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REEL 3147 PAGE

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WHEN RECORDED RETURN TO:

The Regents of the University of California
Office of The Treasurer
300 Lakeside Drive, 17th Floor
Oakland, California 94612-3550

Atten: Assistant Treasurer--Real Estate

Recorded at the Request of
CHICAGO TITLE

SEP 7 1994

8:00 A.M.
MONTEREY COUNTY RECORDER

NO FEE

61703

No Documentary transfer tax due
Exempt-Revenue and taxation code 11922
As Declared by the undersigned

QUITCLAIM DEED

THIS INDENTURE, made and entered into between the **UNITED STATES OF AMERICA**, hereinafter referred to as the **GRANTOR**, acting by and through the Secretary of the Army, under and pursuant to the power and authority contained in the Defense Base Closure and Realignment Act of 1990, Public Law No. 101-510, as amended, and codified at Title 10, United States Code, section 2687 note, and the **REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California public corporation, hereinafter referred to as the **GRANTEE**.

WITNESS THAT:

WHEREAS, the **GRANTOR** is the owner of certain real property located within Fort Ord, California, situated in Monterey County, in the State of California, a portion of which is to be herein conveyed, that portion is hereinafter referred to as the "Property", consisting of approximately 962 acres and more fully described in Exhibit "A" herein; and

WHEREAS, the State of California, under section 67655 of the Government Code of California, has designated the **GRANTEE** as the "redevelopment authority" with regard to the Property, and the Secretary of the Army, for purposes of section 2905(b)(4)(A) of Public Law No. 101-510, as amended (section 2905 of Public Law No. 101-510 has been

amended by section 2903 of Public Law No. 103-160), has recognized **GRANTEE** as such; and

WHEREAS, Fort Ord, California, has been identified as a National Priority List Site under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) of 1980, as amended. The **GRANTOR** has provided the **GRANTEE** with a copy of the Fort Ord Base Federal Facility Agreement (FFA) and all amendments thereto entered into by EPA Region IX, the State of California, and the Army that were effective on November 19, 1990; and

WHEREAS, the California State Historic Preservation Officer has determined that no structures, monuments, or other property within the subject Property were identified as having any historical significance; and

WHEREAS, with regard to the Property, the **GRANTOR** has fulfilled the requirements of the Stewart B. McKinney Homeless Assistance Act, 40 U.S.C. 11411; and

WHEREAS, the **GRANTEE** intends to develop the Property for use by the **GRANTEE** and others consistent with the **GRANTEE'S** mission and the goal of attracting economic development to the Fort Ord vicinity; and

WHEREAS, the **GRANTEE** intends to maintain certain specified sensitive species habitat areas on the Property;

NOW, THEREFORE, the **GRANTOR**, for and in consideration of the monetary sum of \$1.00 and other valuable consideration, receipt of which is hereby acknowledged, and for the performance by the **GRANTEE** of the covenants, conditions, and restrictions hereinafter contained, does hereby remise, release, and quitclaim to the **GRANTEE**, its successors and assigns, all right, title, interest, claim and demand, but reserving certain exclusions, restrictions, and covenants of this Deed, which the **GRANTOR** has in and to the Property as described in EXHIBIT "A", which is incorporated herein by reference; together with, all and singular, the appurtenances, hereditaments, improvements, tenements and all electric, natural gas, water, sewer, stormwater, and communication signals (including telephone and cable television) systems owned by **GRANTOR** (collectively "Utility Systems"), now existing on, within and under the subject parcels of the Property, thereunto belonging or in any way appertaining, and the reversions,

remainders, issues, profits and rent thereof, except as hereinafter otherwise expressly provided.

The transfer will be **EXCLUSIVE** of the following:

1. All water rights that the **GRANTOR** may presently own, or claims to water rights that may at a future date be determined to be valid, with the right to surface entry in a manner that does not unreasonably interfere with **GRANTEE'S** development and quiet enjoyment of the property, and

2. **GRANTOR** reserves mineral rights that **GRANTOR** presently owns, or that it may at a future date be determined to own, below 500 feet below the surface, without the right of surface entry, and

3. Perpetual and assignable easements and rights-of-way hereby reserved to the **GRANTOR**, its successors or assigns, in, on, over and across those portions of the transferred Property and more fully described in **EXHIBIT "B"** (which description shall be defined by and limited to a metes and bounds description), which is incorporated herein by this reference, for the location, construction, operation, maintenance, alteration and replacement of roads, streets, and appurtenances thereto; together with the right to trim, cut, fell, and remove therefrom, consistent with the Basewide Habitat Management Plan and applicable law governing protection of endangered species, all trees, underbrush, obstructions and other vegetation, structures, or obstacles within the limits of the rights-of-way; subject, however, to the right of the **GRANTEE** and its successors and assigns, to relocate such easements and rights-of-way at the expense of the **GRANTEE**, or its successors or assigns, and subject to the right of **GRANTEE** to use and traverse such easements and rights-of-way by pedestrians, bicycles, and vehicles in such a way as to continue in its quiet enjoyment of the use of the Property; however, such rights of **GRANTEE** are subject to existing easements and rights-of-way for public roads and highways, public utilities, and pipelines, and

4. A nonexclusive easement hereby reserved to the **GRANTOR**, its successors and assigns, for the presence, operation, repair, replacement, modification, maintenance, and other requirements necessary to permit the **GRANTOR** to continue disposal of property at Fort Ord, which will terminate upon complete disposal of Fort Ord, and

5. The **GRANTOR** retains all Utility Systems except the laterals, service drops or appropriate term for such Utility System line to or from the buildings and will retain transferable easements and access rights for all **GRANTOR**-owned Utility Systems, and

6. Assignable nonexclusive easements and rights-of-way in, on, over and across that portion of the subject Property containing Utility Systems excluded under sections 5 and 7 for the purpose of locating, constructing, operating, maintaining, altering, repairing and patrolling Utility Systems; together with the right to trim, cut, fell and remove therefrom, consistent with the Basewide Habitat Management Plan and applicable law governing protection of endangered species, all trees, underbrush, obstructions and other vegetation, structures, or obstacles within the limits of the easements and rights-of-way; subject, however, to the right of **GRANTEE** and its successors and assigns, to relocate such Utility Systems and related easements at the expense of **GRANTEE**, or its successors or assigns; and subject to the right of **GRANTEE** to use and cross over or under such easements and rights-of-way by pedestrians, bicycles, and vehicles; however, such rights of **GRANTEE** are subject to existing easements and rights-of-way, and

7. The **GRANTOR** hereby reserves a temporary easement and right-of-way for a period not to exceed 24 months from the date of this Deed, in, on, over and across that portion of the Property within approximately a 250-foot radius of existing Well #32(D) for the purpose of drilling a replacement well. Such well will be owned, operated, and maintained by the **GRANTOR**, and

8. The water allocation rights shall remain with the **GRANTOR**. With regard to the ultimate disposition of any water and water allocation rights the **GRANTOR** may have at Fort Ord, the **GRANTOR** shall cooperate with the **GRANTEE**, other grantees of Fort Ord property, the Monterey County Water Resources Agency (MCWRA), and the Fort Ord Reuse Authority (FORA), in seeking to ensure that **GRANTEE** and all other Fort Ord grantees will continue to be provided an equitable supply of the water at Fort Ord, and

9. With regard to the ultimate disposition of any rights or interests the **GRANTOR** has in sewerage treatment capacity provided by the Monterey Regional Water Pollution Control Agency (MRWPCA), the

GRANTOR shall cooperate with **GRANTEE**, other grantees of property at Fort Ord, MRWPCA, and the Fort Ord Reuse Authority (FORA), in seeking to ensure that **GRANTEE** and all other Fort Ord grantees will continue to enjoy equitable utilization of the existing sewerage treatment capacity, including existing connections to the Fort Ord sewerage collection system, and

10. A perpetual right to enter the Property for the specific purpose of treating or removing any unexploded shells, mines, bombs, or other such devices deposited or caused by the **GRANTOR**, and

11. The Property is taken by the **GRANTEE** subject to any and all valid and existing recorded outstanding liens, licenses, leases, easements, and any other encumbrances made for the purpose of streets, Utility Systems, rights-of-way, railroads, pipelines, and/or covenants, exceptions, interests, liens, reservations and agreements of record, and applicable restrictions including building heights and land use, and

TO HAVE AND TO HOLD the Property unto the **GRANTEE** and its successors and assigns forever, **PROVIDED** that this Deed is made and accepted upon each of the following conditions, which conditions shall be binding upon and enforceable against the **GRANTEE**, its successors and assigns, in perpetuity, as follows:

12. By accepting this Deed, the **GRANTEE** acknowledges that the **GRANTEE** has read the FFA and recognizes that, should any conflict arise between the terms of the FFA and the terms of this Deed, the FFA will take precedence. Notwithstanding any other provisions of this conveyance, the **GRANTOR** assumes no liability to the **GRANTEE** should implementation of the FFA interfere with **GRANTEE'S** use of the premises. **GRANTOR** shall give **GRANTEE** reasonable notice of its actions required by the FFA and **GRANTOR** shall, consistent with feasible methods for complying with its obligations under the FFA, endeavor to minimize the disruption of the **GRANTEE'S** use of the Property. The **GRANTEE** shall have no claim on account of any such interference against the **GRANTOR** or any officer, agent, employee or contractor thereof.

13. The **GRANTEE** has received the technical environmental reports prepared by, or on behalf of, the **GRANTOR**, the **GRANTEE** and others and has inspected the Finding of Suitability to Transfer, EXHIBIT "C" attached hereto.

14. The **GRANTEE** has inspected and accepts the physical condition and current level of environmental hazards on the Property and deems the Property to be safe for the intended use, human health, and the environment in general, except as otherwise noted in sections 18, 19, 22, and 23 without liability to the **GRANTOR**. The **GRANTEE'S** acknowledgment of the condition of the Property creates a rebuttable presumption that any substance discovered on the Property after the date of the transfer is related solely to the activity of, caused, deposited, or created by the **GRANTEE**, its successors, or assigns. The consideration for the transfer will be considered to eliminate and bar all claims by the **GRANTEE** or others against the **GRANTOR** arising out of or in any way predicated upon the substances referred to in the preceding sentence, and the **GRANTEE** agrees to waive any such claims against the **GRANTOR**. This section shall not affect the **GRANTOR'S** responsibility under section 23 of this Deed.

15. The **GRANTEE** has inspected, knows and accepts the condition and state of repair of the subject Property. The **GRANTEE** understands and agrees that the Property and any part thereof is offered "As Is, Where Is" without any representation, warranty or guaranty, except as required pursuant to applicable law, by the **GRANTOR** as to quantity, quality, title, character, condition, size, or kind, or that the same is in condition or fit to be used for the purpose for which intended, and no claim for allowance or deduction upon such grounds will be considered. There is no obligation on the part of the **GRANTOR** to make any alterations, repairs or additions. The **GRANTOR** shall not be liable for any latent or patent defects in the premises. The **GRANTEE** acknowledges that the **GRANTOR** has made no representation or warranty concerning the condition and state of repair of the premises nor any agreement or promise to alter, improve, adapt, or repair any portion of said Property. This section shall not affect the **GRANTOR'S** responsibility under section 23 of this Deed.

16. **NOTICE OF PROFIT-SHARING.** **GRANTEE** agrees that if, at any time within a period of fifteen (15) years from the date of transfer of title by the **GRANTOR**, the **GRANTEE** sells or leases the Property or any portion thereof, either in a single transaction or in a series of transactions, it is agreed that net profits received by **GRANTEE** shall be shared with the **GRANTOR**. The following provisions shall apply to this profit sharing:

a. The division of profits shall be based on net profits and shall be shared on a basis of sixty percent (60%) to the **GRANTEE** and forty percent

(40%) to the Department of Defense until the earlier to occur of the expiration of 15 years from the date of this Deed or payment to the Department of Defense of the fair market value of the Property on the date of this Deed as determined by the **GRANTOR**.

b. In calculating the amount of any net profit from a sale or lease, the **GRANTEE** may deduct:

- (i). Capital costs, as provided in 41 CFR 101-47.4908(b)
- (ii). Direct and indirect costs related to the particular parcel of property and transaction that are otherwise allowable under 48 CFR Part 31, including the allocable costs of operation of the **GRANTEE** with regard to the particular parcel of property.
- (iii). Notwithstanding the above, categories or types of costs that, during the profit-sharing period described in subsection 16.a. above, are identified by the **GRANTEE** and approved by the **GRANTOR** as allowable costs.

c. The **GRANTEE** shall provide the **GRANTOR** a copy of any sale or lease agreement.

d. The **GRANTEE** is forbidden from entering into "straw" transactions (sales or leases to a cooperating party at a nominal price), transactions at other than arm's length, or other devices designed to circumvent the **GRANTOR'S** recovery of its share of the net profits. The **GRANTOR** acknowledges that **GRANTEE** intends to undertake real estate development activities on the Property consistent with its statutory mission and economic redevelopment of the Property.

17. During a period of fifteen years (15) from the date of transfer of title by the **GRANTOR**, the **GRANTEE** shall hold the proceeds of any casualty insurance policy on the Property in trust for the replacement or repair of such Property, and if such proceeds are not used for such purposes, the proceeds shall be considered income to the **GRANTEE** subject to recoupment by the **GRANTOR** pursuant to section 16 hereof.

COVENANTS:

The covenants set forth in this deed are a binding servitude on the parcels of the Property herein conveyed and shall be deemed to run with the land in perpetuity. Restrictions, stipulations and covenants contained

herein shall be inserted by the GRANTEE verbatim or by express reference in any deed or other legal instrument by which it divests itself of either the fee simple title or any other lesser estate in the Property or any portion thereof. All rights and powers reserved to the GRANTOR, and all references in this Deed to GRANTOR, shall include its successor in function.

18. **NOTICE OF THE PRESENCE OF ASBESTOS.** The Property existing on the date of this conveyance is known to contain certain amounts of asbestos floor tile, linoleum and associated mastic, asbestos-containing pipe and tank insulation, heating, ventilating, and air conditioning vibration joint cloths, exhaust flues, acoustic ceiling treatment, debris in some of the buildings, and incidental amounts in the window putty or gasketing, **THEREFORE:**

The GRANTEE covenants and agrees, on behalf of it, its successors and assigns, that in its use and occupancy of the Property, it will comply with all applicable laws relating to asbestos; and that the GRANTOR assumes no liability for damages for personal injury, illness, disability or death, to the GRANTEE, its successors or assigns, or to any other person, including members of the general public, arising from or incident to the purchase, transportation, removal, handling, use, disposition, or other activity causing or leading to contact of any kind whatsoever with asbestos on the Property described in this Deed, whether or not the GRANTEE, its successors or assigns, have properly warned or failed properly to warn the individual(s) injured.

19. **NOTICE OF THE PRESENCE OF LEAD-BASED PAINT.** The GRANTEE is hereby informed and does acknowledge that residential structures on the Property and existing on the date of this Deed which were constructed prior to 1978 are presumed to contain lead-based paint. The GRANTEE, its successors and assigns, shall not permit the use of any such structure for residential habitation unless the GRANTEE has received certification from GRANTOR or another that the premises are safe or GRANTEE has eliminated the hazards of lead-based paint by treating any defective lead-based paint surface in accordance with all applicable laws and regulations. Residential structures are defined as any house, apartment or structure intended for human habitation, including but not limited to a non-dwelling facility commonly used by children under seven years of age such as a child care center, elementary school, or playground.

20. NOTICE OF ENDANGERED SPECIES. The GRANTEE has been provided a copy of and agrees to uphold the requirements of the Basewide Habitat Management Plan, which include that future conveyances of the Property will be subject to the restrictions in that Plan. The GRANTEE will not be responsible for the management of species and habitats on Parcel SR3, also known as the University Research Area Landfill parcel, unless and until GRANTEE receives title to the land.

21. NOTICE OF PROXIMITY OF AIRPORT. The Monterey Airport and Fritzsche Army Airfield are in close proximity to the subject Property. Accordingly, in coordination with the Federal Aviation Administration, the GRANTEE covenants and agrees, on behalf of it, its successors and assigns and every successor in interest to the Property herein described, or any part thereof, that there will be no construction or alteration unless a determination of no hazard to air navigation is issued by the Federal Aviation Administration in accordance with Title 14, Code of Federal Regulations, Part 77, entitled, "Objects Affecting Navigable Airspace", or under the authority of the Federal Aviation Act of 1958, as amended.

22. NOTICE OF ORDNANCE. The GRANTEE covenants and agrees, on behalf of it, its successors and assigns and every successor in interest to the Property herein described, or any part thereof, that the GRANTEE is aware that unexploded shells, mines, bombs, or other such devices may be present on the Property, and is therefore also aware that any excavation on the Property may require investigation by the GRANTEE for the existence of unexploded shells, mines, bombs, or other such devices, which may have not been discovered at the time the Property was cleared by the GRANTOR.

23. The GRANTOR warrants that any response action or corrective action that it is required to undertake by applicable law shall be conducted by the GRANTOR. The GRANTOR hereby reserves a right of access to the Property in any case in which a response action or corrective action is found to be necessary. The GRANTOR also hereby reserves a right of access to the Property as may be necessary to carry out a response action or corrective action on adjoining property. The GRANTOR shall give GRANTEE reasonable notice of its response action or corrective action requiring access to the Property and GRANTOR shall, consistent with feasible methods for complying with these actions, endeavor to minimize the disruption of the GRANTEE'S use of the Property.

24. **NOTICE OF NON-DISCRIMINATION.** The GRANTEE hereby agrees that it will comply with the requirements of Title VI of the Civil Rights Act of 1964 (Public Law No. 88-352) and all requirements imposed by or pursuant to the Regulations issued pursuant to the Act and now in effect, to the end that, in accordance with said Act and Regulations, no person in the United States shall, on the ground of race, color, national origin, sex, or handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity of the GRANTEE, its successors and assigns.

25. **PROVIDED, HOWEVER,** that the failure of the GRANTOR or his successor to insist in any one or more instances upon complete performance of any of the said conditions shall not be construed as a waiver or a relinquishment of the future performance of any such conditions, but the obligations of the GRANTEE, its successors and assigns, with respect to such future performance shall continue in full force and effect.

IN WITNESS WHEREOF, the GRANTOR has caused these presents to be executed by Togo D. West, Jr., Secretary of the Army, and the seal of the Department of the Army to be hereto affixed this 3rd day of AUGUST, 1994.



BY Togo D. West, Jr.
Togo D. West, Jr.
Secretary of the Army

ACKNOWLEDGMENT

COMMONWEALTH of VIRGINIA)

COUNTY OF ARLINGTON)

I, the undersigned, a Notary Public in and for the Commonwealth of Virginia, County of Arlington, whose commission as such expires on the 31ST day of MARCH, 1997, do hereby certify that this day personally appeared before me in the said Commonwealth of Virginia, County of Arlington, Togo D. West, Jr., Secretary of the Army, whose name is signed to the foregoing document dated the 31ST day of AUGUST, 1994, and acknowledged the same for and on behalf of the UNITED STATES OF AMERICA.


Given under my hand this 31ST day of AUGUST, 1994.


NOTARY PUBLIC

**SECRETARY'S CERTIFICATE OF THE REGENTS'
ACCEPTANCE OF A CONVEYANCE OF REAL
PROPERTY AND ITS CONSENT TO RECORDATION**

This is to certify that the interest in real property situated in Monterey
County, California, described as follows: 1,100 acres of surplus land declared surplus
to U.S. Army needs at Fort Ord Military Reservation, specifically described on Exhibit
"A", attached hereto conveyed by deed dated August 31, 1994, from United
States of America to
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, a corporation, is hereby
accepted by the undersigned officer on behalf of The Regents of the University of
California pursuant to authority conferred by Resolution of The Regents of the University
of California adopted on July 15, 1994 and the grantee hereby consents to recordation
thereof by its duly authorized officer.

DATED: August 31, 1994



Secretary of The Regents
of the University of California

CERTIFICATION

Acquisition of Surplus Federal Property at Fort Ord Military Reservation, Santa Cruz Campus

- RESOLVED: A. That The Regents accept title to real property consisting of approximately 1,100 acres of land located in Monterey County, California declared surplus to U.S. Army needs at the Fort Ord Military Reservation in accordance with the phased transfer of the property described in the background, said title to the above described real property to be conveyed by deeds from the United States of America, through the Secretary of the Army, and consent to the recording of said deeds.
- B. The Regents adopt the Findings indicating that the conveyance of the property is exempt from the California Environmental Quality Act.
- C. The Officers of The Regents be authorized to execute all documents required to complete the conveyances described in A. and B. above.

* * *

THIS IS TO CERTIFY that the foregoing is a full, true and correct record of action taken by The Regents of the University of California, a corporation, at a duly called meeting thereof, held on July 15, 1994, at which a quorum was present, and that a majority of said Regents voted in favor of said action.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the said corporation this 10th day of August, 1994.

Patricia L. Nieto

Secretary of The Regents
of the University of California

REEL 3147 PAGE 104

EXHIBIT A

PARCEL I:

Certain real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County Of Monterey, State Of California, particularly described as follows:

BEGINNING at Angle Point No. 41 of Dependent Resurvey of a portion of the Boundary of the Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of beginning being at coordinate Northing + 21443133.49594 and Easting + 5743370.21116; thence along said boundary

- (1) S. 58 degrees 07' 36" E., 4953.90 feet; thence
- (2) S. 61 degrees 57' 20" W., 348.91 feet; thence leaving said boundary
- (3) Southeasterly, 2.84 feet along the arc of a non-tangent curve to the left having a radius of 4348.38 feet whose center bears N. 31 degrees 23' 07" E., through a central angle of 00 degrees 02' 15"; thence non-tangentially
- (4) S. 57 degrees 44' 10" E., 6859.60 feet; thence
- (5) N. 73 degrees 07' 49" E., 191.13 feet; thence
- (6) N. 32 degrees 15' 38" E., 745.73 feet; thence
- (7) N. 29 degrees 06' 03" E., 66.61 feet; thence
- (8) N. 57 degrees 44' 10" W., 3173.98 feet; thence
- (9) N. 34 degrees 20' 00" E., 757.07 feet; thence
- (10) N. 55 degrees 40' 00" W., 269.62 feet; thence
- (11) N. 34 degrees 20' 00" E., 297.91 feet; thence
- (12) S. 55 degrees 40' 00" E., 269.62 feet; thence
- (13) N. 34 degrees 20' 00" E., 198.08 feet; thence
- (14) Northwesterly, 34.56 feet along the arc of a tangent curve to the left having a radius of 22.00 feet, through a central angle of 90 degrees 00' 00"; thence tangentially
- (15) N. 55 degrees 40' 00" W., 2847.49 feet; thence
- (16) N. 34 degrees 20' 00" E., 779.13 feet; thence
- (17) N. 55 degrees 40' 00" W., 3641.71 feet to a point on the northerly boundary of said Fort Ord Military Reservation; thence along last said boundary
- (18) S. 68 degrees 12' 57" W., 3675.62 feet to the Point of Beginning.

EXCEPTING THEREFROM that certain Parcel of land described below:

CERTAIN real property situate in Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

COMMENCING at Angle Point No. 42 of Dependent Resurvey of a portion of the boundary of Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of commencement being at coordinate Northing - 2141517.61368 and Easting - 5747585.14248; thence along said boundary

(a) N. 51 degrees 34' 40" E., 2501.26 feet to the True Point of Beginning being a coordinate Northing = 2143072.02152 and Easting = 5749544.76401; thence

(1) N. 55 degrees 40' 00" W., 1250.00 feet; thence leaving said boundary

(2) S. 34 degrees 20' 00" W., 1400.00 feet; thence

(3) S. 55 degrees 44' 00" E., 1500.00 feet; thence

(4) N. 34 degrees 20' 00" E., 1070.87 feet; thence

(5) N. 55 degrees 40' 00" W., 250.00 feet; thence

(6) N. 34 degrees 20' 00" E., 329.13 feet to the Point of Beginning.

ALSO EXCEPTING THEREFROM that certain Parcel of Land described below:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho las Salinas, County Of Monterey, State Of California, particularly described as follows:

BEGINNING at Angle Point No. 42 of Dependent Resurvey of a portion of the Boundary of the Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of beginning being at coordinate Northing - 2141517.61368 and Easting - 5747585.14248; thence along said boundary,

(1) S. 58 degrees 07' 36" E., 653.90 feet; thence leaving said boundary,

(2) N. 31 degrees 52' 24" E., 650.00 feet; thence

(3) S. 58 degrees 07' 36" E., 970.00 feet; thence

(4) S. 31 degrees 52' 24" W., 650.00 feet; thence

(5) N. 58 degrees 07' 36" W., 316.10 feet to the Point of Beginning.

ALSO EXCEPTING THEREFROM that Parcel of Land described below:

CERTAIN real property situate in Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

COMMENCING at Angle Point No. 42 of Dependent Resurvey of a portion of the boundary of the Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of commencement being at coordinate Northing = 2141517.61368 and Easting =

5747585.14248; thence along said boundary

(a) S. 75 degrees 15' 01" E., 3832.70 feet to the True Point of Beginning being at coordinate Northing - 2140541.80991 and Easting - 5751291.54192; thence

(1) N. 55 degrees 40' 00" W., 400.00 feet; thence leaving said boundary

(2) S. 34 degrees 20' 00" W., 1471.87 feet; thence

(3) S. 57 degrees 44' 10" E., 500.00 feet; thence

(4) N. 34 degrees 20' 00" E., 957.41 feet; thence

(5) N. 57 degrees 44' 10" W., 99.74 feet; thence

(6) N. 34 degrees 20' 00" E., 500.00 feet to the Point of Beginning.

EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

PARCEL II:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

BEGINNING at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the north corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as said point of beginning being at coordinate Northing - 2136867.09687 and Easting - 5754384.09781; thence

(1) N. 57 degrees 44' 10" W., 932.11 feet; thence

(2) N. 12 degrees 46' 28" E., 461.46 feet; thence

(3) N. 32 degrees 15' 38" E., 996.20 feet; thence

(4) N. 36 degrees 30' 00" E., 1681.00 feet; thence

(5) N. 46 degrees 40' 30" E., 424.12 feet; thence

(6) S. 45 degrees 12' 04" E., 46.58 feet; thence

(7) S. 55 degrees 45' 00" E., 78.50 feet; thence

(8) N. 34 degrees 13' 31" E., 37.23 feet; thence

(9) S. 45 degrees 12' 04" E., 491.14 feet; thence

(10) S. 25 degrees 28' 37" E., 1574.08 feet; thence

(11) S. 47 degrees 28' 38" E., 907.42 feet; thence

- (12) S. 06 degrees 08' 05' E., 443.32 feet; thence
- (13) S. 15 degrees 53' 35" E., 1562.54 feet; thence
- (14) S. 47 degrees 06' 38" E., 149.25 feet; thence
- (15) S. 07 degrees 00' 07" W., 208.25 feet; thence
- (16) S. 00 degrees 40' 37" E., 985.06 feet to a point on the Northerly boundary of said 15,6095 acre tract; thence along said boundary
- (17) N. 57 degrees 45' 52" W., 4182.88 feet to the Point of Beginning.

EXCEPTING THEREFROM that certain Parcel of land described as follows:

Commencing at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the North corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, assaid point of commencement being at coordinate Northing = 2136867.09687 and Easting = 5754384.0971; thence

(a) N. 26° 16' 01" E., 702.11 feet to the True Point of Beginning, being at coordinate Northing = 2137496.70800 and Easting = 5754694.81804; thence

- (1) S. 43° 09' 16" E., 257.21 feet; thence
- (2) N. 46° 50' 44" E., 254.56 feet; thence
- (3) N. 43° 09' 16" W., 257.21 feet; thence
- (4) S. 46° 50' 44" W., 254.56 feet to the True Point of Beginning.

ALSO EXCEPTING THEREFROM that certain Parcel of land described as follows:

Commencing at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the North corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as saidpoint of commencement being at coordinate Northing = 2136867.09687 and Easting = 5754384.0971; thence along the Northeasterly line of Reservation Road (a 130 foot-wide County Road),

(a) S. 57° 45' 52" E., 1998.40 feet to the True Point of Beginning, being at coordinate Northing = 2135801.15283 and Easting = 5756074.46903; thence continuing along said Northeasterly line,

- (1) S. 57° 45' 52" E., 255.85 feet; thence leaving said Northeasterly line of said Reservation Road,
- (2) N. 31° 19' 24" E., 210.19 feet; thence
- (3) N. 58° 40' 36" W., 255.82 feet; thence
- (4) S. 31° 19' 24" W., 206.12 feet to the True Point of Beginning.

ALSO EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

RESERVING THEREFROM a non-exclusive easement for ingress and egress described as follows:

A strip of land being 40 feet wide lying along, adjacent to and Southeasterly of the following described line:

Commencing at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the North corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as saidpoint of beginning being at coordinate Northing = 2136867.09687 and Easting = 5754384.09781; thence

(a) N. 4° 55' 49" W., 1796.68 feet to the True Point of Beginning, being at coordinate Northing = 2138657.12415 and Easting = 5754229.68508; thence

(1) N. 36° 30' 00" E., 1681.00 feet; thence

(2) N. 46° 40' 30" E., 424.12 feet.

PARCEL III:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

COMMENCING at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35 degrees at the north corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as saidpoint of beginning being at coordinate Northing = 21366867.09687 and Easting = 5754384.09781; thence

(a) N. 59 degrees 36' 01" W., 3996.50 feet to the True Point of Beginning, being at coordinate Northing = 2138889.44875 and Easting = 5750937.05138; thence

(1) S. 31 degrees 25' 41" W., 763.85 feet; thence

(2) N. 58 degrees 28' 25" W., 643.44 feet; thence

(3) S. 50 degrees 00' 00" W., 1515.16 feet; thence

(4) S. 70 degrees 40' 15" E., 3656.00 feet; thence

(5) S. 58 degrees 34' 00" E., 1740.00 feet; thence

(6) S. 57 degrees 45' 52" E., 1443.90 feet; thence

(7) N. 32 degrees 14' 08" E., 1371.72 feet; thence

(8) N. 57 degrees 45' 52" W., 1657.93 feet; thence

(9) N. 57 degrees 44' 10" W., 3994.52 feet to the True Point of Beginning.

EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

RESERVING THEREFROM a non-exclusive easement for roadway purposes described as follows:

COMMENCING at a found 5" x 8" granite monument accepted as being the corner designated as "U.S." at the North corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as saidpoint of commencement being at coordinate Northing = 2136867.09687 and Easting = 5754384.0971; thence

(a) N. 70° 09' 58" W., 603.98 feet to the True Point of Beginning, being at coordinate Northing = 2137072.02190 and Easting = 5753815.94900; thence

(1) S. 73° 43' 16" W., 1978.68 feet; thence

(2) N. 70° 40' 15" W., 3271.39 feet; thence

(3) N. 50° 00' 00" E., 420.45 feet; thence

(4) S. 70° 40' 15" E., 2525.14 feet; thence

(5) S. 88° 47' 44" E., 866.68 feet; thence

(6) N. 32° 15' 50" E., 802.36 feet; thence

(7) S. 57° 44' 10" E., 1166.81 feet to the True Point of Beginning.

PARCEL IV:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

BEGINNING at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the north corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as saidpoint of beginning being at coordinate Northing = 2136867.09687 and Easting = 5754384.09781; thence

(a) N. 59 degrees 08' 43" W., 5286.45 feet to the True Point of Beginning, being at coordinate Northing = 2139578.32205 and Easting = 5749845.84061; thence

(1) S. 32 degrees 15' 50" W., 160.89 feet; thence

(2) S. 38 degrees 43' 45" E., 323.00 feet; thence

- (3) S. 49 degrees 47' 39" E., 257.88 feet; thence
- (4) Southwesterly, 353.34 feet along the arc of a non-tangent curve to the right having a radius of 1725.00 feet whose center bears N. 51 degrees 44' 10" W. through a central angle of 11 degrees 44' 10"; thence non-tangentially
- (5) S. 50 degrees 00' 00" W., 444.91 feet; thence
- (6) N. 40 degrees 00' 00" W., 37.32 feet; thence
- (7) N. 21 degrees 15' 00" E., 405.00 feet; thence
- (8) N. 10 degrees 00' 00" W., 555.00 feet; thence
- (9) S. 66 degrees 00' 00" W., 77.00 feet; thence
- (10) N. 38 degrees 50' 30" W., 173.00 feet; thence
- (11) N. 32 degrees 15' 50" E., 173.00 feet; thence
- (12) N. 57 degrees 44' 10" W., 510.00 feet; thence
- (13) S. 32 degrees 15' 50" W., 157.00 feet; thence
- (14) N. 77 degrees 30' 00" W., 215.00 feet; thence
- (15) N. 30 degrees 15' 00" W., 73.00 feet; thence
- (16) N. 18 degrees 45' 00" E., 290.08 feet; thence
- (17) S. 57 degrees 44' 10" E., 1184.78 feet to the True Point of Beginning.

EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

NOTES:

BASIS OF BEARINGS: The basis of bearings for this description is the grid bearing of N. 37° 05' 40" E. between California High Precision Geodetic Network (HPGN) control points "CA HPGN 05 13" and "941 3450M tidal". The horizontal datum is the North American datum of 1983 (1992). The grid bearing is based on the Lambert projection for California State Plane Zone 4. The coordinates for the two control points were established by the California Department of Transportation (Caltrans) in conjunction with the National Geodetic Survey (NGS) in 1992. The bearings for this description were established using Global Positioning System (GPS) "Fast-Static" Surveying techniques.

STATE PLANE COORDINATES: The coordinates listed are not State Plane coordinates. They are ground coordinates computed by scaling the State Plane Coordinates by a mean project combination factor of .999938023. To obtain grid distances, multiply the ground distances by the mean project combination factor. Ground coordinates were used so that computations would be compatible with existing record maps and deeds. However, no rotation was applied when the State Plane Coordinates were scaled. Therefore, the bearings in this description are grid bearings based on the Lambert projection for California State Plane Zone 4.

EXHIBIT B

EXHIBIT B

This Grant Deed is subject to reservation of two (2) nonexclusive easements as defined in the legal descriptions of Parcel II and Parcel III in Exhibit A.

EXHIBIT C



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
INSTALLATIONS LOGISTICS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON DC 20310-0110



JUN 15 1994

FINDING OF SUITABILITY TO TRANSFER
UNIVERSITY of CALIFORNIA SANTA CRUZ, PHASE I
FORT ORD, CALIFORNIA

In my capacity as the Deputy Assistant Secretary of the Army for Environment, Safety and Occupational Health, and based on the Environmental Baseline Survey for Transfer, I have determined that the University of California Santa Cruz (UCSC), Phase I parcel at Fort Ord, California, as described in Exhibit A to the deed, is suitable for transfer to the UCSC for educational and economic development purposes. This transfer includes approximately 949 acres (Plate 1).

Transfer of the property is in accordance with the provisions of Section 2905, Public Law 101-510, as amended, and will be subject to the terms, conditions, reservations, and restrictions, if any, contained in the final deed.

A determination of the environmental condition of the subject parcel was made by the United States Army in the form of an Environmental Baseline Survey (EBS). The EBS indicated that the UCSC Phase I parcel is environmentally suitable for transfer to UCSC. A determination of the environmental condition of the property for future phases of land transfer will be addressed in the future in documentation specific for those transfers.

The review of the UCSC EBS results in the following:

Asbestos surveys have been completed for all structures on the UCSC Phase I parcel. Asbestos containing material (ACM) was found in half of the buildings for which asbestos surveys were performed. Within the UCSC Phase I parcel, only nonfriable ACM was found in the structures surveyed.

Although there are no housing structures within the UCSC Phase I parcel, lead based paint is assumed to be present in the structures within the UCSC Phase I area based on the dates of construction of these structures.



On the basis of the above results, certain terms, conditions, reservations, restrictions, and notifications appropriate to the UCSC Phase I parcel are required. Use restrictions and disclosure of conditions are described below and will be included in the transfer documents:

For those buildings identified as containing asbestos it is understood that the Government is not required to take any remedial action and that UCSC shall not occupy or conduct any activities in any of these facilities or any portion thereof until any unnecessary rehabilitation has been properly managed in accordance with applicable federal and state law. Buildings have been identified as containing asbestos but not presently in a state that presents a safety and health threat.

If any buildings in the UCSC Phase I parcel are used in the future for residential habitation, UCSC will comply with applicable federal and state laws regarding lead based paint.

Based on the above, I conclude that notice of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), hazardous substances per CERCLA, Section 120 (h) (1) and (3) is not required since CERCLA hazardous substances have been neither stored for more than a year, released, nor disposed of on the UCSC Phase I parcel. Appropriate use restrictions and disclosure statements pertaining to the condition of the property will be included in the transfer documents.

Lewis D. Walker

Lewis D. Walker
Deputy Assistant Secretary of the Army
(Environment, Safety and Occupational Health)

END OF DOCUMENT

SCHEDULE A

Policy No: 504717-A - MM
Premium: \$10,795.00

Amount of Insurance: \$12,700,000.00

Date of Policy: September 7, 1994 at 8:00 AM

1. Name of Insured:

REGENTS OF THE UNIVERSITY OF CALIFORNIA,
A CALIFORNIA PUBLIC CORPORATION

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

A FEE

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

REGENTS OF THE UNIVERSITY OF CALIFORNIA,
A CALIFORNIA PUBLIC CORPORATION

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

SEE ATTACHED DESCRIPTION

DESCRIPTION

PARCEL I:

Certain real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County Of Monterey, State Of California, particularly described as follows:

BEGINNING at Angle Point No. 41 of Dependent Resurvey of a portion of the Boundary of the Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of beginning being at coordinate Northing + 21443133.49594 and Easting + 5743370.21116; thence along said boundary

- (1) S. 58 degrees 07' 36" E., 4953.90 feet; thence
- (2) S. 61 degrees 57' 20" W., 348.91 feet; thence leaving said boundary
- (3) Southeasterly, 2.84 feet along the arc of a non-tangent curve to the left having a radius of 4348.38 feet whose center bears N. 31 degrees 23' 07" E., through a central angle of 00 degrees 02' 15"; thence non-tangentially
- (4) S. 57 degrees 44' 10" E., 6859.60 feet; thence
- (5) N. 73 degrees 07' 49" E., 191.13 feet; thence
- (6) N. 32 degrees 15' 38" E., 745.73 feet; thence
- (7) N. 29 degrees 06' 03" E., 66.61 feet; thence
- (8) N. 57 degrees 44' 10" W., 3173.98 feet; thence
- (9) N. 34 degrees 20' 00" E., 757.07 feet; thence
- (10) N. 55 degrees 40' 00" W., 269.62 feet; thence
- (11) N. 34 degrees 20' 00" E., 297.91 feet; thence
- (12) S. 55 degrees 40' 00" E., 269.62 feet; thence
- (13) N. 34 degrees 20' 00" E., 198.08 feet; thence
- (14) Northwesterly, 34.56 feet along the arc of a tangent curve to the left having a radius of 22.00 feet, through a central angle of 90 degrees 00' 00"; thence tangentially
- (15) N. 55 degrees 40' 00" W., 2847.49 feet; thence
- (16) N. 34 degrees 20' 00" E., 779.13 feet; thence
- (17) N. 55 degrees 40' 00" W., 3641.71 feet to a point on the northerly boundary of said Fort Ord Military Reservation; thence along last said boundary
- (18) S. 68 degrees 12' 57" W., 3675.62 feet to the Point of Beginning.

EXCEPTING THEREFROM that certain Parcel of land described below:

DESCRIPTION

Policy No. 504717-A MM

Page 2

CERTAIN real property situate in Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

COMMENCING at Angle Point No. 42 of Dependent Resurvey of a portion of the boundary of Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of commencement being at coordinate Northing - 2141517.61368 and Easting - 5747585.14248; thence along said boundary

- (a) N. 51 degrees 34' 40" E., 2501.26 feet to the True Point of Beginning being a coordinate Northing = 2143072.02152 and Easting = 5749544.76401; thence
- (1) N. 55 degrees 40' 00" W., 1250.00 feet; thence leaving said boundary
- (2) S. 34 degrees 20' 00" W., 1400.00 feet; thence
- (3) S. 55 degrees 44' 00" E., 1500.00 feet; thence
- (4) N. 34 degrees 20' 00" E., 1070.87 feet; thence
- (5) N. 55 degrees 40' 00" W., 250.00 feet; thence
- (6) N. 34 degrees 20' 00" E., 329.13 feet to the Point of Beginning.

ALSO EXCEPTING THEREFROM that certain Parcel of Land described below:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho las Salinas, County Of Monterey, State Of California, particularly described as follows:

BEGINNING at Angle Point No. 42 of Dependent Resurvey of a portion of the Boundary of the Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of beginning being at coordinate Northing = 2141517.61368 and Easting = 5747585.14248; thence along said boundary,

- (1) S. 58 degrees 07' 36" E., 653.90 feet; thence leaving said boundary,
- (2) N. 31 degrees 52' 24" E., 650.00 feet; thence
- (3) S. 58 degrees 07' 36" E., 970.00 feet; thence
- (4) S. 31 degrees 52' 24" W., 650.00 feet; thence
- (5) N. 58 degrees 07' 36" W., 316.10 feet to the Point of Beginning.

ALSO EXCEPTING THEREFROM that Parcel of Land described below:

CERTAIN real property situate in Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

COMMENCING at Angle Point No. 42 of Dependent Resurvey of a portion of the boundary of the Fort Ord Military Reservation, the plat of which was approved April 17, 1961, by the Director, Bureau of Land Management, as said point of commencement being at coordinate Northing = 2141517.61368 and Easting =

DESCRIPTION

5747585.14248; thence along said boundary

(a) S. 75 degrees 15' 01" E., 3832.70 feet to the True Point of Beginning being at coordinate Northing - 2140541.80991 and Easting - 5751291.54192; thence

(1) N. 55 degrees 40' 00" W., 400.00 feet; thence leaving said boundary

(2) S. 34 degrees 20' 00" W., 1471.87 feet; thence

(3) S. 57 degrees 44' 10" E., 500.00 feet; thence

(4) N. 34 degrees 20' 00" E., 957.41 feet; thence

(5) N. 57 degrees 44' 10" W., 99.74 feet; thence

(6) N. 34 degrees 20' 00" E., 500.00 feet to the Point of Beginning.

EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

PARCEL II:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

BEGINNING at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the north corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as said point of beginning being at coordinate Northing - 2136867.09687 and Easting - 5754384.09781; thence

(1) N. 57 degrees 44' 10" W., 932.11 feet; thence

(2) N. 12 degrees 46' 28" E., 461.46 feet; thence

(3) N. 32 degrees 15' 38" E., 996.20 feet; thence

(4) N. 36 degrees 30' 00" E., 1681.00 feet; thence

(5) N. 46 degrees 40' 30" E., 424.12 feet; thence

(6) S. 45 degrees 12' 04" E., 46.58 feet; thence

(7) S. 55 degrees 45' 00" E., 78.50 feet; thence

(8) N. 34 degrees 13' 31" E., 37.23 feet; thence

(9) S. 45 degrees 12' 04" E., 491.14 feet; thence

(10) S. 25 degrees 28' 37" E., 1574.08 feet; thence

(11) S. 47 degrees 28' 38" E., 907.42 feet; thence

DESCRIPTION

- (12) S. 06 degrees 08' 05' E., 443.32 feet; thence
- (13) S. 15 degrees 53' 35" E., 1562.54 feet; thence
- (14) S. 47 degrees 06' 38" E., 149.25 feet; thence
- (15) S. 07 degrees 00' 07" W., 208.25 feet; thence
- (16) S. 00 degrees 40' 37" E., 985.06 feet to a point on the Northerly boundary of said 15,6095 acre tract; thence along said boundary
- (17) N. 57 degrees 45' 52" W., 4182.88 feet to the Point of Beginning.

EXCEPTING THEREFROM that certain Parcel of land described as follows:

Commencing at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the North corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, assaid point of commencement being at coordinate Northing = 2136867.09687 and Easting = 5754384.0971; thence

(a) N. 26° 16' 01" E., 702.11 feet to the True Point of Beginning, being at coordinate Northing = 2137496.70800 and Easting = 5754694.81804; thence

- (1) S. 43° 09' 16" E., 257.21 feet; thence
- (2) N. 46° 50' 44" E., 254.56 feet; thence
- (3) N. 43° 09' 16" W., 257.21 feet; thence
- (4) S. 46° 50' 44" W., 254.56 feet to the True Point of Beginning.

ALSO EXCEPTING THEREFROM that certain Parcel of land described as follows:

Commencing at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the North corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as said point of commencement being at coordinate Northing = 2136867.09687 and Easting = 5754384.0971; thence along the Northeasterly line of Reservation Road (a 130 foot-wide County Road),

(a) S. 57° 45' 52" E., 1998.40 feet to the True Point of Beginning, being at coordinate Northing = 2135801.15283 and Easting = 5756074.46903; thence continuing along said Northeasterly line,

- (1) S. 57° 45' 52" E., 255.85 feet; thence leaving said Northeasterly line of said Reservation Road,
- (2) N. 31° 19' 24" E., 210.19 feet; thence
- (3) N. 58° 40' 36" W., 255.82 feet; thence
- (4) S. 31° 19' 24" W., 206.12 feet to the True Point of Beginning.

ALSO EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

RESERVING THEREFROM a non-exclusive easement for ingress and egress described as follows:

A strip of land being 40 feet wide lying along, adjacent to and Southeasterly of the following described line:

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(a) N. 4° 55' 49" W., 1796.68 feet to the True Point of Beginning, being at coordinate Northing = 2138657.12415 and Easting = 5754229.68508; thence

(1) N. 36° 30' 00" E., 1681.00 feet; thence

(2) N. 46° 40' 30" E., 424.12 feet.

PARCEL III:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

COMMENCING at a found 5" x 8" granite monument accepted as being the corner designated as "U.S. 35" at the north corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as saidpoint of beginning being at coordinate Northing = 21366867.09687 and Easting = 5754384.09781; thence

(a) N. 59 degrees 36' 01" W., 3996.50 feet to the True Point of Beginning, being at coordinate Northing = 2138889.44875 and Easting = 5750937.05138; thence

(1) S. 31 degrees 25' 41" W., 763.85 feet; thence

(2) N. 58 degrees 28' 25" W., 643.44 feet; thence

(3) S. 50 degrees 00' 00" W., 1515.16 feet; thence

(4) S. 70 degrees 40' 15" E., 3656.00 feet; thence

(5) S. 58 degrees 34' 00" E., 1740.00 feet; thence

(6) S. 57 degrees 45' 52" E., 1443.90 feet; thence

(7) N. 32 degrees 14' 08" E., 1371.72 feet; thence

DESCRIPTION

(8) N. 57 degrees 45' 52" W., 1657.93 feet; thence

(9) N. 57 degrees 44' 10" W., 3994.52 feet to the True Point of Beginning.

EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

RESERVING THEREFROM a non-exclusive easement for roadway purposes described as follows:

COMMENCING at a found 5" x 8" granite monument accepted as being the corner designated as "U.S." at the North corner of that certain 15,609.5 acre tract conveyed by David Jacks Corporation to the United States of America by deed dated August 4, 1917 and recorded in Volume 151 of Deeds at Page 140, Official Records of Monterey County, as saidpoint of commencement being at coordinate Northing = 2136867.09687 and Easting = 5754384.0971; thence

(a) N. 70° 09' 58" W., 603.98 feet to the True Point of Beginning, being at coordinate Northing = 2137072.02190 and Easting = 5753815.94900; thence

(1) S. 73° 43' 16" W., 1978.68 feet; thence

(2) N. 70° 40' 15" W., 3271.39 feet; thence

(3) N. 50° 00' 00" E., 420.45 feet; thence

(4) S. 70° 40' 15" E., 2525.14 feet; thence

(5) S. 88° 47' 44" E., 866.68 feet; thence

(6) N. 32° 15' 50" E., 802.36 feet; thence

(7) S. 57° 44' 10" E., 1166.81 feet to the True Point of Beginning.

PARCEL IV:

CERTAIN real property situate in Monterey City Lands Tract No. 1 and Rancho Las Salinas, County of Monterey, State of California, particularly described as follows:

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(a) N. 59 degrees 08' 43" W., 5286.45 feet to the True Point of Beginning, being at coordinate Northing = 2139578.32205 and Easting = 5749845.84061; thence

(1) S. 32 degrees 15' 50" W., 160.89 feet; thence

(2) S. 38 degrees 43' 45" E., 323.00 feet; thence

DESCRIPTION

- (3) S. 49 degrees 47' 39" E., 257.88 feet; thence
- (4) Southwesterly, 353.34 feet along the arc of a non-tangent curve to the right having a radius of 1725.00 feet whose center bears N. 51 degrees 44' 10" W. through a central angle of 11 degrees 44' 10"; thence non-tangentially
- (5) S. 50 degrees 00' 00" W., 444.91 feet; thence
- (6) N. 40 degrees 00' 00" W., 37.32 feet; thence
- (7) N. 21 degrees 15' 00" E., 405.00 feet; thence
- (8) N. 10 degrees 00' 00" W., 555.00 feet; thence
- (9) S. 66 degrees 00' 00" W., 77.00 feet; thence
- (10) N. 38 degrees 50' 30" W., 173.00 feet; thence
- (11) N. 32 degrees 15' 50" E., 173.00 feet; thence
- (12) N. 57 degrees 44' 10" W., 510.00 feet; thence
- (13) S. 32 degrees 15' 50" W., 157.00 feet; thence
- (14) N. 77 degrees 30' 00" W., 215.00 feet; thence
- (15) N. 30 degrees 15' 00" W., 73.00 feet; thence
- (16) N. 18 degrees 45' 00" E., 290.08 feet; thence
- (17) S. 57 degrees 44' 10" E., 1184.78 feet to the True Point of Beginning.

EXCEPTING THEREFROM all mineral rights below a depth of 500 feet below the surface without the right of surface entry.

SCHEDULE B

EXCEPTIONS FROM COVERAGE

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

PART I

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

PART II

1. Property taxes, including any assessments collected with taxes, to be levied for the fiscal year 1994-95 which are a lien not yet payable.

Assessment No.: 031-011-001 (ASSESSED WITH OTHER PROPERTY)
 031-091-001 (ASSESSED WITH OTHER PROPERTY)
 031-081-001 (ASSESSED WITH OTHER PROPERTY)

2. An easement for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Coast Valleys Gas and Electric Company,
 a corporation
Purpose: Public Utilities
Recorded: May 29, 1924, in Volume 37, Page 440, Official
 Records
Affects: As set forth in the Deed

The effect of that certain Quitclaim Deed in Favor of The United States of America, recorded September 11, 1959, in Volume 1988, Page 484, Official Records.

3. An easement for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Coast Valleys Gas and Electric Company.

SCHEDULE B
(continued)

Purpose: a corporation
Public Utilities
Recorded: July 1, 1924, in Volume 39, Page 227, Official
Records
Affects: As set forth in the Deed

The effect of that certain Quitclaim Deed in favor of The United States of America, recorded September 11, 1959, in Volume 1988, Page 484, Official Records.

4. An easement for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Coast Valley Gas & Electric Company
Purpose: Right of way for pole line and wires and
incidentals
Recorded: July 26, 1924 in Volume 39, Page 490, Official
Records
Affects: As set forth in the deed

(a) Agreement and Relocation recorded February 11, 1931 in Volume 280, Page 127, Official Records.

(b) Unrecorded Modification Agreement dated December 6, 1941 as disclosed in documents of record.

(c) Agreement and Relocation recorded September 2, 1944 in Volume 839, Page 481, Official Records.

(d) Agreement and Relocation recorded February 1, 1945 in Volume 849, Page 253, Official Records.

(e) Agreement and Relocation recorded October 29, 1954 in Volume 1562, Page 81, Official Records.

5. An easement for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Pacific Gas and Electric Company
Purpose: Right of way for pole lines, towers and wires
Recorded: January 22, 1931 in Volume 275, Page 328, Official
Records
Affects: As set forth in the deed

Consent to Common Use Agreement, recorded in Reel 434, Page 264, Official Records.

SCHEDULE B
(continued)

6. Terms and Provisions as set forth in the Retrocession of Jurisdiction

Executed by: State of California
Recorded: September 17, 1971, in Reel 725, Page 1000,
Official Records

Reference is made to said document for full particulars.

Among other things, said document provides:

Easements

7. An easement for the purpose shown below and rights incidental thereto as reserved in a document

Purpose: Utility
Recorded: April 16, 1976, in Reel 1047, Page 608, Official
Records
Affects: As set forth in the Document

8. Certificate of Completion -- Annexation of the Fort Ord Military Reservation to the Monterey Regional County Sanitation District, recorded November 9, 1984 in Reel 1785, Page 281, Official Records.

9. An easement for the purpose shown below and rights incidental thereto as reserved in a document

Purpose: 40' Wide Access
Recorded: September 7, 1994 in Reel 3147, Page 91, Official
Records
Affects: Parcel II

10. An easement for the purpose shown below and rights incidental thereto as reserved in a document

Purpose: Transportation Corridor
Recorded: September 7, 1994 in Reel 3147, Page 91, Official
Records
Affects: Parcel II

11. Easements, rights of way, access rights, utility systems, water and water allocation rights, disposition rights, profit-sharing rights, licenses, covenants, conditions, stipulations, servitude and restrictions, together with rights incidental thereto, as reserved, excepted, contained or

**SCHEDULE B
(continued)**

referenced in the document

Grantor: The United States of America
Grantee: The Regents of the University of California
Dated: August 31, 1994
Recorded: September 7, 1994 in Reel 3147, Page 91, Official Records

12. Off record document referred to as the "FFA" as disclosed of record by the document

Grantor: The United States of America
Grantee: The Regents of the University of California
Dated: August 31, 1994
Recorded: September 7, 1994 in Reel 3147, Page 91, Official Records

13. The possible violation or enforcement of any law, ordinance or governmental regulation related to environmental protection notice of which is disclosed of record by the document

Grantor: The United States of America
Grantee: The Regents of the University of California
Dated: August 31, 1994
Recorded: September 7, 1994 in Reel 3147, Page 91, Official Records

END OF SCHEDULE B

PB

CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY 1990

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

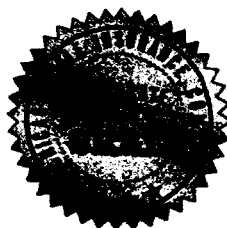
By:

Richard L. Polla
President

By:

Thomas J. Adams
Secretary

COPY



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 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 any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and

...of this policy, or (ii) it due to the estate or interest of 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 not 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, as 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 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

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.

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 expenses 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

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 Department

~~MAH~~
MAH

Michael,

8 Sept 94

Attached is a copy of the original transfer package. The original Deed was forwarded to the Chicago Title Company as UCSC requested.

Robert Taylor

Copy to
Lille
for
J. Brown
with
- Bice -