36^{\circ} 52' 11''$, a distance of 25.74 feet to the point of beginning.

Assessor's Parcel No: 412-0006-007

SCHEDULE B

EXCEPTIONS FROM COVERAGE

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

PART I

All matters set forth in paragraphs 1 through 5 inclusive on the cover of this policy under the caption Part I of Schedule B.

PART II

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2002-2003.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$2,856,000.00
Dated: June 4, 2002
Trustor: Citizens Housing Corporation, a California nonprofit public benefit corporation
Trustee: PRLAP, Inc.
Beneficiary: Bank of America, N.A., a National Banking Association
Loan No.: 1058295-1
Recorded: June 13, 2002, Instrument No. 2002-261087, of Official Records
4. **Regulatory Agreement**,
By and Between: City of San Leandro and Citizens' Housing Corporation, a California nonprofit public benefit corporation
Recorded: June 13, 2002, Instrument No.: 2002-261091, Official Records

5. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$700,000.00
Dated: May 6, 2002
Trustor: Citizens Housing Corporation, a California nonprofit public benefit corporation
Trustee: The City of San Leandro
Beneficiary: The City of San Leandro
Loan No.: None shown
Recorded: June 13, 2002, Instrument No. 2002-261092, of Official Records

An agreement which states that this instrument was subordinated to the document or interest shown as Item No. 3,

By agreement
Recorded: June 13, 2002, Instrument No. 2002-261088, of Official Records

6. **A deed of trust** to secure an indebtedness in the amount shown below, and any other obligations secured thereby

Amount: \$300,000.00
Dated: May 6, 2002
Trustor: Citizens Housing Corporation, a California nonprofit public benefit corporation
Trustee: The City of San Leandro
Beneficiary: The Redevelopment Agency of the City of San Leandro
Loan No.: None shown
Recorded: June 13, 2002, Instrument No. 2002-261093, of Official Records

An agreement which states that this instrument was subordinated to the document or interest shown as Item No. 3,

By agreement
Recorded: June 13, 2002, Instrument No. 2002-261089, of Official Records

7. **An unrecorded lease** with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document

Entitled: Memorandum of Lease
Lessor: Benjamin F. Moal
Lessee: Web Service Company, Inc.
Recorded: November 22, 1996, Instrument No. 96-296760, of Official Records

The present ownership of the leasehold created by said lease and other matters affecting the interest of the lessee are not shown herein.

An agreement (and the provisions contained therein) which states that said lease is subordinate to the Deed of Trust shown as item No. 3, by document

Recorded: June 13, 2002, Instrument No. 2002-261090, of Official Records

An agreement (and the provisions contained therein) which states that said lease is subordinate to the Deed of Trust shown as item No. 5, by document

Recorded: June 13, 2002, Instrument No. 2002-261094, of Official Records

An agreement (and the provisions contained therein) which states that said lease is subordinate to the Deed of Trust shown as item No. 6, by document

Recorded: June 13, 2002, Instrument No. 2002-261095, of Official Records

ASSESSOR'S MAP 412

ie Area Nos. 10-031
80-019

6

Scale: 1"=100'

R San Leandro (J.J. Estudillo) (Bk. Pat "A" Pg.
P.M. 1023 (Bk. 91 Pg. 16)

Drn. 5-62 H.N.
Corrected: 6-5-78 RG
8-13-81 PB.
4-21-97 WL
7-8-99 LGR
5-21-01 JT

BOOK 80G

WASHINGTON AVE.

LEWELLING

BLVD

BOOK 80G

BOOK 411

LORENZO AVE.

SAM

BK. 411

WASHINGTON

80-131

LORENZO

CREEK

9

20



Fmly. Bk. 80D-Par. Bk. 544

ACM 16

Ref: P.M. 602 (Bk. 64 Pg. 43), R.S. 1428 20/84

HPN: 12