



San Francisco Assessor-Recorder  
 Mabel S. Teng, Assessor-Recorder  
**DOC- 2005-H900305-00**  
 Acct 8-STEWART Title Company  
 Monday, FEB 07, 2005 14:38:15  
 Ttl Pd \$69.00 Nbr-0002680896  
**REEL 1821 IMAGE 0723**  
 ofa/FT/4-14

Recording Requested By and  
 When Recorded Mail To:

Sequoia Mortgage Capital,  
 Two Belvedere Place  
 Suite 120  
 Mill Valley, CA 94941

2-14  
 7

Loan No.

[Space Above This Line For Recorder's Use]

②

ESC# 80001841  
 LOT 16, Block 3566

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
 SECURITY AGREEMENT, FINANCING STATEMENT  
 AND FIXTURE FILING**

THIS DEED OF TRUST is made February 4, 2005 by Sapphire House Corporation, A California Corporation, the owner of the real property described hereinbelow, whose address is 37968 Canyon Heights Drive, Fremont, CA 94536 ("Trustor"), to Jason H. Freskos, ("Trustee"), in favor of See Exhibit "A" attached hereto and made a part hereof, whose address is Two Belvedere Place, Suite 120, Mill Valley, CA 94941, ("Beneficiary").

TRUSTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under that certain real property located in the County of San Francisco, State of California, commonly known as 23 - 29 Abbey Street, San Francisco, CA (APN Lot 16 Block 3566) more particularly described in Exhibit "B" attached hereto and incorporated by this reference (the "Real Property);

TOGETHER with all structures and improvements now existing or hereafter erected on the Real Property, all easements, rights and appurtenances thereto or used in connection therewith, all rents, royalties, issues, profits, revenues, income, accounts receivable and other benefits thereof or arising from the use or enjoyment of all or any portion thereof, the operation of any business thereon or from any lease or agreement pertaining thereto (subject however to the rights and authorities given herein to Trustor to collect and apply such rents, royalties, issues, profits, revenues, income, accounts receivable and other benefits), all interests in the rights, royalties and profits in connection with all minerals, oil and gas and other hydrocarbon substances thereon or therein, development rights or credits, air rights, water, water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant) and water stock, all intangible property and rights relating to the Real Property or the operation thereof, or used in connection therewith, including without limitation trade names and trademarks, all fixtures, machinery, equipment, building materials, appliances and goods of every nature whatsoever (herein collectively called "equipment and other personal property") now or hereafter located in, or on, or attached or affixed to, or used or intended to be used in connection with, the Real Property, including, but without limitation, all heating, lighting, laundry, incinerating, gas, electric and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, plumbing, lifting, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating, and communications apparatus, air cooling and air conditioning apparatus, elevators and escalators and related machinery and equipment, shades, awnings, blinds, curtains, drapes, attached floor coverings, including rugs and carpeting, television sets, radios, video recorders and players, television, radio and music cable antennae and systems, screens, storm doors and windows, stoves, refrigerators, dishwashers and other installed appliances, attached cabinets, partitions, ducts and compressors, and trees, plants and other items of landscaping (except that the foregoing equipment and other personal property covered hereby shall not include machinery, apparatus, equipment, fittings, and articles of personal property used in the business of Trustor [commonly referred to as "trade fixtures"]) whether the same are annexed to the Real Property or not, unless the same are also used in the operation of any building or other improvement located thereon or unless the same cannot be removed without materially damaging the Real Property or any such building or other improvement) all of which, including replacements and additions thereto, shall, to the fullest extent permitted by law and for the purposes of this Deed of Trust, be deemed to be part and

parcel of, and appropriated to the use of, said Real Property and, be deemed conclusively to be real property and conveyed by this Deed of Trust, and Trustor agrees to execute and deliver, from time to time, such further instruments and documents as may be required by Beneficiary to confirm the lien of this Deed of Trust on any of the foregoing; all of the foregoing property referred to in this paragraph, together with the Real Property, are herein referred to as the "Mortgaged Property".

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect:

(a) The repayment of the indebtedness evidenced by Trustor's promissory note of even date herewith payable to the order of Beneficiary, in the principal sum of **One Million Eighty Five Thousand Dollars (\$1,085,000.00)**, with interest thereon, as provided therein, and all prepayment charges, late charges and loan fees required thereunder, and all extensions, renewals, modifications, amendments and replacements thereof (the "Note");

(b) The payment of all other sums which may be advanced by or otherwise be due to Trustee or Beneficiary under any provision of this Deed of Trust or under any other instrument or document referred to in Clause (c) below, with interest thereon at the rate provided herein or therein;

(c) The performance of each and every of the covenants and agreements of Trustor contained (i) herein, in the Note, and in any note evidencing a Future Advance (as hereinafter defined), and (ii) in any and all pledge agreements, loan agreements, supplemental agreements, assignments and all instruments of indebtedness or security now or hereafter executed by Trustor in connection with any indebtedness referred to in Clauses (a) or (d) of this Section or for the purpose of supplementing or amending this Deed of Trust or any instrument secured hereby; and

(d) The repayment of any other loans or advances, with interest thereon, hereafter made to Trustor (or any successor in interest to Trustor as the owner of the Mortgaged Property or any part thereof) by Beneficiary when the promissory note evidencing the loan or advance specifically states that said note is secured by this Deed of Trust, together with all extensions, renewals, modifications, amendments and replacements thereof (a "Future Advance").

## ARTICLE I. COVENANTS OF TRUSTOR

To Protect The Security Of This Deed Of Trust, Trustor Covenants And Agrees As Follows:

1.1 **Performance of Obligations Secured.** Trustor shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Note, the principal of and interest on any Future Advances, and any prepayment, late charges and loan fees provided for in the Note or in any note evidencing a Future Advance or herein, and shall further perform fully and in a timely manner all other obligations of Trustor contained herein or in the Note or in any note evidencing a Future Advance of in any of the Related Agreements.

1.2 **Insurance.** Trustor shall keep the Mortgaged Property insured against loss or damage by fire with extended coverage and against any other risks or hazards which, in the opinion of the Beneficiary, should be insured against, in an amount not less than the full insurable value thereof on a replacement cost basis, with a company or companies and in such form and with such endorsements as may be approved or required by Beneficiary. All losses under said insurance shall be payable to Beneficiary and shall be applied in the manner provided in Section 1.3 hereof. If required by Beneficiary, Trustor shall also carry public liability insurance and business or rental interruption insurance in such form and amounts and with such companies as are satisfactory to Beneficiary. All hazard and business or rental interruption insurance policies shall be endorsed with a standard noncontributory mortgagee clause in favor of and in form acceptable to Beneficiary, and may only be canceled or modified upon not less than thirty (30) days' prior written notice to Beneficiary. All of the above-mentioned insurance policies or certificates of such insurance satisfactory to Beneficiary, together with receipts for the payment of premiums thereon, shall be delivered to and held by Beneficiary, which delivery shall constitute assignment to Beneficiary of all return premiums to be held as additional security hereunder. All renewal and replacement policies shall be delivered to Beneficiary at least thirty (30) days before the expiration of the expiring policies. Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Trustor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

1.3 **Condemnation and Insurance Proceeds.**

a. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of or damage or injury to the Mortgaged Property, or any part thereof, or for

conveyance in lieu of condemnation, are hereby assigned to and shall be paid to Beneficiary. In addition, all causes of action, whether accrued before or after the date of this Deed of Trust, for all types for damages or injury to the Mortgaged Property or any part thereof, or in connection with any transaction financed by funds loaned to Trustor by Beneficiary and secured hereby, or in connection with or affecting the Mortgaged Property or any part thereof, including without limitation causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are hereby assigned to Beneficiary as additional security and the proceeds shall be paid to Beneficiary. Beneficiary may at its option appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and may make any compromise or settlement thereof. Trustor, immediately upon obtaining knowledge of the institution of any proceedings relating to condemnation or other taking of or damage or injury to the Mortgaged Property or any portion thereof, or knowledge of any casualty damage to the Mortgaged Property or damage in any other manner, will immediately notify Beneficiary in writing. Beneficiary may participate in any such proceedings and may join Trustor in adjusting any loss covered by insurance.

b. All compensation, awards, proceeds, damages, claims, insurance recoveries, rights of action and payments which Trustor may receive or to which Trustor may become entitled with respect to the Mortgaged Property or any part thereof shall be paid over to Beneficiary and shall be applied first toward reimbursement of all costs and expenses of Beneficiary in connection with recovery of the same, and then shall be applied, in the sole and absolute discretion of Beneficiary and without regard to the adequacy of its security hereunder, to the payment or prepayment (without premium) of any indebtedness secured hereby in such order as Beneficiary may determine, or to the reimbursement of Trustor for expenses incurred by it in the restoration of the Mortgaged Property. Any application of such amounts or any portion thereof to any indebtedness secured hereby shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice. In the event Beneficiary elects to make any monies available to Trustor to restore the Mortgaged Property, Trustor shall proceed forthwith with the completion of construction of the improvements, including the necessary work of restoration in accordance with plans, specifications and drawings submitted to and approved by Beneficiary; and any monies which Beneficiary also elects to make available for restoration shall be disbursed in accordance with standard construction lending practice or in any other manner approved by Beneficiary.

1.4 **Taxes, Liens and Other Items.** Trustor shall pay all taxes, bonds, assessments, fees, liens, charges, fines, impositions and any and all other items which are attributable to or affect the Mortgaged Property and which may attain a priority over this Deed of Trust by making payment prior to delinquency directly to the payee thereof, unless Trustor shall be required to make payment to Beneficiary on account of such items pursuant to Section 1.5 hereof. Trustor shall promptly discharge any lien which has or may attain priority over this Deed of Trust.

1.5 **Funds for Taxes and Insurance.** In the event of default, Beneficiary may, at its option to be exercised prior to or upon the recordation of this Deed of Trust or thereafter upon thirty (30) days' written notice to Trustor, require the deposit by Trustor, at the time of each payment of an installment of interest or principal under the Note, of an additional amount sufficient to discharge the obligations of Trustor under Sections 1.2 and 1.4 hereof as and when they become due. The determination of the amount payable and of the fractional part thereof to be deposited with Beneficiary shall be made by Beneficiary in its sole discretion. Said amounts shall be held by Beneficiary not in trust and not as agent of Trustor and shall not bear interest, and shall be applied to the payment of the obligations in respect to which the amounts were deposited or, at the option of Beneficiary, to the payment of said obligations in such order of priority as Beneficiary shall determine. If at any time within thirty (30) days prior to the due date of any of the aforementioned obligations the amounts then on deposit therefor shall be insufficient for the payment of such obligation in full, Trustor shall within ten (10) days after demand deposit the amount of the deficiency with Beneficiary. If the amounts deposited are in excess of the actual obligations for which they were deposited, Beneficiary may refund any such excess, or, at its option, may hold the same in a reserve account, not in trust and not bearing interest, and reduce proportionately the required monthly deposits for the ensuing year. Nothing herein contained shall be deemed to affect any right or remedy of Beneficiary under any other provision of this Deed of Trust or under any statute or rule of law to pay any such amount and to add the amount so paid to the indebtedness hereby secured.

All amounts so deposited shall be held by Beneficiary as additional security for the sums secured by this Deed of Trust and upon the occurrence of an Event of Default hereunder Beneficiary may, in its sole and absolute discretion and without regard to the adequacy of its security hereunder, apply such amounts or any portion thereof to any part of the indebtedness secured hereby. Any such application of said amounts or any portion thereof to any indebtedness secured hereby shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

If Beneficiary requires deposits to be made pursuant to this Section, Trustor shall deliver to Beneficiary all tax bills, bond and assessment statements, statements of insurance premiums, and statements for any other obligations referred to above as soon as the same are received by Trustor.

If Beneficiary sells or assigns this Deed of Trust, Beneficiary shall have the right to transfer all amounts deposited under this Section to the purchaser or assignee, and Beneficiary shall thereupon be released and have no further liability hereunder for the application of such deposits, and Trustor shall look solely to such purchaser or assignee for such application and for all responsibility relating to such deposits.

**1.6 Parking Areas.** If any part of any automobile parking areas included within the Mortgaged Property is taken by condemnation or before such areas are otherwise reduced, Trustor shall provide parking facilities in kind, size and location to comply with all leases, and before making any contract for such substitute parking facilities, Trustor shall furnish to Beneficiary satisfactory assurance of completion thereof, free of liens and in conformity with all governmental zoning, land use and environmental regulations.

**1.7 Security Agreement.** This Deed of Trust is intended to be a security agreement, financing statement and fixture filing pursuant to the California Uniform Commercial Code for any items of personal property specified in the granting clauses, above, as part of the Mortgaged Property which, under applicable law, may be subject to a security interest pursuant to the California Uniform Commercial Code and which are not herein effectively made part of the Real Property, and Trustor hereby grants Beneficiary a security interest in said personal property, and in all additions thereto, substitutions therefor and proceeds thereof, for the purpose of securing all indebtedness and other obligations of Trustor now or hereafter secured by this Deed of Trust. The name of the debtor is:

**Sapphire Park House Corporation, a California Corporation**  
**Address: 37968 Canyon Heights Drive, Fremont, CA 94536**

The name of the secured party is:  
 See Exhibit "A" attached hereto and made a part hereof

**Address: Two Belvedere Place, Suite 120**  
**Mill Valley, CA 94941**

a. This financing statement covers all existing and future goods located on the Real Property which are now or in the future owned by the Trustor (debtor) and which are or are to become fixtures on the Real Property.

b. The above goods are or are to become fixtures on the Real Property, and this Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing is to be recorded in the real estate records. The name of the record owner is **Sapphire Park House Corporation, A California Corporation**

c. Products of the collateral are also covered.

Trustor agrees to execute and deliver financing and continuation statements covering said personal property from time to time and in such form as Beneficiary may require to perfect and continue the perfection of Beneficiary's lien or security interest with respect to said personal property. Trustor shall pay all costs of filing such statements and renewals and releases thereof and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created any other security interest in said personal property, including replacements and additions thereto. Upon the occurrence of any default of Trustor hereunder, Beneficiary shall have the rights and remedies of a secured party under the California Uniform Commercial Code as well as all other rights and remedies available at law or in equity, and, at Beneficiary's option, Beneficiary may also invoke the remedies provided in Article 4 of this Deed of Trust as to such personal property.

**1.8 Further Encumbrances or Sales.** If the Trustor shall execute or deliver any pledge, security agreement, mortgage, deed of trust or other instrument of hypothecation, covering all or any portion of the Mortgaged Property or any interest therein, or sell, contract to sell, lease with option to purchase, convey, alienate, transfer or otherwise dispose of all or any portion of the Mortgaged Property or any interest therein, or permit any of the foregoing to occur, whether voluntarily or involuntarily, by operation of law or otherwise, any indebtedness or obligation secured hereby, irrespective of the maturity date expressed in any note evidencing the same, at the option of the Beneficiary and without demand or notice, shall become due and payable immediately.

**1.9 Preservation and Maintenance of Mortgaged Property.** Trustor shall keep the Mortgaged Property and every part thereof in good condition and repair, and shall not permit or commit any waste, impairment, or deterioration

of the Mortgaged Property, nor commit, suffer or permit any act upon or use of the Mortgaged Property in violation of law or applicable order of any governmental authority, whether now existing or hereafter enacted and whether foreseen or unforeseen, or in violation of any covenants, conditions or restrictions affecting the Mortgaged Property, or bring or keep any article upon any of the Mortgaged Property or cause or permit any condition to exist thereon which would be prohibited by or could invalidate any insurance coverage maintained, or required hereunder to be maintained, by Trustor on or with respect to any part of the Mortgaged Property, and further shall do all other acts which from the character of use of the Mortgaged Property may be reasonably necessary to protect the security hereof, the specific enumerations herein not excluding the general. Trustor shall underpin and support, when necessary, any building, structure or other improvements situate on the Mortgaged Property and shall not remove or demolish any building on the Mortgaged Property. Trustor shall complete or restore and repair promptly and in a good workmanlike manner any building, structure or improvement which may be constructed, damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefore whether or not insurance or other proceeds are available to cover in whole or in part the costs of any such restoration or repair; provided, however, that Trustor shall not demolish, remove, expand or extend any building, structure or improvement on the Mortgaged Property, nor construct, restore, add to or alter any such building, structure or improvement, nor consent to or permit any of the foregoing to be done, without in each case obtaining the prior written consent of Beneficiary thereto. Trustor shall notify Beneficiary immediately in writing of any damage to the Mortgaged Property in excess of \$5,000.00.

If this Deed of Trust is on a condominium, cooperative apartment or planned development project or any other type of common interest subdivision, Trustor shall perform all of Trustor's obligations under any applicable declaration of condominium or master deed, or any declaration of covenants, conditions and restrictions pertaining to any such project or subdivision, or any by-laws or regulations of the project or owners' association or constituent documents.

If the Mortgaged Property is agricultural in whole or in part, Trustor shall farm the same using good and proper practices of husbandry, and shall keep all vines, trees and crops on said Mortgaged Property properly cultivated, irrigated, fertilized, sprayed, fumigated and maintained, and further shall replace promptly all dead or unproductive vines or trees with new, productive ones and keep all buildings, fences, ditches, canals, wells and other farming structures, improvements and equipment on the Mortgaged Property in good operating condition, order and repair.

Trustor shall not drill or extract or enter into any lease for the drilling for or extraction of oil, gas or other hydrocarbon substances or any mineral of any kind or character on or from the Mortgaged Property or any part thereof without first obtaining Beneficiary's written consent.

Unless required by applicable law or unless Beneficiary has otherwise first agreed in writing, Trustor shall not make or allow any changes to be made in the nature of the occupancy or use of the Mortgaged Property or any part thereof for which the Mortgaged Property or such part was intended at the time this Deed of Trust was delivered. Trustor shall not initiate or acquiesce in any change in any zoning or other land use classification now or hereafter in effect and affecting the Mortgaged Property or any part thereof without in each case obtaining Beneficiary's prior written consent thereto.

#### 1.10 Financial Statements; Offset Certificates.

a. Trustor, without expense to Beneficiary, shall furnish (i) an annual unaudited statement of the operation of the Mortgaged Property prepared by a certified public accountant, showing in reasonable detail satisfactory to Beneficiary total rents received and total expenses together with an annual balance sheet and profits and loss statement, within one hundred twenty (120) days after the close of each fiscal year of Trustor, beginning with the fiscal year first ending after the date of delivery of this Deed of Trust, and (ii) such interim balance sheets and profit and loss statements as may be required by Beneficiary. On demand, Trustor shall furnish to Beneficiary and its agents convenient facilities for the audit of any such statements.

b. Trustor, within three (3) days upon request in person or within five (5) days upon request by mail, shall furnish a written statement duly acknowledged of all amounts due on any indebtedness secured hereby, whether for principal or interest on the Note or otherwise, and stating whether any offsets or defenses exist against the indebtedness secured hereby and covering such other matters with respect to any such indebtedness as Beneficiary may reasonably require.

1.11 **Trustee's Costs and Expenses; Governmental Charges.** Trustor shall pay all costs, fees and expenses of Trustee, its agents and counsel in connection with the performance of its duties hereunder, including without limitation the cost of any trustee's sale guaranty or other title insurance coverage ordered in connection with any foreclosure proceedings (judicial or non-judicial) hereunder, and shall pay all taxes (except federal and state income taxes) or other governmental charges or impositions imposed by any governmental authority on Trustee or Beneficiary by reason of their interest in the Note, or any note evidencing a Future Advance, or this Deed of Trust.

1.12 **Protection of Security; Costs and Expenses.** Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or Trustee, and shall pay all costs and expenses, including without limitation cost of evidence of title and reasonable attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust or to enforce or establish any other rights or remedies of Beneficiary hereunder. If Trustor fails to perform any of the covenants or agreements contained in this Deed of Trust, or if any action or proceeding is commenced which affects Beneficiary's interest in the Mortgaged Property or any part thereof, including, but not limited to, eminent domain, building code enforcement, or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then Beneficiary or Trustee may, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereunder, make such appearances, disburse such sums and take such action as Beneficiary or Trustee deems necessary or appropriate to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable attorney's fees, entry upon the Mortgaged Property to make repairs or otherwise protect the security hereof, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of either Beneficiary or Trustee appear to be prior or superior hereto. Trustor further agrees to pay all reasonable expenses of Beneficiary (including fees and disbursements of counsel) incident to the protection of the rights of Beneficiary hereunder, and enforcement or collection of payment of the Note or any Future Advance whether by judicial or nonjudicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of Trustor, or otherwise. Any amounts disbursed by Beneficiary or Trustee pursuant to this Section shall be additional indebtedness of Trustor secured by this Deed of Trust and each of the Related Agreements as of the date of disbursement and shall bear interest at the post maturity rate set forth in the Note. All such amounts shall be payable by Trustor immediately without demand. Nothing contained in this Section shall be construed to require Beneficiary or Trustee to incur any expense, make any appearance, or take any other action.

1.13 **Indemnity.** Trustor agrees to indemnify and hold Beneficiary harmless from and against all liabilities, claims, damages, costs and expenses (including but not limited to reasonable legal fees and disbursements) arising out of or resulting from this Deed of Trust or any other documents executed in connection with this Deed of Trust or in connection with actual or claimed existence of hazardous or toxic wastes or materials now or in the future located on or in the Real Property. Upon demand by Beneficiary, Trustor will defend any action or proceeding brought against Beneficiary under or as a result of this Deed of Trust or any other documents executed in connection with this Deed of Trust or the existence of hazardous or toxic wastes or materials located on or in the Real Property, or Beneficiary may elect to conduct its own defense at the expense of Trustor. The provisions of this paragraph will survive the repayment of the Note and the reconveyance of this Deed of Trust.

## ARTICLE II RENTS AND PROFITS

2.1 **Assignment of Rents and Profits.** All of the rents, royalties, issues, profits, revenue, income, accounts receivable and other benefits of the Mortgaged Property arising from the use or enjoyment of all or any portion thereof, the operation of any business thereon or from any lease or agreement pertaining thereto, whether now due, past due, or to become due, and including all prepaid rents and security deposits (the "Rents and Profits"), are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Deed of Trust. Prior to the happening of any Event of Default as set forth in Article 3 hereof, Trustor shall have a license to collect and receive all Rents and Profits, which license shall be terminable at the sole option of Beneficiary, without regard to the adequacy of its security hereunder and without notice to or demand upon Trustor, upon the occurrence of any Event of Default. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under Article 4 hereof shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Mortgaged Property or any part thereof by such receiver, be deemed to make Beneficiary a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof.



**2.2 Leases and Occupancy Agreements.** Trustor shall not execute any lease or other occupancy agreement ("leases") of any part of the Mortgaged Property other than on a form approved by Beneficiary, and shall at all times fully perform the obligations of the lessor under all such leases. Trustor shall at any time or from time to time, upon request of Beneficiary, transfer and assign to Beneficiary in such form as may be satisfactory to Beneficiary, Trustor's interest in any lease, subject to and upon the condition, however, that prior to the occurrence of any Event of Default hereunder, Trustor shall have a license to collect and receive all Rents and Profits under such lease upon accrual, but not prior thereto, as set forth in Section 2.1 above. Whenever requested by Beneficiary, Trustor shall furnish to Beneficiary a certificate of Trustor setting forth the names of all lessees under any leases, the terms of their respective leases, the space occupied, and the rents payable thereunder.

**2.3 Prepayments of Rent, etc.** Without the prior written consent of Beneficiary, Trustor shall not (i) accept prepayments of rent exceeding one month under any leases of any part of the Mortgaged Property, or (ii) take any action under or with respect to any such leases which would materially decrease either the obligations of the lessee thereunder or the rights or remedies of the lessor, or (iii) modify or amend any such leases or, except where the lessee is in default, cancel or terminate the same or accept a surrender of the leased premises, or (iv) consent to the assignment of the whole or any portion of any lessee's interest under any such leases, or (v) create or permit any lien or encumbrance which, upon foreclosure, would be superior to any such leases, or (vi) in any other manner impair Beneficiary's rights and interest with respect to the Rents and Profits.

**2.4 Attornment of Lessees.** Each lease of the Mortgaged Property, or any part thereof, shall make provision for the attornment of the lessee thereunder to any person succeeding to the interest of Trustor as the result of any foreclosure or transfer in lieu of foreclosure hereunder, said provision to be in form and substance approved by Beneficiary.

### ARTICLE III EVENTS OF DEFAULT

Each of the following shall constitute an event of default ("Event of Default") hereunder (including, if Trustor consists of more than one person or entity, the occurrence of any of such events with respect to any one or more of such persons or entities):

**3.1** Failure to make any payment of principal or interest on the Note or any Future Advance, when and as the same shall become due and payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, or default in the performance of any of the covenants or agreements of Trustor contained herein, or in the Note, or in any note evidencing a Future Advance, or in the Indemnity Agreement, or in any of the Related Agreements, subject, however, in the case of any of the Related Agreements, to the expiration of the period of time, if any, permitted for cure of such default thereunder.

**3.2** The appointment pursuant to an order of a court of competent jurisdiction, of a trustee, receiver or liquidator of the Mortgaged Property or any part thereof, or of Trustor, or any termination or voluntary suspension of the transaction of business of Trustor, or any attachment, execution or other judicial seizure of all or any substantial portion of Trustor's assets which attachment, execution or seizure is not discharged within thirty (30) days.

**3.3** The filing by or against Trustor of a petition in bankruptcy or for an arrangement or for reorganization or for other form of debtor relief pursuant to the federal Bankruptcy Code, as the same may be amended or replaced from time to time, or any other law, federal or state, whether now existing or hereafter amended or enacted, relating to insolvency or debtor relief (except that in the case of a filing against Trustor, default shall not exist unless Trustor fails to have the proceeding discharged within sixty (60) days after such filing), or the adjudication of Trustor as a bankrupt or an insolvent by a decree of a court of competent jurisdiction, or the making of an assignment for the benefit of creditors, or the admission by Trustor in writing of its inability to pay its debts generally as they become due, or the giving of consent by Trustor to the appointment of a receiver or receivers of all or any part of its property.

**3.4** Default under the terms of any agreement of guaranty relating to the indebtedness evidenced by the Note or relating to any Future Advance, or the occurrence of any of the events enumerated in Section 3.2 or 3.3 with regard to any guarantor of the Note or any Future Advance, or the revocation, limitation or termination of the obligations of any guarantor of the Note or any Future Advance, except in accordance with the express written terms of the instrument of guaranty; or if Trustor is a trust or trustee of a trust, occurrence of any of the events enumerated in

Section 3.2 or 3.3 with regard to such trustee or any owner, or general partner of any owner, of more than ten percent (10%) of the beneficial interests of such trust; or if Trustor is a partnership or joint venture, the occurrence of any of the events enumerated in Section 3.2 or 3.3 with regard to any general partner or joint venturer.

3.5 In the event Trustor is a corporation or trust, the sale, conveyance, transfer, encumbrance, or disposition, whether voluntarily, involuntarily or otherwise, of more than ten percent (10%) of the issued and outstanding capital stock of Trustor or of the beneficial interest of such trust without the prior written consent of Beneficiary; or in the event Trustor is a limited or general partnership, or a joint venture, a change of any general partner or any joint venturer, whether voluntarily, involuntarily or otherwise, or the sale, conveyance, transfer, disposition, charging or encumbrance of any general partner or joint venture interests, without the prior written consent of Beneficiary.

3.6 The imposition of a tax, other than a state or federal income tax, on or payable by Trustee or Beneficiary by reason of the Beneficiary's ownership of the Note, or any note evidencing a Future Advance, or this Deed of Trust, and Trustor has not promptly paid said tax, or it would be illegal for Trustor to pay said tax.

3.7 Any representation or disclosure made to Beneficiary by Trustor or any guarantor of any indebtedness secured hereby in connection with or as an inducement to the making of the loan evidenced by the Note or the making of any Future Advance shall prove to be false or misleading in any material respect as of the time the same was made, whether or not any such representation or disclosure appears as part of this Deed of Trust.

3.8 Any other event shall occur which, under this Deed of Trust, or under the Note or any note evidencing a Future Advance, or under any of the Related Agreements constitutes an Event of Default by Trustor hereunder of thereunder or gives Beneficiary the right to accelerate the maturity of the indebtedness, or any part thereof, secured hereby.

#### ARTICLE IV. REMEDIES

Upon the occurrence of any Event of Default, Trustee and Beneficiary shall have the following rights and remedies:

4.1 **Acceleration.** Beneficiary may declare the entire principal amount of the Note and/or any Future Advances then outstanding (if not then due and payable), and accrued and unpaid interest thereon, and all other sums or payments required thereunder to be due and payable immediately, and, notwithstanding the stated maturity in the Note, or any note evidencing any Future Advance, the principal amount of the Note and/or any Future Advance and the accrued and unpaid interest thereon and all other sums or payments required thereunder, shall thereupon become and be immediately due and payable.

4.2 **Entry.** Irrespective of whether Beneficiary exercises the option provided in Section 4.1, above, Beneficiary in person or by agent or by court-appointed receiver may enter upon, take possession of, manage and operate the Mortgaged Property or any part thereof and do all things necessary or appropriate in Beneficiary's sole discretion in connection therewith, including without limitation, making and enforcing, and if the same be subject to modification or cancellation, modifying or canceling leases upon such terms or conditions as Beneficiary deems proper, obtaining and evicting tenants, and fixing or modifying rents, contracting for and making repairs and alterations, and doing any and all other acts which Beneficiary deems proper to protect the security hereof; and either with or without so taking possession, in its own name or in the name of Trustor, suing for or otherwise collecting and receiving the Rents and Profits, including those past due and unpaid, and applying the same less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. Upon request of Beneficiary, Trustor shall assemble and make available to Beneficiary at the site of the Real Property any of the Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, or any part thereof, the collection of any Rents and Profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Mortgaged Property or any part thereof by Beneficiary, Trustor or a receiver, and the collection, receipt and application of the Rents and Profits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity upon or after the occurrence of a default, including without limitation the right to exercise the power of sale. Any of the actions referred to in this Section may be taken by Beneficiary irrespective of whether any notice of default or



election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

**4.3 Judicial Action.** Beneficiary may bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants and agreements hereof.

**4.4 Power of Sale.** Beneficiary may elect to cause the Mortgaged Property or any part thereof to be sold under the power of sale herein granted in any manner permitted by applicable law. In connection with any sale or sales hereunder, Beneficiary may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the Real Property or any improvements thereon without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Any sale of any personal property hereunder shall be conducted in any manner permitted by the California Uniform Commercial Code. Should Beneficiary, elect to sell the Mortgaged Property, or any part thereof, which is real property or which Beneficiary has elected to treat as real property as provided above, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, and without the necessity of any demand on Trustor, Trustee, at the time and place specified in the notice of sale, shall sell said real property or part thereof at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone any sale hereunder by public announcement thereof at the time and place noticed therefor. If the Mortgaged Property consists of several lots, parcels or items of property, Beneficiary may designate the order in which such lots, parcels or items shall be offered for sale or sold or Beneficiary may direct that all such lots, parcels or items be sold en masse whether or not Trustor objects. Any person, including Trustor, Trustee or Beneficiary, may purchase at any sale hereunder, and Beneficiary shall have the right to purchase at any sale hereunder by crediting upon the bid price the amount of all or any part of the indebtedness hereby secured. Should Beneficiary desire that more than one sale or other disposition of the Mortgaged Property be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien of this Deed of Trust on any part of the Mortgaged Property not sold until all indebtedness secured hereby has been fully paid. Upon any sale hereunder, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession; and the recitals in any such deed or deeds of facts, such as default, the giving of notice of default and notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts and any such deed or deeds shall be conclusive against all persons as to such facts recited therein.

**4.5 Proceeds of Sale.** The proceeds of any sale made under or by virtue of this Article 4, together with all other sums which then may be held by Trustee or Beneficiary under this Deed of Trust, whether under the provisions of this Article 4 or otherwise, shall be applied as follows:

**FIRST:** To the payment of the costs and expenses of sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and to the payment of all expenses, liabilities and advances made or incurred by Trustee under this Deed of Trust, together with interest on all advances made by Trustee at the post-maturity interest rate set forth in the Note.

**SECOND:** To the payment of any and all sums expended by Beneficiary under the terms hereof, not then repaid, with accrued interest at the rate set forth in the Note, and all other sums (except advances of principal and interest thereon) required to be paid by Trustor pursuant to any provisions of this Deed of Trust, or the Note, or any note evidencing any Future Advance, or any of the Related Agreements, including without limitation all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust or in connection with the enforcement thereof, together with interest thereon as herein provided.

**THIRD:** To the payment of the entire amount then due, owing or unpaid for principal and interest upon the Note and any Notes evidencing any Future Advances, with interest on the unpaid principal at the rate set forth therein from the date of advancement thereof until the same is paid in full.

**FOURTH:** The remainder, if any, to the person or persons legally entitled thereto.

**4.6 Waiver of Marshaling.** Trustor, for itself and for all persons hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Deed of Trust, hereby expressly waives and releases all rights to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto and to have any of the Mortgaged Property and/or any other property now or hereafter

constituting security for any of the indebtedness secured hereby marshaled upon any foreclosure of this Deed of Trust or of any other security for any of said indebtedness.

**4.7 Remedies Cumulative.** No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herefn or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, the holder of the Note, at its sole option, and without limiting or affecting any of its rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights and remedies it may have in connection with such other security or in such order as it may determine. Any application of any amounts or any portion thereof held by Beneficiary at any time as additional security hereunder, whether pursuant to Section 1.3 or Section 4.2 hereof or otherwise, to any indebtedness secured hereby shall not extend or postpone the due dates of any payments due from Trustor to Beneficiary hereunder or under the Note, any Future Advances or any of the Related Agreements, or change the amounts of any such payments or otherwise be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

**4.8 Prepayment Charge.** If this Deed of Trust or any obligation secured hereby provides for any charge for prepayment of any indebtedness secured hereby, Trustor agrees to pay said charge if for any reason any of said indebtedness shall be paid prior to the stated maturity date thereof, even if and notwithstanding that an Event of Default shall have occurred and Beneficiary, by reason thereof, shall have declared said indebtedness or all sums secured hereby immediately due and payable, and whether or not said payment is made prior to or at any sale held under or by virtue of this Article 4.

#### ARTICLE V. MISCELLANEOUS

**5.1 Severability.** In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

**5.2 Certain Charges.**

a. Trustor agrees to pay Beneficiary for each statement of Beneficiary as to the obligations secured hereby, furnished at Trustor's request, the maximum fee allowed by law, or if there be no maximum fee, then such reasonable fee as is charged by Beneficiary as of the time said statement is furnished. Trustor further agrees to pay the charges of Beneficiary for any other service rendered Trustor, or on its behalf, connected with this Deed of Trust of the indebtedness secured hereby, including without limitation the delivery to an escrow holder of a request for full or partial reconveyance of this Deed of Trust, transmitting to an escrow holder moneys secured hereby, changing its records pertaining to this Deed of Trust and indebtedness secured hereby to show a new owner of the Mortgaged Property, and replacing an existing policy of insurance held hereunder with another such policy.

b. Trustor recognizes that in the event any payment secured hereby is not made within ten (10) days after it becomes due and payable, Beneficiary will incur extra expenses in handling the delinquent payment, the exact amount of which is impossible to ascertain, but that a charge of ten percent (10%) of the entire amount of the delinquent payment would be a reasonable estimate of the expense so incurred. Therefore, if any payment is not received in full within ten (10) days of the date it becomes due and payable, Trustor shall without prejudicing or affecting any other rights or remedies of Trustee or Beneficiary, pay to Beneficiary, to cover expenses incurred in handling the delinquent payment, an amount calculated at ten percent (10%) of the entire amount of the delinquent payment.

**5.3 Notices.** All notices expressly provided hereunder to be given by Beneficiary to Trustor and all notices and demand of any kind or nature whatsoever which Trustor may be required or may desire to give to or serve on Beneficiary shall be in writing and shall be delivered or served by first-class or certified mail. Any such notice or demand so delivered will be effective upon receipt. Any such notice or demand so served by first-class or certified mail shall be deposited in the United States mail, with postage thereon fully prepaid and addressed to the party so to be served at its address above stated or at such other address of which said party shall have theretofore notified in writing, as provided

above. Service of any such notice or demand so made by first-class or certified mail shall be deemed effective on the day of actual delivery as shown by the addressee's return receipt or the expiration of forty-eight (48) hours after the date of mailing, whichever is the earlier in time, except that service of any notice of default or notice of sale provided or required by law shall, if mailed, be deemed effective on the date of mailing.

**5.4 Trustor Not Released.** Extension of the time for payment or modification of the terms of payment of any sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify the terms of payment of the sums secured by the Deed of Trust by reason of any demand made by the original Trustor. Without affecting the liability of any person, including Trustor, for the payment of any indebtedness secured hereby, or the lien of this Deed of Trust on the Mortgaged Property for the full amount of any such indebtedness and liability unpaid, Beneficiary and Trustee are respectively empowered as follows: Beneficiary may from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional real or personal property of any kind as security therefor, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments or security, or (d) alter, substitute or release any property securing the indebtedness except that the lien of this Deed of Trust will not continue as to any part of the Mortgaged Property so released. Trustee may, at any time, and from time to time, upon the written request of Beneficiary (a) consent to the making of any map or plat of the Mortgaged Property or any part thereof, (b) join in granting any easement or creating any restriction thereon, (c) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof, or (d) reconvey, without any warranty, all or part of the Mortgaged Property.

**5.5 Inspection.** Beneficiary may at any reasonable time or times make or cause to be made entry upon and inspections of the Mortgaged Property or any part thereof in person or by agent.

**5.6 Reconveyance.** Upon the payment in full of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Mortgaged Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Upon payment of its fees and any other sums owing to it under this Deed of Trust, Trustee shall reconvey the Mortgaged Property without warranty to the person or person legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in such conveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Five years after issuance of such full reconveyance, Trustee may destroy said notes and this Deed of Trust unless otherwise directed by Beneficiary.

**5.7 Statute of Limitations.** The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the fullest extent permitted by law.

**5.8 Interpretation.** Wherever used in this Deed of Trust, subject to Section 1.8, unless the context otherwise indicates a contrary intent, or unless otherwise specifically provided herein, the word "Trustor" shall mean and include both Trustor and any subsequent owner or owners of the Mortgaged Property, and the word "Beneficiary" shall mean and include not only the original Beneficiary hereunder but also any future owner and holder, including pledgees, of the Note secured hereby. In this Deed of Trust whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural and conversely. In this Deed of Trust, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not nonlimiting language (such as "without limitation", or "but not limited to", or words of similar import) is used with reference thereto. The captions and headings of the Articles and Sections of this Deed of Trust are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

**5.9 Consent; Delegation to Sub-Agents.** The granting or withholding of consent by Beneficiary to any transaction as required by the terms hereof shall not be deemed a waiver of the right to require consent to future or successive transactions. Wherever a power of attorney is conferred upon Beneficiary hereunder, it is understood and agreed that such power is conferred with full power of substitution, and Beneficiary may elect in its sole discretion to exercise such power itself or to delegate such power, or any part thereof, to one or more sub-agents.

**5.10 Successors and Assigns.** All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of Trustor and the successors in trust of Trustee and the

endorsees, transferees, successors and assigns of Beneficiary. In the event Trustor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein shall be joint and several as to each such party.

5.11 **Governing Law.** This Deed of Trust shall be governed by and construed under the laws of the State of California.

5.12 **Substitution of Trustee.** Beneficiary may remove Trustee at any time or from time to time and appoint a successor trustee, and upon such appointment, all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall be appointed by written instrument duly recorded in the county or counties where the Real Property is located, which appointment may be executed by any authorized agent of Beneficiary or in any other manner permitted by applicable law.

Trustor hereby requests that a copy of any Notice of Default and Notice of Sale as may be required by law be mailed to Trustor at its address above stated.

IN WITNESS WHEREOF, the undersigned has executed this Deed of Trust the day and year first hereinabove written.

Trustor.

Sapphire Park House Corporation, a California Corporation

*James McConville*  
By James McConville, President

STATE OF CALIFORNIA, *San Francisco* County ss.

On *February 4, 2005* before me, the undersigned, a Notary Public in and for said State, personally appeared *James McConville*

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledge to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.  
WITNESS my hand and official seal.

*A. Kantere*  
Notary's Signature  
Name (typed or printed)



My Commission Expires: *12/17/04*

(This area for official notarial seal)

**Exhibit "A" to Sapphire Park House Corporation  
Note and Deed of Trust**

**Names of Payees**

Jason H. Freskos and Elizabeth P. Freskos, as Trustees of the 2003 Jason H. and Elizabeth P. Freskos Revocable Trust, as to an undivided 1.843 percent interest.

Lew Jenkins and Linda M. Jenkins, as Trustees of the Jenkins Trust U/A/D 1/15/98, as to an undivided 96.774 percent interest.

John Heath Freskos and Claudette Elaine Freskos, as Trustees of the John H. and Claudette E. Freskos Revocable Trust u/d/t May 2, 1995, as to an undivided 1.382 percent interest.

"EXHIBIT B "

900305

**LEGAL DESCRIPTION**

The land referred to herein is situated in the State of California,  
County of San Francisco, City of SAN FRANCISCO, described as follows:

BEGINNING AT A POINT ON THE EASTERLY LINE OF ABBEY STREET,  
PERPENDICULARLY DISTANT 148 FEET, 3 INCHES NORTHERLY FROM THE  
NORTHERLY LINE OF 17TH STREET; RUNNING THENCE NORTHERLY ALONG  
SAID LINE OF ABBEY STREET 35 FEET, 1-1/2 INCHES; THENCE AT A  
RIGHT ANGLE EASTERLY 93 FEET, 2 INCHES; THENCE AT A RIGHT ANGLE  
SOUTHERLY 35 FEET, 1-1/2 INCHES; THENCE AT A RIGHT ANGLE  
WESTERLY 93 FEET, 2 INCHES TO THE POINT OF BEGINNING.

BEING A PORTION OF OUTSIDE LAND BLOCK NO. 84.

APN: LOT 16, BLOCK 3566

End of Legal Description