


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: March 23, 2018

TO: Honorable Members of the Information, Technology and General Services Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Assignment No. 18-03-0247

SUBJECT: Transfer of Real Property categorized as Government Use from CRA/LA, A Designated Local Authority, to the City of Los Angeles, General Services Department, located at the intersection of Pico Boulevard and Flower Street

SUMMARY:

Subsequent to the dissolution of all California redevelopment agencies on February 1, 2012, the State Legislature passed and Governor Brown signed Assembly Bill 1484 (AB 1484), the redevelopment dissolution trailer bill, which amended AB 1x26, the redevelopment dissolution bill to further refine the dissolution process. Included in AB 1484 is a provision to eliminate the potential “fire sale” of properties owned by redevelopment agencies including the former Community Redevelopment Agency of Los Angeles. Instead, it allows for the disposition of properties through a Long Range Property Management Plan (LRPMP), and allows for the conveyance of properties categorized as Government Use to the City. CRA/LA, A Designated Local Authority and Successor Agency to the former redevelopment agency (CRA/LA), completed its LRPMP in 2014, and subsequently transferred, 21 Government Use properties to the City.

The CRA/LA has recently identified an additional property that meets the Government Use standards that is subject for transfer to the City. This report recommends that the City accept the transfer from the CRA/LA to the City’s General Services Department (GSD) of a section of sidewalk in the public right-of-way located on the northwest corner of Pico Boulevard and Flower Street (601 W. Pico Boulevard.), at no cost as described in detail in the “Change of Title Guarantee” (Attachment A). Further, due to the property’s small size of 3,000 square feet and dedicated use as a sidewalk, this report recommends that GSD offer the parcel to the adjacent property owner and incorporate the parcel into the proposed development at Figueroa Street and Pico Boulevard.

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Authorize the General Services Department (GSD) to execute and accept Transfer Documents and perform other actions necessary, subject to City Attorney review, to receive and convey the sidewalk property located at 601 W. Pico Boulevard from the CRA/LA;

2. Request the Board of Public Works to consider and accept the transfer of jurisdiction of the property;
3. Instruct GSD to effectuate a non-financial transfer of jurisdiction of the property to the Board of Public Works;
4. Waive any applicable GSD processing fees for the City's receipt of property;
5. Authorize the Chief Legislative Analyst, or designee, to negotiate and execute any additional agreements necessary to effectuate the receipt and administration of the Government Use property, consistent with this report; and
6. Instruct the General Services Department and City Administrative Officer to effectuate the transfer of this remnant parcel through the Own A Piece of L.A. Program.

BACKGROUND:

On February 1, 2012, the Community Redevelopment Agency of the City of Los Angeles was dissolved pursuant to AB 1x26 and succeeded by CRA/LA. Among other requirements, the dissolution legislation requires CRA/LA to dispose of its real properties, with sale proceeds to be distributed proportionally to affected taxing entities. AB 1484, adopted June 25, 2012, established the LRPMP as the mechanism for planning and seeking approval for the disposition of CRA/LA assets. Per statute, the LRPMP must contain an inventory of all CRA/LA-owned real properties, extensive information characterizing each property, and a proposal for how to use or dispose of each property in one of four categories. Properties that were constructed and used for a government purpose, such as roads, school buildings, parks, and fire stations, may be categorized in the LRPMP as Government Use properties and transferred to the appropriate public jurisdiction. The other property categories defined in the dissolution legislation include Retention for Future Development, Retention to Fulfill an Enforceable Obligation, and Property for Sale.

Beginning in January 2013, an inter-departmental working group of City agencies determined which of the CRA/LA properties would be appropriate for transfer to the City for government use. This Government Use working group, composed of the Office of the Mayor, the City Administrative Officer (CAO), the Chief Legislative Analyst (CLA), Department of Public Works Bureau of Engineering Land Use and Real Property Divisions (BOE), General Services Department (GSD), Department of Recreation and Parks (RAP), the former Community Development Department (CDD) and current Economic and Workforce Development Department (EWDD), and the City's outside legal counsel on the CRA/LA dissolution, Richards Watson & Gershon (RWG), worked with the CRA/LA to carefully evaluate the condition of the properties and the need for continued government use, and estimate the costs to the City associated with assuming ownership. Concluding in November 2013, that effort resulted in the identification of a number of Government Use properties, but also the determination in the LRPMP's Disposition Strategy for Government Use Properties (Attachment A) that "it is unlikely the submitted LRPMP accounts for all the covenants,

deeds, of trust and easements recorded during the history of the Former Agency,” and that “the LRPMP requests blanket authority from the Oversight Board and Department of Finance to dispose of covenants, deeds of trust and easements as they are identified in the future.”

In the process of the City seeking to develop three parcels on the corner of Figueroa Street and Pico Boulevard (621 W. Pico Blvd. and 1256/1258 S. Figueroa St.) the discovery was made of a previously unidentified parcel (Pico Parcel) owned by the CRA/LA. The Pico Parcel is a 3,000 square foot section of right-of-way (sidewalk) adjacent to a privately-owned parcel located at 601 W. Pico Boulevard. Due to the Pico Parcel being a public right-of-way, it was determined that this parcel should be defined as a Government Use property and transferred to the appropriate public jurisdiction.

On its meeting of January 4, 2018, the CRA/LA Governing Board approved the conveyance of the Pico Parcel, and approved a Quitclaim deed to the City.

Process for Transferring Government Use Properties

Section 34181 (a) of the code on Government Use Properties states that the successor agency shall “dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as road, school buildings, parks, police and fire stations, libraries, and local agency administrative building, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of that asset. Any compensation to be provided to the successor entity for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset.” Subsequent guidance from the Department of Finance (DOF) has clarified that an appraisal is required to establish the fair market value for all Government Use properties, and to determine whether compensation from the City to CRA/LA is required.

Properties recommended for transfer to the Bureau of Engineering (BOE) consist of parcels that are currently improved as part of the public right of way (such as corner cuts, sidewalks, alleys and roadways), parcel remnants along the public right of way, or properties that are dedicated for future right of way improvements. As the Pico Parcel is a sidewalk parcel, ownership of the property should be transferred to the BOE. For any Government Use property being transferred from CRA/LA to the BOE, an acquisition agreement would require the approval of Council and the Board of Public Works. To facilitate an expedited transfer of the Pico Parcel, staff recommends that the GSD initially accept the property until which time the Board of Public Works has taken any actions necessary to accept it and allow GSD to complete a transfer of jurisdiction.

Conditions to City’s Commitment to Acquire

The City’s approval to accept the transfer of CRA/LA properties for use for a governmental purpose pursuant to the LRAMP shall be subject to the negotiation execution of an acquisition Agreement between the City and CRA/LA which shall include the following:

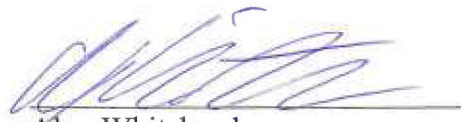
- (1) A purchase price, if any, and terms acceptable to the City;
- (2) An allocation between the City and CRA/LA of all charges, fees and prorations associated with the acquisition acceptable to the City;
- (3) If a purchase price is to be paid by the City, a requirement that a title company acceptable to the City be committed to issue an owner's policy of title insurance in favor of, and in form and substance acceptable to the City;
- (4) A requirement that all documents and instruments conveying title to the City, and the interests of CRA/LA in any leases or other agreements affecting the operation of the properties, shall be in form and substance acceptable to the City; and
- (5) The right of the City to undertake a due diligence review and approve the physical condition of the properties and all agreements and documents pertaining to the properties.

Description of Property

A legal description of the property as described is available in full in the "Change of Title Guarantee" (Attachment B).

Own A Piece of L.A. Program

Due to the small size of this parcel (3,000 square feet) and its dedicated use solely as a sidewalk, the parcel is eligible for transfer to the adjacent property owner through the Own A Piece of L.A. Program. The adjacent property owner is currently seeking to develop their property as a 310-room limited service hotel, and is interested in accepting this parcel and improving and maintaining the sidewalk as part of their project. Transfer of this remnant parcel, therefore, is consistent with City policy, would clarify and simplify property ownership in the area, and would support economic development in the area, while relieving the City of liability associated with ownership of this parcel.



Alex Whitehead
Analyst

Attachment 1: Disposition Strategy: Government Use Properties
Attachment 2: Change of Title Guarantee

Disposition Strategy:

Government Use Properties

Status

Although, properties in this category can legally be transferred to any appropriate public jurisdiction, review of the Successor Agency files has determined the only public jurisdiction which should receive the assets that have been identified as Government Purpose is the City of Los Angeles. CRA/LA-DLA has met with various departments of the City of Los Angeles since January 2013 to review the inventory and narrow down the field of properties that are eligible for transfer as Government Purpose (or “Government Use”). In addition to determining if the property characteristics meet the criteria for this category, the City must confirm that it will accept the property and maintain the property for the indicated purpose. Concurrent with Oversight Board and Department of Finance’s review and approval of the LRPMP, the office of the City Administrator Officer is preparing a Report to Council on the properties identified as Government Use and recommending the City take all actions necessary to accept and maintain them.

Unobligated Air Rights for the Los Angeles Convention Center and two other properties under fee ownership with the CRA/LA-DLA will be transferred to the City of Los Angeles as Government Use and managed by the Department of City Planning. CRA/LA-DLA also recommends that the City of Los Angeles be provided the Air Rights by quitclaim. City Ordinance 181574 dictates the City’s process for transferring Floor Area Ratio (also referred to as Air Rights) and requires that all Transfer Payments for Air Rights received from a Donor Site the City or Agency (CRA/LA-DLA) owns (e.g. the Los Angeles Convention Center) be made directly to the City’s Transfer of Floor Area Rights Public Benefit Payment Trust Fund. No sale proceeds from the sale of these Air Rights would therefore be available for distribution to the Affected Taxing Entities.

In addition to fee ownership in real estate and air rights, CRA/LA-DLA has reviewed its files to determine the type and breadth of covenants, deeds of trust and easements held by the Former Agency. Covenants, deeds of trust and easements are considered another form of real property asset and need to be disposed of through the LRPMP. Although affordability covenants transferred to the Los Angeles Housing and Community Investment Department as part of the Housing Asset Transfer, the Successor Agency is the beneficiary of covenants, deeds of trust and easements recorded by the Former Agency over time to restrict land use; develop long-term property maintenance requirements; impose public access; extract community benefits; or regulate leasing obligations among other things. These various covenants, deeds of trust and easements are recorded against properties throughout the City of Los Angeles. The CRA/LA-DLA has identified the majority these covenants and easements as well as deeds of trust not associated with a promissory note or loan repayment as meeting the categorical requirements for disposition as Government Use and recommends their transfer to the City of Los Angeles. The

LRPMP requests blanket authority from the Oversight Board and Department Of Finance to dispose of covenants, deeds of trust and easements as they are identified in the future, in the manner proposed below since it is unlikely the submitted LRPMP accounts for all the covenants, deeds of trust and easements recorded during the history of the Former Agency. Additionally, the LRPMP is requesting blanket authority for CRA/LA-DLA to classify any right-of-way identified in the future as Government Use and convey such properties to the City of Los Angeles without further approval of the Oversight Board or Department of Finance.

Cataloging Inventory

In the process of cataloging properties owned by the Successor Agency, CRA/LA-DLA staff reviewed public records to determine which properties are Government Use. Specifically, State law authorizes the Successor Agency to transfer ownership of assets that were constructed and used for a governmental purpose. Properties falling into the Government Use category will have one or more of the following typologies and characteristics in order to comply with AB1484. Although AB1484 allows Government Use properties to be deeded to a variety of public bodies, currently, the CRA/LA-DLA has identified only the City of Los Angeles as the primary recipient of the properties currently identified as Government Use.

Property Types	Distinguishing Characteristics
<ul style="list-style-type: none"> • Corner Cuts • Alleys • Right of Way • Open Space / Parks • Local Agency Administrative Buildings • Residential, Commercial, Industrial, or Public Facility uses under covenant or deed of trust • Air Rights • Public Easement 	<ul style="list-style-type: none"> • Constructed for governmental purpose • Used for governmental purpose. Typically maintained by local government entity, provides access for service vehicles and local residents. • Record of agreements, leases or contracts for construction and use • Record of Former Agency or City Council actions determining government use • Legal documents provide for air space allocation to the CRA/LA • Actions of the Former Agency and/or the City of Los Angeles validate CRA/LA's rights to certain square footage of air space

Disposition Procedure Categories

Category A: Transfer via Quitclaim to City of Los Angeles	Notes
Task 1 <ul style="list-style-type: none"> • <i>Verify that property does not require recordation of covenants to ensure perpetual public use.</i> 	If property is determined to require deed restrictions, it will be disposed of pursuant to a <u>Category B</u> Procedure.
Task 2 <ul style="list-style-type: none"> • <i>Obtain proper legal description & title report</i> 	Properties in this category are assumed to transfer “As Is” (examples include public right of way and corner cuts)
Task 3 <ul style="list-style-type: none"> • <i>Successor Agency drafts & executes Quitclaim and City executes Acceptance of Quitclaim and records both</i> 	

Category B: Transfer via Grant Deed to City of Los Angeles or Other Public Jurisdiction	Notes
Task 1 <ul style="list-style-type: none"> • <i>Open escrow and obtain proper legal description & title report</i> 	Clean up may include cancelling or transferring rights in leases or PTE’s for property
Task 2 <ul style="list-style-type: none"> • <i>Successor Agency drafts & executes Grant Deed and records fully executed documents</i> 	Some properties in this category will be transferred with restrictions on property’s use for its presumed government purpose (see draft “deed restriction language” below)

Category C: Covenants & Deeds of Trust	Notes
Task 1 <ul style="list-style-type: none"> • <i>Transfer any covenant or deed of trust to the City of Los Angeles subject to an Assignment and Assumption Agreement between CRA/LA-DLA and the City of Los Angeles.</i> 	

<p>Task 2</p> <ul style="list-style-type: none"> As covenants and deeds are identified, CRA/LA-DLA will determine if the covenant or deed's intent has been achieved and if not, if the covenant or deed is still relevant. If intent has been met and/or the covenant's intended purpose cannot or will not be met, CRA/LA-DLA may terminate the covenant and have it removed from title. If covenant or deed is still relevant and deed is not tied to a loan repayment or promissory note, it will be transferred to City of Los Angeles as Government Purpose Asset. 	
---	--

Category D: Easements	Notes
<p>Task 1</p> <ul style="list-style-type: none"> Any easement that is or will be serving to further a public purpose, will be transferred to the City of Los Angeles utilizing disposition procedures under <u>Category B</u>. 	
<p>Task 2</p> <ul style="list-style-type: none"> Identify all easements and review easement documents. Determine if the easement's intent has been achieved or whether it is still relevant or not. If intent has been met and/or the easement's purpose cannot or will not be met, CRA/LA-DLA will terminate the easement and have it removed from title. If easement is still relevant, it will be transferred to City of Los Angeles as Government Purpose Asset. 	

Category E: Air Rights	Notes
<p>Task 1</p> <ul style="list-style-type: none"> Any Air Rights (incorporating "Air Space Parcel" or "Floor Area") attached to the Los Angeles Convention Center or any Donor Site where City or CRA/LA-DLA is the underlying fee owner will be disposed of utilizing the procedure outlined in <u>Category A (Quitclaim to City)</u>. 	
<p>Task 2</p> <ul style="list-style-type: none"> Any Air Rights associated with the Los Angeles Convention Center or other Donor Site in the Government Use Category subject to an enforceable obligation that terminates for any reason before the Air Rights are vested will be deeded to the City of Los Angeles following the disposition procedure under <u>Category A (Quitclaim to City)</u>. 	

Deed Restriction

The Park property and Government Administration property will be conveyed by grant deed with a deed restriction requiring the use of the property for open space or public use, as appropriate. The expectation is that the park property will remain as open space in perpetuity. In the event of a change of use of the property, the covenant will detail the compensation to be paid to the taxing entities, The Oversight Board counsel will review and approve each covenant contained in the proposed grant deeds.

Additional Issues / Information

- Based on records of the property uses and underlying contracts, no compensation is required upon transfer
- The CRA/LA-DLA's records system do not identify all Covenants or Deeds of Trust that have been recorded over the life of its various project areas and thus a process allowing for their expedient future transfer is recommended.



Chicago Title Insurance Company

GUARANTEE NO.: CA-FBSC-IMP-72G6-1-17-00078904

CLTA GUARANTEE FACE PAGE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, AND THE GUARANTEE CONDITIONS ATTACHED HERETO AND MADE A PART OF THIS GUARANTEE,

CHICAGO TITLE INSURANCE COMPANY

a corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A of this Guarantee

against loss or damage not exceeding the Amount of Liability stated in Schedule A sustained by the Assured by reason of any incorrectness in the Assurances set forth in Schedule A.

Chicago Title Insurance Company

Countersigned:

By: 
Authorized Signature



By:



Randy Quirk, President

Attest



Michael Gravelle, Secretary

GUARANTEE EXCLUSIONS AND CONDITIONS (06-05-14)

EXCLUSIONS FROM COVERAGE

Except as expressly provided by the assurances in Schedule A, the Company assumes no liability for loss or damage by reason of the following:

- (a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the Land.
- (b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the Public Records (1) that are created, suffered, assumed or agreed to by one or more of the Assureds; or (2) that result in no loss to the Assured.
- (c) Defects, liens, encumbrances, adverse claims or other matters not shown by the Public Records.
- (d) The identity of any party shown or referred to in any of the schedules of this Guarantee.
- (e) The validity, legal effect or priority of any matter shown or referred to in any of the schedules of this Guarantee.
- (f) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or, (2) proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the Public Records.
- (g) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the Public Records.

GUARANTEE CONDITIONS

1. Definition of Terms.

The following terms when used in the Guarantee mean:

- (a) the "Assured": the party or parties named as the Assured in Schedule A, or on a supplemental writing executed by the Company.
- (b) "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.
- (c) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (d) "Public Records": those records established under California statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.
- (e) "Date of Guarantee": the Date of Guarantee set forth in Schedule A.
- (f) "Amount of Liability": the Amount of Liability as stated in Schedule A.

2. Notice of Claim to be Given by Assured.

The Assured shall notify the Company promptly in writing in case knowledge shall come to the Assured of any assertion of facts, or claim of title or interest that is contrary to the assurances set forth in Schedule A and that might cause loss or damage for which the Company may be liable under this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of the Assured under this Guarantee unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

3. No Duty to Defend or Prosecute.

The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

4. Company's Option to Defend or Prosecute Actions; Duty of Assured to Cooperate.

Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:

(a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in Paragraph 4 (b), or to do any other act which in its opinion may be necessary or desirable to establish the correctness of the assurances set forth in Schedule A or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of the Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will

the Company pay any fees, costs or expenses incurred by an Assured in the defense of those causes of action which allege matters not covered by this Guarantee.

(c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, 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 an adverse judgment or order.

(d) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, the Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the Assured for this purpose. Whenever requested by the Company, the Assured, at the Company's expense, shall give the Company all reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the correctness of the assurances set forth in Schedule A or to prevent or reduce loss or damage to the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company's obligations to the Assured under the Guarantee shall terminate.

5. Proof of Loss or Damage.

(a) In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Assured furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter that 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.

(b) In addition, the Assured 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 Guarantee, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this paragraph 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 the Assured to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

6. Options to Pay or Otherwise Settle Claims; Termination of Liability.

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

(a) To pay or tender payment of the Amount of Liability together with any costs, attorneys' fees, and expenses incurred by the Assured that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

(b) To pay or otherwise settle with the Assured any claim assured against under this Guarantee. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Assured that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay; or

(c) To pay or otherwise settle with other parties for the loss or damage provided for under this Guarantee, together with any costs, attorneys' fees, and expenses incurred by the Assured that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in 6 (a), (b) or (c) of this paragraph the Company's obligations to the Assured under this Guarantee for the claimed loss or damage, other than the payments required to be made, shall terminate, including any duty to continue any and all litigation initiated by the Company pursuant to Paragraph 4.

7. Limitation of Liability.

(a) This Guarantee is a contract of Indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in Schedule A and only to the extent herein described, and subject to the Exclusions From Coverage of this Guarantee.

(b) If the Company, or the Assured under the direction of the Company at the Company's expense, removes the alleged defect, lien or, encumbrance or cures any other matter assured against by this Guarantee in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(c) In the event of any 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.

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

8. Reduction of Liability or Termination of Liability.

All payments under this Guarantee, except payments made for costs, attorneys' fees and expenses pursuant to Paragraph 4 shall reduce the Amount of Liability under this Guarantee pro tanto.

9. Payment of Loss.

(a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee 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, the loss or damage shall be payable within thirty (30) days thereafter.

10. Subrogation Upon Payment or Settlement.

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

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

in the name of the Assured and to use the name of the Assured 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 Assured the Company shall be subrogated to all rights and remedies of the Assured after the Assured shall have recovered its principal, interest, and costs of collection.

11. Arbitration.

Either the Company or the Assured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance or the breach of a Guarantee provision, or to any other controversy or claim arising out of the transaction giving rise to this Guarantee. All arbitrable matters when the amount of liability is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. Arbitration pursuant to this Guarantee and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

12. Liability Limited to This Guarantee; Guarantee Entire Contract.

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

(b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.

(c) No amendment of or endorsement to this Guarantee 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.

13. Severability

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

14. Choice of Law; Forum

(a) Choice of Law: The Assured acknowledges the Company has underwritten the risks covered by this Guarantee and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of Guaranties of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims that are adverse to the Assured and to interpret and enforce the terms of this Guarantee. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Assured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

15. 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 Guarantee and shall be addressed to the Company at Chicago Title Insurance Company, Attn: Claims Department, P.O. Box 45023, Jacksonville, FL 32232-5023.

CHAIN OF TITLE GUARANTEE

SCHEDULE A

Order No.: **00078904-994-X49-DB**

Guarantee No.: **CA-FBSC-IMP-72G6-1-17-00078904**

Amount of Liability: **\$500.00**

Date of Guarantee: **August 30, 2017 at 7:30 a.m. v2**

Fee: **\$360.00**

1. Name of Assured:

The Community Redevelopment Agency of The City of Los Angeles, California

2. The Land referred to in this Guarantee is described as follows:

See Exhibit A attached hereto and made a part hereof.

3. This Guarantee does not cover:

- a. Taxes, assessments, and matters related thereto.
- b. Instruments, proceedings, or other matters which do not specifically describe said Land.

4. ASSURANCES:

According to the Public Records as of the Date of Guarantee,

- a. The Community Redevelopment Agency of The City of Los Angeles, California acquired an estate or interest in the Land pursuant to a Grant Deed recorded February 22, 2002 as Instrument No. 02-0426720 of Official Records..
- b. Matters affecting the interest described in Paragraph 4.a. recorded subsequent to a Grant Deed recorded December 4, 1952 as Instrument No. 959 of Official Records are shown in Schedule B.

EXHIBIT A**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THE NORTHEASTERLY 20 FEET OF THE SOUTHWESTERLY 34 FEET OF LOT 14, CARSON AND CURRIER'S SUBDIVISION OF BLOCK 89, ORD'S SURVEY, AS PER MAP RECORDED IN BOOK 55, PAGE 3, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY.

EXCEPTING THEREFROM THOSE PORTIONS WITHIN PUBLIC STREETS.

ALSO EXCEPTING THEREFROM THAT PORTION OF SAID LOT 14 BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF THE SOUTHEASTERLY 5 FEET OF SAID LOT WITH THE NORTHEASTERLY 20 FEET OF THE SOUTHWESTERLY 34 FEET OF SAID LOT; THENCE NORTH 61° 23' 30" WEST ALONG SAID NORTHEASTERLY LINE A DISTANCE OF 20.26 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 35 FEET, A RADIAL LINE TO SAID BEGINNING OF CURVE BEARS NORTH 16° 03' 26" WEST; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 40° 12' 24" AN ARC DISTANCE OF 24.56 FEET TO A POINT IN SAID NORTHWESTERLY LINE DISTANT 10.13 FEET NORTHEASTERLY MEASURED ALONG SAID NORTHWESTERLY LINE FROM THE POINT OF BEGINNING; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE TO THE POINT OF BEGINNING.

APN: Ptn 5138-025-017

SCHEDULE B

1. The effect of a Grant Deed as set forth below:

Grantor: John W. Spinks, a single man
Grantee: Century Hotel Company, a corporation
Dated: December 1, 1952
Recording Date: December 4, 1952
Recording No.: Instrument No. [959](#) of Official Records

2. The effect of a Grant Deed as set forth below:

Grantor: Century Hotel Company, a corporation
Grantee: Louis Swiatek, a single man
Dated: September 29, 1955
Recording Date: October 27, 1955
Recording No.: Instrument No. [2074](#) of Official Records

3. The effect of a Conservator's Deed as set forth below:

Grantor: The Bank of California National Association, as conservator of the Estate of Louis Swiatek
Grantee: Jack Waxman
Dated: March 12, 1968
Recording Date: April 4, 1968
Recording No.: Instrument No. [1630](#) of Official Records

4. The effect of a Grant Deed as set forth below:

Grantor: Jack Waxman and Sally Waxman, husband and wife
Grantee: Jack Waxman and Sally Waxman, husband and wife, as joint tenants
Dated: March 28, 1968
Recording Date: April 4, 1968
Recording No.: Instrument No. [1632](#) of Official Records

5. The effect of a Grant Deed as set forth below:

Grantor: Jack Waxman and Sally Waxman, husband and wife
Grantee: Jack Waxman and Sally Waxman, husband and wife, as community property
Dated: February 4, 1981
Recording Date: February 13, 1981
Recording No.: Instrument No. [81-169355](#) of Official Records

6. This exception has been intentionally deleted.

SCHEDULE B
(Continued)

7. The effect of a Grant Deed as set forth below:

Grantor: Jack Waxman and Sally Waxman, Trustees of the Waxman Family Trust of 1987 created on May 19, 1987
Grantee: Plaza Realty Investment & Development Enterprise, a California limited partnership
Dated: May 18, 1990
Recording Date: May 18, 1990
Recording No.: Instrument No. 90-910940 of Official Records

8. The effect of a Trustee's Deed as set forth below:

Grantor: Chicago Title Company, a California corporation, as Trustee
Grantee: Jack Waxman and Sally Waxman, Trustees of the Waxman Family Trust of 1987 created on May 19, 1987
Dated: July 22, 1991
Recording Date: July 24, 1991
Recording No.: Instrument No. 91-1143114 of Official Records

9. The effect of a Grant Deed as set forth below:

Grantor: Sally Waxman, Successor Trustee of the Waxman Family Trust of 1987 created on May 19, 1987
Grantee: Homero Meruelo and Belinda Meruelo, Trustees of the Meruelo Living Trust, U.D.T. dated November 11, 1988
Dated: February 16, 1999
Recording Date: March 1, 1999
Recording No.: Instrument No. 99-0325273 of Official Records

10. The effect of a Grant Deed as set forth below:

Grantor: Homero Meruelo and Belinda Meruelo, Trustees of the Meruelo Living Trust, U.D.T. dated November 11, 1988
Grantee: The Community Redevelopment Agency of The City of Los Angeles, California
Dated: December 13, 2001
Recording Date: February 22, 2002
Recording No.: Instrument No. 02-0426720 of Official Records