RECORDING REQUESTED BY:

CITY CLERK

When Recorded Mail To:

CITY CLERK'S OFFICE
276 Fourth Avenue
Chula Vista, CA 91910

SPACE ABOVE FOR RECORDER'S USE ONLY

AFFORDABLE HOUSING TRANSFER AGREEMENT

THIS AFFORDABLE HOUSING TRANSFER AGREEMENT ("Agreement") is entered into as of ______, 2016, by and between Otay Land Company, LLC, a Delaware limited liability company, and HomeFed Otay Land II, LLC, a Delaware limited liability company (collectively, "Village 8 Owner") and the City of Chula Vista, a California municipal corporation ("City"), with reference to the following facts:

- A. The Housing Element of the City of Chula Vista's General Plan contains an affordable housing policy which requires that residential development with fifty (50) or more dwelling units provide a minimum of 10% of the total dwelling units for low and moderate income households, one-half of these units (5% of the total project) being designated to low income and the remaining five percent (5%) to moderate income households.
- HomeFed Village III Master, LLC ("Village 3 Owner") owns the property known B. as Village 3 of Otay Ranch. On December 2, 2014, the City approved the Tentative Subdivision Map CVT-13-02 for Otay Ranch Village 3 North and a portion of Village 4 ("Village 3 Tentative Map") by Resolution Number 2014-237. Tentative Map Condition No. 29 requires that the Village 3 Owner enter into an Affordable Housing Agreement ("Village 3 Agreement") with the City of Chula Vista. Village 3 Owner is required to enter into a Balanced Communities Affordable Housing Agreement acceptable to the City in satisfaction of the Balanced Communities Affordable Housing Policy of the City's Housing Element of the General Plan, Condition of Approval No. 7 of City Council Resolution No. 2014-234, and Tentative Map Condition of Approval No. 29 of City Council Resolution No. 2014-237. The Village 3 Tentative Map requires Village 3 Owner to build 80 low income housing units and 80 moderate income housing units ("Village 3 Affordable Housing Obligation") based upon 10% of the total number of residential units of 1,597 within Village 3. Village 3 Owner and the City are entering into an Affordable Housing Agreement that requires Village 3 to begin and complete its Village 3 Affordable Housing Obligation ("Village 3 Agreement").
- C. Consistent with Policy 3.1 of the City's Housing Element of the General Plan, the City has determined that the unique conditions for the development of Village 3 provide an

unreasonable hardship for the new construction of units within said Village. The City finds that such new construction of units would present an "unreasonable hardship to the developer" in light of such factors as the difficulty in integrating due to significant price and product disparity. As described in the Village 3 SPA Plan, the residential neighborhoods are predominately single family and low density neighborhoods.

- D. As set forth in the Village 3 SPA Plan, the Village 3 Affordable Housing Obligation may be deferred to a future village or location within Otay Ranch Planning owned by Village 3 Owner or its affiliate. It is the intent of Village 8 Owner and the City, by execution of this Agreement, to allow the transfer of the Village 3 Affordable Housing Obligation for 64 low income housing units and 33 moderate income housing units ("**Transferred Affordable Housing Obligation**") to the development of Otay Ranch Villages Eight West and 8 East (collectively, "**Village 8**") as shown on **Exhibit A** attached and more particularly described on **Exhibit B** attached (the "**Property**"). Village 8 Owner owns the property known as Village 8 and is an affiliate of Village 3 Owner.
- E. Village 3 Owner is otherwise required to develop those Village 3 affordable housing units not transferred from Village 3 to Village 8 by this Agreement as set forth in the Village 3 Agreement.
- F. On December 17, 2013, the City approved the Otay Ranch Village Eight West Sectional Planning Area (SPA) Plan for the Project by Resolution Number 2013-270. Condition Number 7 of the Project's SPA Plan requires the Village 8 Owner to comply with the City's Affordable Housing Plan. The SPA Plan currently provides for the construction of approximately 2,050 total dwelling units within Village Eight West, with a requirement for five percent of these units being designated for low-income households and five percent for moderate-income households, consisting of 205 affordable units.
- F. On December 17, 2013 the City approved the Tentative Subdivision Map for Chula Vista Tract No. 09-04 for Otay Ranch Village Eight West by Resolution Number 2013-271. Tentative Map Condition No. 21 requires that the Village 8 Owner enter into an Affordable Housing Agreement with the City of Chula Vista prior to approval of Village 8 Owner's first Final Map for Village Eight West.
- G. On December 2, 2014, the City approved the Otay Ranch Village Eight East Sectional Planning Area (SPA) Plan for the Project by Resolution Number 2014-235. Condition Number 7 of the Project's SPA Plan requires the Village 8 Owner to comply with the City's Affordable Housing Plan. The SPA Plan currently provides for the construction of approximately 3,568 total dwelling units within Village Eight East, with a requirement for five percent of these units being designated for low-income households and five percent for moderate-income households, consisting of 357 affordable units.
- H. On December 2, 2014, the City approved the Tentative Subdivision Map for Chula Vista Tract No. 13-03 for Otay Ranch Village Eight East by Resolution Number 2014-238. Tentative Map Condition No. 32 requires that the Village 8 Owner enter into an Affordable Housing Agreement with the City of Chula Vista prior to approval of Village Eight Owner's first Final Map for Village Eight East.

- J. The City finds that the public interest would be served by allowing the Transferred Affordable Housing Obligation to be produced or operated within Village 8 based upon: (1) proximity to public transit; (2) proximity to employment; (3) proximity to services and entertainment; and (4) proximity to the proposed University, which would provide access to university services for the residents and affordable units for students and faculty. Additionally, the provision of the Transferred Affordable Housing Obligation within the Property will not be significantly detrimental to achieving balanced residential communities and will provide at a minimum the equivalent number of required affordable units with comparable rent and occupancy restrictions.
- K. Village 8 Owner and City wish by this Agreement to assure the satisfaction of the Village 3 Transferred Affordable Housing Obligation, on the terms described below.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the parties agree as follows:

- 1. **Definitions**. Unless otherwise indicated, for purposes of this Agreement, the following terms shall have the following meanings:
- a. "low income housing" means housing for a household of persons who claim primary residency at the same unit with combined incomes that do not exceed 80% of the area median income (adjusted annually) based on household size, as determined annually by the U.S. Department of Housing and Urban Development (HUD) and published or adopted by the State of California Department of Housing and Community Development.
- b. "moderate income housing" means housing for a household of persons who claim primary residency at the same unit with combined incomes between 80% and 120% of the area median income (adjusted annually) based on household size, as determined annually by the U.S. Department of Housing and Urban Development (HUD) and published or adopted by the State of California Department of Housing and Community Development.
- 2. **Village 8 Owner's Affordable Housing Obligations**. Village 8 Owner's obligation for low and moderate income housing units arising out of the development of the Property, as established by the Village Eight West and Village Eight East Affordable Housing Programs and Transferred Affordable Housing Obligation, shall be the following:
- a. **Moderate income housing units**. Village 8 Owner's obligation with regard to moderate income housing shall be five percent (5%) of the total number residential units built on the Property (the "**Moderate Income Housing Obligation**").
- b. **Low income housing units**. Village 8 Owner's obligation with regard to low income housing shall be five percent (5%) of the total number residential units built on the Property (the "**Low Income Housing Obligation**").
- c. **Transferred Affordable Housing Obligation.** In addition to the above obligations arising out of the development of the Property, Village 8 Owner hereby assumes the Village 3 Transferred Affordable Housing Obligation (64 Low Income units and 33 Moderate Income units). If Village 3 ultimately includes less than 1261 residential units, then the Village 3

Transferred Affordable Housing Obligation will be adjusted to reflect the decrease in the Village 3 Affordable Housing Obligation.

The Low Income Housing Obligation, the Moderate Income Housing Obligation, and the Village 3 Transferred Affordable Housing Obligation shall be collectively referred to as the "Vista Village 8 Affordable Housing Obligation".

3. Transfer and Satisfaction of Affordable Housing Obligation.

- a. <u>Transfer of Obligation</u>. The Transferred Affordable Housing Obligation is hereby transferred to Village 8 Owner's Property. Village 8 Owner shall satisfy the Village 3 Transferred Affordable Housing Obligation in connection with the development of Village 8 Owner's Property (the "**Project**") as described below.
- b. <u>Village 8 Affordable Housing Agreement</u>. Prior to or concurrently with the approval of the first final subdivision map covering a residentially-zoned portion of Village 8 Owner's Property which would permit residential development without a further subdivision map (the "First Residential Map"), Village 8 Owner and City shall enter into an affordable housing agreement (the "Village 8 Affordable Housing Agreement") regarding (i) the Transferred Affordable Housing Obligation, and (ii) the affordable housing obligations arising out of the development of Village 8 Owner's Property (the "Village 8 Affordable Housing Obligation").

The Village 8 Affordable Housing Agreement shall be consistent with the terms and conditions contained herein and the adopted Affordable Housing Programs of the appropriate GDP and SPA documents, all of which are incorporated herein by this reference. The Village 8 Affordable Housing Agreement shall be filed and recorded as a restriction on all residentially-zoned portions of Village 8 Owner's Property as designated in the applicable SPA Plan, and those portions of Village 8 Owner's Property not designated as residential in the applicable SPA Plan shall be released from this Agreement (and any affordable housing obligation).

- 4. **Duty to Implement Affordable Housing Program**. Village 8 Owner shall cause all affordable units developed pursuant to this Agreement and the Village 8 Affordable Housing Agreement, including the Transferred Affordable Housing Obligation, to be developed, marketed, rented/sold in accordance with the City's goals, policies and programs, including but not limited to the Housing Element of the General Plan, the Consolidated Plan, and the Affordable Housing Program Implementation Guidelines, as they may be adopted and amended from time to time, the terms and conditions of which are hereby incorporated by this reference; provided, however, that nothing shall increase the number or change the mix of affordable housing units comprising Village 8 Owner's Village 8 Affordable Housing Obligation.
- 5. **Duty to Build Transferred Affordable Housing Obligation on the Property** (Village 8). Village 8 Owner shall have the obligation to build the Village 3 Transferred Affordable Housing Obligation within Village 8. This Transferred Affordable Housing Obligation shall be in addition to any other Village 8 affordable housing obligation. This

Agreement shall be recorded against the Village 8 Property and shall ensure that the Transferred Affordable Housing Obligation is developed and marketed as affordable housing with Village 8.

- 6. **Development Permits, Maps and Documents for Village 8 Owner's Property**. Village 8 Owner shall at its sole expense, prepare and diligently process all permits, agreements, plans, maps, and other documents, including but not limited to any amendments to the General Development Plan and Sectional Planning Area Plan (including an Affordable Housing Plan) for Village 8 Owner's Property that may be necessary to meet the Village 8 Owner's obligation.
- 7. **Right to Withhold Permits**. The City has the absolute and unfettered right to withhold the issuance of any building permit for any residential development within Village 8 Owner's Property if the Village 8 Owner is not in compliance with the terms and/or obligations of this Agreement and the Village 8 Affordable Housing Agreement, including completion of the Transferred Affordable Housing Obligation.

8. **Subordination and Notice**.

- a. <u>Subordination</u>. Village 8 Owner represents that there are no deeds of trust encumbering Village 8. If any deeds of trust are recorded prior to any Regulatory Agreement, Village 8 Owner shall deliver to the City the fully executed subordination agreements in a form acceptable to the City Attorney and suitable for recording.
- b. <u>Notice</u>. Village 8 Owner shall provide written notice of the terms of this Agreement (which could be a copy of this Agreement) to all purchasers and potential purchasers of real property within the Village 8 Owner's Property, excluding however, a buyer of an individual housing unit.

9. **General Provisions**.

- a. <u>Authority of Signatories</u>. The individuals signing this Agreement on behalf of the City warrant that (i) he or she is duly authorized to sign and deliver this Agreement on behalf of the City in accordance with a duly adopted resolution of the City Council of the City and (ii) this Agreement is binding upon the City in accordance with its terms. Village 8 Owner warrants that each individual signing this Agreement on behalf of Village 8 Owner (i) is duly authorized to sign and deliver this Agreement on behalf of Village 8 Owner, and (ii) this Agreement is binding upon the company in accordance with its terms.
- b. <u>Successors</u>. All terms of this Agreement will be binding upon and inure to the benefit of the parties and their respective affiliates, administrators or executors, successors, and assigns. Village 8 Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Agreement. The Village 8 Owner and the City hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the developer's successors in title to the Project; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants,

reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

- c. <u>Governing Law/Venue</u>. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any action arising under or relating to this Agreement shall be brought in Federal or State courts located in San Diego County, State of California, and if applicable, the City of Chula Vista, or as close thereto as possible. Venue for this Agreement and performance thereunder shall be the City of Chula Vista.
- d. <u>Counterparts</u>. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one instrument.
- e. <u>Modifications</u>. No modification, waiver or discharge of this Agreement will be valid unless the same is in writing and signed by the parties to this Agreement.
- f. <u>Entire Agreement</u>. This Agreement contains the entire agreement between the parties relating to the transaction contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.
- g. <u>Attorney's Fees and Costs</u>. If either party commences litigation for the judicial interpretation, reformation, enforcement or rescission hereof, the prevailing party will be entitled to a judgment against the other for an amount equal to reasonable attorney's fees and court costs incurred. The "prevailing party" shall be deemed to be the party who is awarded substantially the relief sought.
- h. <u>Exhibits</u>. All exhibits referred to in this Agreement are attached, and are a part of, this Agreement.
- i. <u>Captions</u>. Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement.
- j. <u>Recording</u>. The parties hereto shall cause this Agreement to be recorded in the Official Records of the County of San Diego.
- k. <u>No Third Party Beneficiary</u>. No claim as a third-party beneficiary under this Agreement by any person, corporation or any other entity, shall be made valid against Village 8 Owner or City, except that Village 3 Owner is a third party beneficiary to the extent that this Agreement satisfies the Transferred Affordable Housing Obligation.
- l. <u>Incorporation of Recitals</u>. The recitals set forth herein are part of this Agreement.
- m. <u>Assignment</u>. The rights and obligations of Village 8 Owner under this Agreement shall not be assigned in whole or apart, without the express written consent of the City's Development Services Director, in the Director's sole discretion and whose consent shall not be unreasonably withheld or delayed. Any unapproved assignment shall be null and void.

SIGNATURE PAGE TO AFFORDABLE HOUSING TRANSFER AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first set forth above.

Ву:	
Title	
HOMEFED OTAY LAND II, LLC, a Delaware limited liability company	
By:	
Title	
CITY OF CHULA VISTA	
By:	
Title	_
ATTEST:	
Ву:	
Title	
APPROVED AS TO FORM:	
CITY ATTORNEY	
Ву:	
Title	

OTAY LAND COMPANY, LLC, a Delaware

limited liability company

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.			
State of California County of San Diego)		
satisfactory evidence to be instrument and acknowledge	the person(s) who ed to me that he that by his/her/their	, a Notary Public,, who proved to me on the basis of ose name(s) is/are subscribed to the within /she/they executed the same in his/her/their signature(s) on the instrument the person(s), or d, executed the instrument.	
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.			
WITNESS my hand and office	ial seal.		
		verifies only the identity of the individual who signed the ruthfulness, accuracy, or validity of that document.	
State of California)		
County of San Diego)		
On, before me,			
I certify under PENALTY C foregoing paragraph is true an		er the laws of the State of California that the	
WITNESS my hand and offic	ial seal.		
Signature			

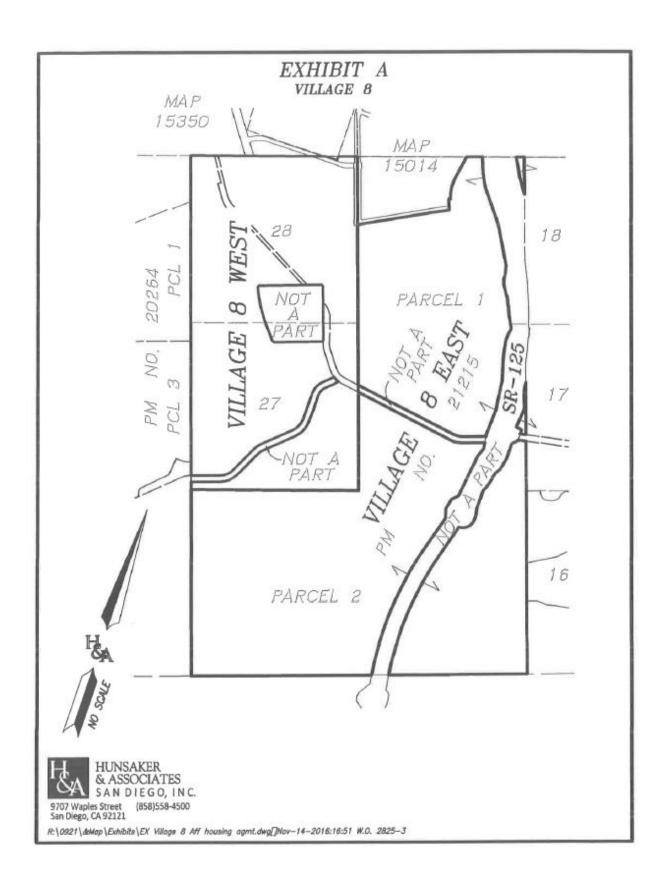


EXHIBIT B LEGAL DESCRIPTION

VILLAGE 8 WEST

PARCEL 1:

LOTS 27 AND 28 OF OTAY RANCHO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 862, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 7, 1900.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

COMMENCING AT THE CORNER WHICH IS COMMON TO LOTS 23, 24, 27, AND 28 OF SAID OTAY RANCHO; THENCE SOUTH 71°16'00" WEST (RECORD: SOUTH 72°13;00" WEST), A DISTANCE OF 544.20 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 17°31'00" WEST (RECORD: NORTH 16°34'00" WEST), A DISTANCE OF 97.14 FEET; THENCE NORTH 61°08'00" WEST, A DISTANCE OF 1,225.69 FEET; THENCE SOUTH 28°59'39" WEST, A DISTANCE OF 449.11 FEET; THENCE SOUTH 38°46'05" EAST, A DISTANCE OF 980.94 FEET; THENCE NORTH 74°04'00" EAST, A DISTANCE OF 810.00 FEET; THENCE NORTH 15°56'00" WEST, A DISTANCE OF 195.88 FEET; THENCE NORTH 17°31'00" WEST, A DISTANCE OF 66.13 FEET, RETURNING TO SAID TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THOSE PORTIONS OF SAID LOTS 27 AND 28
CONVEYED BY SAN DIEGO LAND COMPANY TO THE SOUTHERN CALIFORNIA
MOUNTAIN WATER COMPANY, BY DEED DATED APRIL 11, 1912, AND RECORDED JUNE
24, 1912 IN BOOK 570, PAGE 113 OF DEEDS, RECORDS OF SAN DIEGO COUNTY, THE
PARCELS OF LAND SO CONVEYED TO SAID WATER COMPANY BEING THE SOUTH
492.5 FEET OF THE EAST 506 FEET OF LOT 4 OF SAID OTAY RANCHO AND STRIP OF
LAND VARYING IN WIDTH FROM 100 FEET TO 50 FEET FOLLOWING THE LINE OF THE
RIGHT OF WAY OF THE OTAY-SAN DIEGO PIPE LINE AND THE RIGHT OF WAY OF THE
OTAY-CORONADO PIPE LINE, AS DESCRIBED IN SAID DEED AND SHOWN ON THE
MAPS WHICH ARE ATTACHED TO AND MADE A PART OF SAID INSTRUMENT,
REFERENCE BEING HEREBY MADE TO THE RECORD OF SAID INSTRUMENT FOR A

MORE PARTICULAR DESCRIPTION OF SAID PARCELS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED AS PARCEL 3 IN AMENDED COMPLAINT IN CONDEMNATION CIVIL NO. 79-0907-N, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JANUARY 15, 1980 AS DOCUMENT NO. 80-137651.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THE DEED TO THE CITY OF SAN DIEGO RECORDED JANUARY 9, 2009 AS FILE NO. 2009-0010329, OFFICIAL RECORDS.

PARCEL 2:

ALL THOSE PORTIONS OF LOTS 27 AND 28, OTAY RANCH, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 862, FILED FEBRUARY 7, 1900, IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FURTHER DESCRIBED AS FOLLOWS:

COMMENCING AT THE CORNER WHICH IS COMMON TO LOTS 23, 24, 27 AND 28 OF SAID OTAY RANCHO; THENCE SOUTH 71°16'00" WEST, (RECORD SOUTH 72°13'00" WEST A DISTANCE OF 544.20 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 17°31'00" WEST (RECORD NORTH 16°34'00" WEST), A DISTANCE OF 97.14 FEET; THENCE NORTH 61°08'00" WEST, A DISTANCE OF 1,225.69 FEET; THENCE SOUTH 28°59'39" WEST, A DISTANCE OF 449.11 FEET; THENCE SOUTH 38°46'05" EAST, A DISTANCE OF 980.94 FEET; THENCE NORTH 74°04'00" EAST, A DISTANCE OF 810.00 FEET; THENCE NORTH 15°56'00" WEST A DISTANCE OF 195.88 FEET; THENCE NORTH 17°31'00" WEST, A DISTANCE OF 66.13 FEET; RETURNING TO SAID TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:

COMMENCING AT THE CORNER WHICH IS COMMON TO LOTS 23, 24, 27, 28 OF SAID RANCHO OTAY, SAID CORNER ALSO BEING THE MOST SOUTHEASTERLY CORNER OF SAID LOT 28; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 28, S 71°58'14" W, 553.16 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID SOUTHERLY LINE S 19°03'43" E, 267.98 FEET; THENCE S 25°56'17" W, 28.28 FEET; THENCE S

PAGE 2 OF 6

70°56'17" W, 754.24 FEET; THENCE N 74°03'43" W, 34.87 FEET; THENCE N 39°03'43" W, 314.14 FEET TO THE BEGINNING OF A TANGENT 1936.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY, A RADIAL LINE TO WHICH BEARS S 50°56'17" W; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 16°58'10", A DISTANCE OF 573.39 FEET TO A POINT ON A NON- TANGENT LINE, A RADIAL LINE TO WHICH BEARS S 67°54'27" W; THENCE N 25°56'17" E, 28.28 FEET; THENCE N 70°56'17" E, 984.29 FEET; THENCE S 64°03'43" E, 28.28 FEET; THENCE S 19°03'43" E, 587.02 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3A:

THAT PORTION OF THE SAN DIEGO PIPELINE RIGHT-OF-WAY GRANTED TO THE CITY OF SAN DIEGO PER DEED RECORDED JANUARY 31, 1913 IN BOOK 598, PAGE 54 OF DEEDS, LYING WITHIN LOT 28 OF THE OTAY RANCHO, IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 862, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 7, 1900, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 28; THENCE ALONG THE NORTHERLY LINE THEREOF NORTH 71°57′57" EAST, 374.93 FEET TO THE SOUTHWESTERLY LINE OF SAID SAN DIEGO PIPELINE AND THE TRUE POINT OF BEGINNING: THENCE CONTINUING ALONG SAID NORTHERLY LINE OF LOT 28 NORTH 71°57'57" EAST, 52.00 FEET TO THE NORTHEASTERLY LINE OF SAID SAN DIEGO PIPELINE: THENCE LEAVING THE NORTHERLY LINE OF SAID LOT 28 AND ALONG THE NORTHEASTERLY LINE OF SAID SAN DIEGO PIPELINE SOUTH 33°59'04" EAST, 431.57 FEET; THENCE SOUTH 56°00'56" WEST, 5.00 FEET; THENCE SOUTH 33°59'04" EAST, 252.10 FEET TO THE BEGINNING OF A 266.84 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 27°01'13" A DISTANCE OF 125.84 FEET: THENCE SOUTH 61°00'17" EAST, 265.81 FEET: THENCE NORTH 28°59'43" EAST, 5.00 FEET: THENCE SOUTH 61°00'17" EAST, 1474.83 FEET TO A POINT ON THE NORTHERLY LINE OF THAT PROPERTY DEEDED TO THE CITY OF SAN DIEGO PER DOCUMENT RECORDED JANUARY 9, 2009 AS FILE NO. 2009-0010329, OF OFFICIAL RECORDS; THENCE LEAVING THE NORTHEASTERLY LINE OF SAID SAN DIEGO PIPELINE AND ALONG THE NORTHERLY LINE OF SAID 2009 DEED SOUTH 70°56'17" WEST, 67.22 FEET

PAGE 3 OF 6

TO A POINT ON THE SOUTHWESTERLY LINE OF SAID SAN DIEGO PIPELINE; THENCE LEAVING THE NORTHERLY LINE OF SAID 2009 DEED AND ALONG SAID SOUTHWESTERLY LINE OF SAID SAN DIEGO PIPELINE NORTH 61°00'17" WEST, 1429.90 FEET; THENCE SOUTH 28°59'43" WEST, 55.00 FEET; THENCE NORTH 61°00'17" WEST, 265.81 FEET TO THE BEGINNING OF A 366.84 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 27°01'13" A DISTANCE OF 173.00 FEET; THENCE NORTH 33°59'04" WEST, 252.10 FEET; THENCE NORTH 56°00'56" EAST, 55.00 FEET; THENCE NORTH 33°59'04" WEST, 445.86 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3B:

THAT PORTION OF THE SAN DIEGO PIPELINE RIGHT-OF-WAY GRANTED TO THE CITY OF SAN DIEGO PER DEED RECORDED JANUARY 31, 1913 IN BOOK 598, PAGE 54 OF DEEDS, LYING WITHIN LOTS 27 AND 28 OF THE OTAY RANCHO, IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 862, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 7, 1900, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 27: THENCE ALONG THE EASTERLY LINE THEREOF SOUTH 18°39'52" EAST, 975.01 FEET TO A POINT ON THE NORTHERLY LINE OF SAID SAN DIEGO PIPELINE AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EASTERLY LINE SOUTH 18°39'52" EAST, 113.15 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID SAN DIEGO PIPELINE: THENCE ALONG SAID SOUTHERLY LINE NORTH 80°45'54" WEST, 298.16 FEET TO THE BEGINNING OF A 366.48 FOOT RADIUS CURVE CONCAVE NORTHERLY: THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°31'02" A DISTANCE OF 60.88 FEET; THENCE LEAVING THE SOUTHERLY LINE OF SAID PIPELINE ALONG THE ARC OF SAID 366.48 FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 16°00'56" A DISTANCE OF 102.44 FEET TO THE SOUTHWESTERLY LINE OF SAID PIPELINE; THENCE ALONG SAID SOUTHWESTERLY LINE ALONG THE ARC OF SAID 366.48 FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 18°31'09" A DISTANCE OF 118.45 FEET; THENCE NORTH 36°42'47" WEST, 310.71 FEET TO THE BEGINNING OF A 366.74 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY: THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF

PAGE 4 OF 6

19°54'02" A DISTANCE OF 127.38 FEET; THENCE NORTH 16°48'45" WEST, 54.00 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF THAT PROPERTY DEEDED TO THE CITY OF SAN DIEGO PER DOCUMENT RECORDED JANUARY 9, 2009 AS FILE NO. 2009-0010329, OF OFFICIAL RECORDS; THENCE LEAVING SAID WESTERLY LINE OF SAID SAN DIEGO PIPELINE AND ALONG SAID SOUTHEASTERLY LINE NORTH 25°56'17" EAST, 2.24 FEET: THENCE ALONG THE EASTERLY LINE OF SAID 2009 DEED, NORTH 19°03'43" WEST. 38.73 FEET TO A POINT ON SAID WESTERLY LINE OF SAID SAN DIEGO PIPELINE: THENCE LEAVING SAID EASTERLY LINE OF SAID 2009 DEED AND ALONG SAID WESTERLY LINE NORTH 16°48'45" WEST, 341.60 FEET TO THE BEGINNING OF A 121.56 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY: THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 29°30'34" A DISTANCE OF 62.61 FEET TO A POINT ON A NON-TANGENT EASTERLY LINE OF SAID 2009 DEED; THENCE LEAVING SAID WESTERLY LINE OF SAID SAN DIEGO PIPELINE AND ALONG SAID EASTERLY LINE NORTH 19°03'43" WEST, 83.88 FEET TO A POINT ON SAID WESTERLY LINE OF SAID SAN DIEGO PIPELINE; THENCE LEAVING SAID EASTERLY LINE OF SAID 2009 DEED ALONG SAID WESTERLY LINE NORTH 28°59'43" EAST, 2.90 FEET; THENCE NORTH 61°00'17" WEST, 3.23 FEET TO A POINT ON THE EASTERLY LINE OF SAID 2009 DEED; THENCE LEAVING SAID WESTERLY LINE OF SAID SAN DIEGO PIPELINE AND ALONG SAID EASTERLY LINE NORTH 19°03'43" WEST, 74.81 FEET TO A POINT ON THE NORTHEASTERLY LINE OF SAID SAN DIEGO PIPELINE: THENCE LEAVING SAID EASTERLY LINE OF SAID 2009 DEED AND ALONG SAID NORTHEASTERLY LINE SOUTH 61°00'17" EAST, 57.98 FEET; THENCE SOUTH 28°59'43" WEST, 5.00 FEET TO THE BEGINNING OF A NON-TANGENT 301.56 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY, A RADIAL LINE TO SAID POINT BEARS NORTH 28°59'43" EAST, THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 44°11'32" A DISTANCE OF 232.59 FEET; THENCE SOUTH 16°48'45" EAST, 403.46 FEET TO THE BEGINNING OF A 266.74 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY: THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 19°54'02" A DISTANCE OF 92.65 FEET: THENCE SOUTH 36°42'47" EAST, 310.71 FEET TO THE BEGINNING OF A 266.48 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 44°03'07" A DISTANCE OF 204.88 FEET: THENCE SOUTH 80°45'54" EAST, 245.21 FEET TO THE TRUE POINT OF BEGINNING.

PAGE 5 OF 6

THE HEREINABOVE DESCRIBED PARCELS 3A AND 3B BEING SHOWN AND DESCRIBED AS "PORTION 1 DESCRIPTION" IN THAT CERTAIN GRANT DEED RECORDED AUGUST 16, 2013 AS DOC. NO. 2013-0516511, OF OFFICIAL RECORDS.

VILLAGE 8 EAST

PARCELS 1 AND 2 OF PARCEL MAP NO. 21215, IN THE CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY JANUARY 29, 2015.

DOUGLAS B. STROUP

L.S. 8553

HUNSAKER & ASSOCIATES SAN DIEGO, INC.

PAGE 6 OF 6