

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

Garden Gove Agency for Community Development

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept:	Director	Dept:	Economic Development
Subject:	ASSIGNMENT AND ASSUMPTION AGREEMENT by and among UNION DODGE, INC., U.S. FIRST INVESTMENTS, INC., and GARDEN GROVE HYUNDAI, INC.	Date:	October 27, 2009

OBJECTIVE

The purpose of this staff report is to request the Garden Grove Agency for Community Development (Agency) consider a request from Union Dodge, Inc. and U.S. First Investments, Inc. (collectively referred to herein as "Union Dodge") for the Agency's consent to (1) the sale of certain real property on which the Union Dodge automobile dealership is located; and (2) the assignment of certain agreements between Union Dodge, Inc. and the Agency to Garden Grove Hyundai, Inc.

BACKGROUND

The Union Dodge automobile dealership is located at 9898 Trask Avenue in Garden Grove ("Site"). Union Dodge has been in operation since 1996. The Union Dodge automobile dealership was developed and operated pursuant to a Disposition and Development Agreement between the Agency and Union Dodge, Inc., dated as of December 17, 1998 ("DDA"). The DDA provided for the Agency's sale of the Site (a 20,732 square foot parcel of real property located at the southwest corner of Brookhurst Street and Trask Avenue) to Union Dodge and required Union Dodge to develop and operate the Union Dodge automobile dealership at the Site for fifteen (15) years (commencing June 30, 2000). The Grant Deed from the Agency to Union Dodge contained an operating covenant to effectuate this requirement. Pursuant to the DDA, Union Dodge conveyed an Option Agreement and Right of First Refusal to re-purchase the dealership facility to the Agency. The Option Agreement and Right of First Refusal provided that the term of the Option would expire on June 30, 2010 and the Right of First Refusal period would expire on June 30, 2015.

Union Dodge, Inc. and the Agency also entered into that certain Commercial Rehabilitation Agreement dated as of April 24, 2001, which provided for the Agency

October 27, 2009

Page 2

to make the Agency Rehabilitation Loan to Union Dodge in the amount of up to \$2,200,000, to assist the expansion of the Union Dodge dealership facility with a new service facility and additional vehicle storage. The Commercial Rehabilitation Agreement provided for annual loan disbursements to Union Dodge over a period of fifteen (15) years, conditioned upon continuous operation of the automobile dealership during each preceding year. The Commercial Rehabilitation Agreement further provided that repayment of each annual Agency Rehabilitation Loan disbursement would be forgiven if Union Dodge satisfied all of the requirements of the Commercial Rehabilitation Agreement during the entire previous year, including continuous operation of the Union Dodge dealership during that period, and if the sales and use tax revenues from the Union Dodge dealership during the prior year were at least Two Hundred Eighty Thousand Dollars (\$280,000).

On January 13, 2009, the Agency approved a First Amendment to Commercial Rehabilitation Agreement pursuant to which the Agency agreed to disburse the fifth and sixth installments of the Agency Rehabilitation Loan to Union Dodge (in the aggregate amount of \$270,000), and to forgive repayment of such fifth and sixth installments of the Agency Rehabilitation Loan, notwithstanding that the sales and use tax revenues from the Union Dodge dealership for the corresponding years were less than \$280,000 per year, because the average annual sales and use tax revenues received from the Union Dodge dealership during the previous six years exceeded \$280,000. In connection with the First Amendment to Commercial Rehabilitation Agreement, the Agency and Union Dodge entered into a First Amendment to Option Agreement and Right of First Refusal dated January 13, 2009, which extended the Agency's option to purchase the Site until June 30, 2015, and extended the Agency's Right of First Refusal with respect to the Site until June 30, 2020.

In implementation of the DDA and the Commercial Rehabilitation Agreement, Union Dodge and the Agency also entered into a Maintenance and Lot Tie Agreement, a Sign Easement Grant, a Promissory Note, and a Deed of Trust with Assignment of Rents (Short Form).

In June 2009, Dodge canceled its franchise agreement with Union Dodge.

DISCUSSION

In August 2009, Garden Grove Hyundai, Inc. ("Garden Grove Hyundai"), the owner of Garden Grove Hyundai, entered into a purchase agreement with Union Dodge to acquire the Site. Garden Grove Hyundai currently operates the Garden Grove Hyundai automobile dealership located at 10081 Garden Grove Boulevard pursuant to a month-to-month lease from the Agency. Garden Grove Hyundai would like to move its Garden Grove Hyundai dealership to the Site because of its proximity to the freeway. Garden Grove Hyundai projects that by relocating the Garden Grove

October 27, 2009

Page 3

Hyundai dealership to the Site, new vehicle sales could increase by 20 to 30 percent.

In connection with its acquisition of the Site from Union Dodge, Garden Grove Hyundai has requested that Union Dodge also assign to Garden Grove Hyundai its rights (and obligations) under the DDA, the Grant Deed, the Commercial Rehabilitation Agreement (as amended), the Option Agreement and Right of First Refusal, the Maintenance and Lot Tie Agreement, the Sign Easement Grant, and the Deed of Trust with Assignment of Rents (Short Form) (collectively, the "Project Documents").

In response to Garden Grove Hyundai request, the Agency proposed an amendment to the original Agreement that amends the minimum sales tax amount to Two Hundred Forty Thousand Dollars (\$240,000). In addition the Agency revised the Agreement to provide for elimination of the provision to loan if they do not meet the minimum sales tax amount.

FINANCIAL IMPACT

The Agency will make the remaining disbursements of the Agency Rehabilitation Loan to Garden Grove Hyundai, Inc., if and to the extent required by the terms of the Commercial Rehabilitation Agreement. If Garden Grove Hyundai begins operating a Hyundai automobile dealership (selling new automobiles) at the Site on or before January 1, 2010, and continuously operates such dealership throughout the next seven (7) years (and satisfies all other conditions precedent set forth in Section 204 of the Commercial Rehabilitation Agreement and all other requirements of the DDA and the Commercial Rehabilitation Agreement continuously during such seven (7) years), Garden Grove Hyundai may be eligible to receive up to One Million One Hundred Ninety Thousand Dollars (\$1,190,000) in annual disbursements pursuant to the terms of the Commercial Rehabilitation Agreement, representing the ninth (9th) through the fifteenth (15th) disbursements of the Agency Rehabilitation Loan pursuant to Section 202 of the Commercial Rehabilitation Agreement.

COMMUNITY VISION IMPLEMENTATION

- Improve the City's economic base through the development of tax-generating uses where appropriate.
- Seek to improve the shopping, dining, and entertainment opportunities available to the Garden Grove community.

RECOMMENDATION

Staff recommends that the Agency:

- Consent to the attached Assignment and Assumption Agreement, and
- Authorize the Director to execute the Agency Consent attached to the Assignment and Assumption Agreement and other documents as necessary to implement the assignment on behalf of the Agency.

CHET YOSHIZAKI
Economic Development Director

Chet Yoshizaki for:

By: *Greg Blodgett*
Greg Blodgett
Senior Project Manager

Recommended for Approval

Matthew Fertal
Matthew Fertal
Director

Attachment 1: Assignment and Assumption Agreement

mm(h:Staff/GBI/Union Dodge AA Agr sr 102709v3.doc)

RECORDING REQUESTED BY AND **WHEN RECORDED MAIL**

TO: Garden Grove Agency for
Community Development 11222 Acacia
Parkway Garden Grove, California
92842 Attn: Agency Director

This document is exempt from the payment of a recording fee pursuant to Government Code Sections 6103 and 27383.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This **ASSIGNMENT AND ASSUMPTION AGREEMENT** ("Assignment") is hereby made as of _____, 2009, by and among **UNION DODGE, INC.**, a California corporation ("Dealership Assignor"), **U.S. FIRST INVESTMENTS, INC.**, a California corporation ("Site Assignor"; the Dealership Assignor and Site Assignor are collectively referred to herein as "Assignor"), and **GARDEN GROVE HYUNDAI, INC.**, a California corporation ("Assignee"). Site Assignor previously operated under the name "Union Dodge, Inc." but Site Assignor and Dealership Assignor are separate legal entities.

RECITALS

A. Site Assignor and the Garden Grove Agency for Community Development ("Agency") entered into that certain Disposition and Development Agreement dated as of December 17, 1998 ("DDA"). Pursuant to the DDA, Agency conveyed to Site Assignor that certain real property commonly known as 9898 Trask Avenue in the City of Garden Grove, California ("Site") pursuant to a Grant Deed dated and recorded against the Site in the Official Records of Orange County, California ("Official Records") on June 30, 2000 as Instrument No. 20000346828 ("Grant Deed") and Site Assignor developed an automobile dealership thereon ("Dealership"). Pursuant to Section 3(b) of the Grant Deed and Section 402 of the DDA, Site Assignor agreed to "devote the [Site] on a continuous basis to the operation of an automobile dealership devoted to the sale of new and used Dodge automobiles and trucks with manufacturer's approval as a factory-authorized new automobile dealership as the principal activity conducted on the [Site] (the 'Conforming Automobile Dealership Facility')" for a period commencing on the date of the Grant Deed and continuing for fifteen (15) years thereafter.

B. Site Assignor and Agency also entered into that that certain Commercial Rehabilitation Agreement dated as of April 24, 2001, as amended by that certain First Amendment to Commercial Rehabilitation Agreement dated as of January 13, 2009 (collectively, "Rehabilitation Agreement"). The Rehabilitation Agreement provided for Agency to loan up to Two Million Two Hundred Thousand Dollars (\$2,200,000) ("Agency Rehabilitation Loan") to Site Assignor to assist Site Assignor with the rehabilitation of the dealership at the Site. Section 401 of the Rehabilitation Agreement provides that "[Site Assignor] ... agrees to comply with all use and operating covenants set forth in the DDA and the documents executed pursuant thereto." The Rehabilitation Agreement provides for the disbursement of the Agency Rehabilitation Loan to Site Assignor in annual installments if certain conditions are met, including continuing compliance with the operating covenants set forth in the DDA and the Grant Deed, as described in more detail in the Rehabilitation Agreement.

C. In implementation of the DDA, Site Assignor and Agency entered into the following additional agreements:

1. Maintenance and Lot Tie Agreement dated as of June 30, 2000 and recorded against the Site in the Official Records on June 30, 2000 as Instrument No. 20000346830 ("Maintenance Agreement");
2. Sign Easement Grant dated as of June 30, 2000 and recorded against the Site in the Official Records on June 30, 2000 as Instrument No. 20000346833 ("Easement Grant"); and
3. Option Agreement and Right of First Refusal dated as of June 30, 2000 and recorded against the Site in the Official Records on June 30, 2000 as Instrument No. 20000346831, as amended by that certain First Amendment to Option Agreement and Right of First Refusal dated as of January 13, 2009 and recorded against the Site in the Official Records on January 16, 2009 as Instrument No. 2009000020484, executed by Site Assignor and Agency in connection with the First Amendment to Commercial Rehabilitation Agreement (together, "Option Agreement"); and

D. In Implementation of the Rehabilitation Agreement, Site Assignor executed that certain Promissory Note dated as of May 2, 2001 ("Promissory Note") and that certain Deed of Trust with Assignment of Rents (Short Form) dated as of May 2, 2001 and recorded against the Site in the Official Records on September 3, 2009 as Instrument No. 2009000475679 in favor of Agency ("Rehabilitation Deed of Trust"). The Rehabilitation Deed of Trust secures repayment of the Agency Rehabilitation Loan.

E. The DDA, Grant Deed, Rehabilitation Agreement, Maintenance Agreement, Easement Grant, Option Agreement, Promissory Note, and Rehabilitation Deed of Trust are referred to collectively herein as the "Project Agreements."

F. Pursuant to that certain Assignment and Assumption agreement dated as of December 20, 2007 and recorded against the Site in the Official Records on December 29, 2006 as Instrument No. 2006-876022, Site Assignor conveyed its rights and obligations under the DDA with respect to the operation of a Conforming Automobile Dealership Facility (as defined in the DDA) to Dealership Assignor. Site Assignor retained all other rights and obligations under the DDA and the implementing agreements executed pursuant thereto. Site Assignor concurrently sold the Dealership to Dealership Assignor and Site Assignor and Dealership Assignor entered into a lease agreement to permit Dealership Assignor to operate the Dealership at the Site.

G. Assignor and Assignee have entered into that certain Commercial Property Purchase Agreement and Joint Escrow Instructions (Non-Residential) (C.A.R. Form CPA, Revised 10/02) dated as of August 12, 2009 and Addendum to Commercial Property Purchase Agreement and Joint Escrow Instructions dated August 18, 2009 (collectively, "Purchase Agreement"), pursuant to which Assignor has agreed to convey the Site and the automobile dealership located thereon to Assignee.

H. Assignor and Assignee desire to provide by this Assignment for Assignor to assign to Assignee all of Assignor's rights, duties, and obligations under the Project Agreements and for Assignee to Assume all of Assignor's rights, duties, and obligations under the Project Agreements.

I. Pursuant to Section 603 of the DDA and Section 603 of the Rehabilitation Agreement, Agency's consent is required for any assignment of the DDA or the Rehabilitation Agreement, respectively, or any transfer of any interest in the Site; thus, the effectiveness of the Purchase Agreement and the effectiveness of this Assignment are subject to and conditioned upon Agency's execution of the Agency Consent and Acknowledgement attached hereto as Exhibit A and incorporated herein ("Agency Consent").

J. As an additional condition to the effectiveness of this Assignment, Agency and Assignee desire to enter into that certain "Second Amendment to Commercial Rehabilitation Agreement" attached hereto as Exhibit B and incorporated herein.

K. The foregoing recitals constitute a substantive part of this Assignment.
NOW, THEREFORE, Assignor and Assignee hereby agree as follows:

Assignment and Assumption. For good and valuable consideration in hand received, and subject to the terms and conditions set forth herein, Assignor hereby assigns to Assignee all of its right, title, and interest in and to the Project Documents and Assignee hereby accepts such assignment and assumes performance of all terms, covenants and conditions on the part of Assignor to be performed, occurring or arising under the Project Documents, from and after the Effective Date hereof.

Effective Date of Assignment. This Assignment herein is absolute and shall be effective immediately upon the occurrence of all of the following events: (a) execution hereof by Assignor and Assignee, (b) execution of the Agency Consent by Agency, (c) approval and execution of the Second Amendment to Commercial Rehabilitation Agreement by Agency and Assignee, and (d) close of escrow for Assignee's acquisition of fee title to the Site and all improvements located thereon pursuant to the Purchase Agreement ("Effective Date").

Representations and Warranties of Assignor. Assignor represents and warrants to Assignee, as of the date of this Assignment, that:

Except as described in this Assignment, none of the Project Documents have been amended, supplemented or modified in any way, and each of the Project Documents is in full force and effect and is enforceable in accordance with its terms.

Assignor is currently in default under Section 402 of the DDA, Section 401 of the Rehabilitation Agreement, and the covenants set forth in Section 3(b) of the Grant Deed because Assignor has stopped operating Assignor's Dodge automobile dealership at the Site. Pursuant to the Agency Consent, Agency will not terminate the DDA and the Rehabilitation Agreement in response to the current default in exchange for Assignee's agreement to operate a Hyundai dealership at the Site commencing as soon as reasonably practicable after the Effective Date of this Assignment but in no event later than December 31, 2009.

The copy of the DDA attached hereto as Exhibit C is a complete, current and correct copy of the DDA.

The copy of the Rehabilitation Agreement attached hereto as Exhibit D is a complete, current and correct copy of the Rehabilitation Agreement.

Assignor has not, in any manner whatsoever, encumbered, pledged, assigned, transferred, conveyed, granted or hypothecated all or any interest in or to all or any of the Project Documents (including Assignor's right to receive disbursements of the Agency Rehabilitation Loan pursuant to the Rehabilitation Agreement) to any person or entity, private or governmental, except to Assignee pursuant to this Assignment.

Assignor has the full power and authority to enter into this Assignment and to carry out and perform all the obligations of Assignor under this Assignment, subject to Agency's execution of the Agency Consent. The execution, performance, and delivery of this Assignment by Assignor have been fully authorized by all requisite action on the part of Assignor.

Except for (i) Agency's execution of the Agency Consent and (ii) the consent of Assignee, no consent, approval or agreement of any person, entity, party, court or government entity, is required to be obtained by Assignor in connection with the Assignor's execution or delivery of this Assignment or its performance of the terms hereof or its consummation of the transactions provided for herein.

To Assignor's knowledge, there is no action, suit, proceeding or investigation, or any counter or cross-claim in any action, suit, proceeding or investigation, whether at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind that is pending or threatened against Assignor, or that has been brought by or on behalf of Assignor, that could reasonably be expected to affect adversely the ability of Assignor to perform its obligations under this Assignment or complete the assignment

contemplated hereby.

Warranties and Representations of Assignee. Assignee represents and warrants to Assignor, as of the date of this Agreement, that:

Assignee has the full power and authority to enter into this Assignment and to carry out and perform all the obligations of Assignee under this Assignment. The execution, performance, and delivery of this Assignment by Assignee have been fully authorized by all requisite action on the part of Assignee.

No consent, approval or agreement of any person, entity, party, court or government entity, is required to be obtained by Assignee in connection with the execution or delivery of this Assignment or the performance of the terms hereof or the consummation of the transactions provided for herein.

To Assignee's knowledge, there is no action, suit, proceeding or investigation, or any counter or cross-claim in any action, suit, proceeding or investigation, whether at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind that is pending or threatened against Assignee, or that has been brought by or on behalf of Assignee, that could reasonably be expected to affect adversely the ability of Assignee to perform its obligations under this Assignment or complete the assignment contemplated hereby.

Sales and Use Tax Sharing Claims. Assignee hereby covenants and warrants that the automobile dealership to be operated on the Site by Assignee pursuant to the DDA, the Grant Deed, and the Rehabilitation Agreement is not being relocated from another location outside the City of Garden Grove but within the market area of the Site, within the meaning of Health and Safety Code Section 33426.7 or Government Code Section 53084. Assignee further understands and agrees that any successful claim by a government agency pursuant to those provisions shall entitle Agency to require Assignee to pay any sums required pursuant to the resolution of such claim. Prior to and as a condition precedent to the disbursement of any portion of the Agency Rehabilitation Loan pursuant to the Rehabilitation Agreement, Assignee shall execute and provide to Agency a certification in a form acceptable to the Agency Director, certifying that no other automobile dealership owned in whole or in part by Assignee located outside the City of Garden Grove but within forty (40) miles of the Site is being or has been closed within three hundred sixty-five (365) days of the date of Assignee's acquisition of the Site or the date Assignee opens an automobile dealership for business at the Site.

Waiver of Relocation Claims. Assignor acknowledges and agrees that, pursuant to that certain Lessee's Relocation Release and Waiver Agreement and Seller's Indemnity Agreement dated as of May 1, 2008 by and among Agency, Assignee, Assignee's parent company, Hardin Automotive, Inc., a California corporation, and Dai R. Lee and Debbie K. Lee, husband and wife ("Relocation Waiver"), Assignee waived any and all rights of Assignee to relocation assistance and benefits otherwise available under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, the California Relocation Assistance Law, Government Code Section 7260, *et seq.*, the regulations implementing the California Relocation Assistance Law set forth at Title 25 California Code of Regulations Section 6000, *et seq.*, the federal Uniform Relocation and Real Property Acquisition Act, 42 U.S.C. Section 4601, *et seq.*, and regulations implementing federal relocation and property acquisition laws set forth at 49 C.F.R. Part 24 and 42 C.F.R. Parts 42, 91, 92, and 570. Assignee hereby represents and warrants that the Relocation Waiver remains in full force and effect and Assignee hereby specifically reaffirms all covenants and waivers set forth in the Relocation Waiver.

Assignment to be Recorded. Promptly upon full execution hereof (including execution of the Agency Consent by Agency), this Assignment shall be recorded in the Official Records of Orange County, California. Assignor and Assignee may agree to record this Assignment without Exhibits C and D.

Agency as Third Party Beneficiary. Assignor and Assignee hereby acknowledge and agree that Agency is a third party beneficiary of this Assignment and each and every covenant, representation, and warranty contained herein, with full rights (but no obligation) of enforcement of each and every obligation set forth herein. Assignor and Assignee further acknowledge and agree that Agency has full right (but no obligation) to rely on each and every representation and warranty made by Assignor and Assignee herein. Assignor and Assignee agree that they are additionally bound by the terms, provisions and restrictions set forth in the Agency Consent.

Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors and assigns.

Governing Law. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California, without reference to choice of law rules.

Further Assurances. Each party hereto covenants and agrees to perform all acts and things, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.

[Signatures appear on following pages.]

NOW, THEREFORE, the parties hereto have executed this Assignment as of the date first set forth above.

DEALERSHIP ASSIGNOR:

UNION DODGE, INC.,
a California corporation

By: _____
Charles Lee, [President]
Dated: 10-21-2009

By: _____
Name: CHARLES LEE
Title: PRESIDENT
Dated: 10-21-2009

SITE ASSIGNOR:

U.S. FIRST INVESTMENTS, INC.,
a California corporation

By: _____
Name: CHARLES LEE
Title: PRESIDENT
Dated: 10-21-2009

By: _____
Name: _____
Title: _____
Dated: _____

ASSIGNEE:

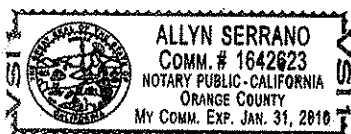
GARDEN GROVE HYUNDAI, INC.,
a California corporation

By: _____
Name: Jared Hardin
Title: Dealer Principal
Dated: 10/14/09

By: _____

State of California, County of Orange
Subscribed and sworn to (or affirmed) before me on this
14 day of Oct., 2009, by Jared Dean Hardin
proved to me on the basis of satisfactory evidence
to be the person(s) who appeared before me.

Allyn Serrano
(Signature of Notary)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

On October 21, 2009 before me, Allison Mills, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Charles Sang Lee

Name(s) of Signer(s)

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

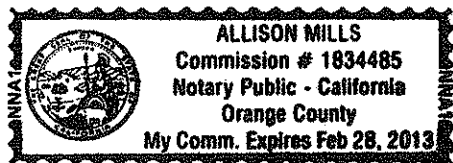
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Allison Mills

Signature of Notary Public

Place Notary Seal Above



OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Assignment and Assumption Agreement

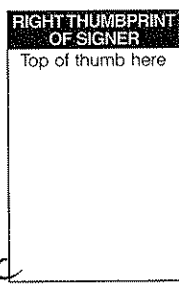
Document Date: no date Number of Pages: 6

Signer(s) Other Than Named Above: none

Capacity(ies) Claimed by Signer(s)

Signer's Name: Charles Sang Lee

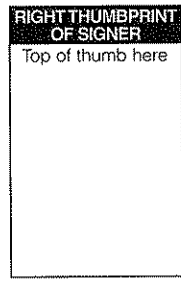
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: Union Dodge Inc
US First Investments, Inc

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

EXHIBIT A
AGENCY CONSENT AND ACKNOWLEDGEMENT

1. Agency Consent and Acknowledgment. The Agency hereby consents to the foregoing Assignment and Assumption Agreement by and between Assignor and Assignee, to which this Agency Consent is attached ("Assignment"). All initially capitalized terms used herein shall have the meanings ascribed to them in the Assignment.

(a) The Agency further consents to Assignee's operation of a Hyundai automobile dealership for the sale of new Hyundai automobiles at the Site and agrees that Assignee's operation of such Hyundai dealership at the Site shall be deemed compliance with the requirement to operate a Dodge automobile dealership at the Site as set forth in Section 402 of the DDA, Section 401 of the Rehabilitation Agreement, and the covenants set forth in Section 3(b) of the Grant Deed. Operation of any automobile dealership or other establishment at the Site other than a Hyundai automobile dealership for the sale of new Hyundai automobiles shall require Agency's prior approval and consent pursuant to the DDA, the Rehabilitation Agreement, and the Grant Deed.

(b) Assignor is currently in default under Section 402 of the DDA, Section 401 of the Rehabilitation Agreement, and the covenants set forth in Section 3(b) of the Grant Deed because Assignor has stopped operating Assignor's Dodge automobile dealership at the Site. Agency hereby agrees not to terminate the DDA and the Rehabilitation Agreement in response to the current default in exchange for Assignee's agreement to operate a Hyundai dealership at the Site commencing as soon as reasonably practicable after the Effective Date of this Assignment but in no event later than December 31, 2009.

2. Past Disbursements of Agency Rehabilitation Loan. Agency has made the following disbursements of the Agency Rehabilitation Loan in connection with the Sales and Use Tax Periods (as defined in the Rehabilitation Agreement) set forth below:

Installment Number (pursuant to Section 202 of the Rehabilitation Agreement)	Amount of Disbursement	Sales and Use Tax Period
1.	\$100,000	2002
2.	\$100,000	2003
3.	\$120,000	2004
4.	\$120,000	2005
5.	\$135,000	2006
6.	\$135,000	2007

3. Future Disbursements of Agency Rehabilitation Loan. As required by the Rehabilitation Agreement (as amended by that certain Second Amendment to Commercial Rehabilitation Agreement attached to the Assignment as Exhibit B), no portion of the Agency

Rehabilitation Loan shall be disbursed unless and until a new automobile dealership is continuously operated at the Site throughout the entire prior Sales and Use Tax Period and Sales and Use Tax Revenues for the applicable Sales and Use Tax Period are at least Two Hundred Forty Thousand Dollars (\$240,000) (defined in the Rehabilitation Agreement (as amended) as the "Minimum Sales Tax Amount").

(a) Because the Sales and Use Tax Revenues for the Sales and Use Tax Period commencing January 1, 2008 were less than the Minimum Sales Tax Amount, Assignor waived its right to receive the seventh (7th) scheduled disbursement of the Agency Rehabilitation Loan.

(b) Because no Conforming Automobile Dealership Facility (as defined in the DDA) is currently being operated at the Site, Agency will not make the eighth (8th) disbursement of the Agency Rehabilitation Loan (specifically, the disbursement for the Sales and Use Tax Period commencing January 1, 2009).

(c) In order to be eligible to receive disbursement of the ninth (9th) scheduled disbursement of the Agency Rehabilitation Loan (in the amount of \$160,000) pursuant to Section 202 of the Rehabilitation Agreement, Assignee must begin operating a Hyundai automobile dealership (selling new automobiles) at the Site by January 1, 2010, must continue operating such dealership continuously throughout the entire Sales and Use Tax Period commencing January 1, 2010, must generate at least the Minimum Sales Tax Amount at the Site, and must satisfy all other conditions precedent set forth in Section 204 of the Rehabilitation Agreement.

(d) If Assignee begins operating a Hyundai automobile dealership (selling new automobiles) at the Site on or before January 1, 2010 and continuously operates such dealership throughout the next seven (7) Sales and Use Tax Periods (and satisfies all other conditions precedent set forth in Section 204 of the Rehabilitation Agreement and all other requirements of the DDA and the Rehabilitation Agreement (as amended) continuously during such seven (7) Sales and Use Tax Periods), Assignee may be eligible to receive up to One Million One Hundred Ninety Thousand Dollars (\$1,190,000) in annual disbursements pursuant to the terms of the Rehabilitation Agreement, representing the ninth (9th) through the fifteenth (15th) disbursements of the Agency Rehabilitation Loan pursuant to Section 202 of the Rehabilitation Agreement.

4. Agency Consent Conditioned upon Second Amendment to Commercial Rehabilitation Agreement. The effectiveness of this Agency Consent is expressly subject to and conditioned upon approval and execution by Agency and Assignee of that certain Second Amendment to Commercial Rehabilitation Agreement dated concurrently with the Assignment, in substantially the form attached to the Assignment as Exhibit B.

5. Project Documents Continue in Full Force and Effect. Except that Agency is consenting to operation of a Hyundai dealership by Assignee instead of a Dodge dealership by Assignor and subject to such amendments as may be agreed to by Agency and Assignee from time to time (expressly including the Second Amendment to Commercial Rehabilitation Agreement), all terms, conditions, restrictions, and covenants set forth in the Project Documents, specifically including the operating covenants set forth in the DDA, the Grant Deed, and the Rehabilitation Agreement, shall remain in full force and effect and bind Assignee and Agency for the entire remaining term of each such instrument.

6. Sales and Use Tax Sharing Claims. Agency would not consent to the Assignment but for Assignee's representation and warranty that the automobile dealership to be operated on the Site by Assignee is not being relocated from another location within the market area of the Site, within the meaning of Health and Safety Code Section 33426.7 or Government Code Section 53084, and Assignee's agreement that any successful claim by a government agency pursuant to those provisions shall entitle Agency to require Assignee to pay any sums required pursuant to the resolution of such

claim. In addition to the conditions precedent set forth in Section 204 of the Rehabilitation Agreement, Agency's obligation to make any disbursement of the Agency Rehabilitation Loan to Assignee is expressly subject to Assignee's execution and delivery of a certification in a form acceptable to the Agency Director, certifying that no other automobile dealership owned in whole or in part by Participant located outside the City of Garden Grove but within forty (40) miles of the Site is being or has been closed within three hundred sixty-five (365) days of the date of Assignee's acquisition of the Site or the date Assignee opens an automobile dealership for business at the Site.

7. Assignee's Relocation Waiver Continues in Full Force and Effect. Agency would not consent to the Assignment but for Assignee's continued representation, warranty, and agreement that Assignee's Relocation Waiver continues in full force and effect.

8. Agency Approval Required for Future Assignments. Agency hereby consents only to the assignments and transfers described in the foregoing Assignment. Any further assignments or transfers shall require further approval of the Agency to the extent provided in the DDA and Rehabilitation Agreement.

[Signatures appear on following page.]

NOW THEREFORE, subject to and in accordance with all terms, provisions, and restrictions set forth herein, Agency hereby consents to the Assignment as of the date set forth below.

AGENCY:

GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,
a public body, corporate and politic

By: _____
Chairman

Dated: _____

ATTEST:

Agency Secretary
APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Agency Counsel

Jared Hardin

10/14/09

Jared Hardin

State of California, County of Orange
Subscribed and sworn to (or affirmed) before me on this
14 day of oct, 2009, by Jared Dean Hardin
proved to me on the basis of satisfactory evidence
to be the person(s) who appeared before me.

Allyn Serrano

(Signature of Notary)

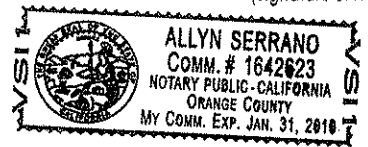


EXHIBIT B

**SECOND AMENDMENT TO
COMMERCIAL REHABILITATION AGREEMENT
By and Between the
GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT
and**

GARDEN GROVE HYUNDAI, INC.

**SECOND AMENDMENT TO
COMMERCIAL REHABILITATION AGREEMENT**

This **SECOND AMENDMENT TO COMMERCIAL REHABILITATION AGREEMENT** ("Amendment") is entered into as of _____, 2009, by and between the **GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, corporate and politic ("Agency"), and **GARDEN GROVE HYUNDAI, INC.**, a California corporation ("Participant").

RECITALS

The following recitals are a substantive part of this Amendment:

A. Agency and Union Dodge, Inc., entered into that certain Commercial Rehabilitation Agreement dated as of April 24, 2001, and that certain First Amendment to Commercial Rehabilitation Agreement dated as of January 13, 2009 (together, "Original Agreement"). The Original Agreement required Participant to perform the Rehabilitation of certain Improvements and required Agency to make the Agency Rehabilitation Loan to Participant of an amount of up to \$2,200,000, disbursed according to the terms, conditions, and restrictions set forth in the Original Agreement. All initially capitalized terms not expressly otherwise defined herein shall have the meanings set forth in the Original Agreement.

B. Union Dodge, Inc., desires to assign the Original Agreement to Participant and Participant desires to assume the Original Agreement pursuant to that certain Assignment and Assumption Agreement dated concurrently herewith ("Assignment"). The effectiveness of the Assignment and Agency's consent to the Assignment are expressly conditioned upon approval and execution of this Amendment by Agency and Participant.

C. The Original Agreement provides for disbursement of the Agency Rehabilitation Loan in fifteen (15) annual payments, subject to satisfaction of certain conditions precedent set forth in Section 204 of the Original Agreement. The Original Agreement further provides that Participant's obligation to repay each annual disbursement of the Agency Rehabilitation Loan shall be forgiven if, during the Sales and Use Tax Period corresponding to such disbursement: (1) all requirements of the Original Agreement are satisfied by Participant and (2) Sales and Use Tax Revenues for the Sales and Use Tax Period corresponding to such disbursement equal or exceed the Minimum Sales Tax Amount of Two Hundred Eighty Thousand Dollars (\$280,000).

D. By this Amendment, Agency and Participant desire to amend the Original Agreement (1) to amend the definition of "Minimum Sales Tax Amount" to mean Two Hundred Forty Thousand Dollars (\$240,000) and (2) to provide that, in addition to satisfaction of all other conditions precedent set forth in Section 204 of the Original Agreement, Agency shall have no obligation to make each annual disbursement of the Agency Rehabilitation Loan to Participant unless the Sales and Use Tax Revenues for the Sales and Use Tax Period corresponding to such disbursement equal or exceed the revised Minimum Sales Tax Amount.

E. This Amendment and the implementation hereof are in the vital and best interest of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements under which the redevelopment of the Redevelopment Project has been undertaken.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions set forth herein, Agency and Participant hereby agree as follows:

1. Definition of Minimum Sales Tax Amount. The definition of "Minimum Sales Tax Amount" is hereby amended to mean Two Hundred Forty Thousand Dollars (\$240,000).

2. **Condition Precedent to Disbursement of Agency Rehabilitation Loan Proceeds.** In addition to all other conditions precedent set forth in Section 204 of the Agreement, Agency shall have no obligation to make each annual disbursement of the Agency Rehabilitation Loan to Participant unless the Sales and Use Tax Revenues for the corresponding Sales and Use Tax Period equal or exceed the Minimum Sales Tax Amount.

3. **Amendment Subject to Assignment.** The effectiveness of this Amendment is subject to and conditioned upon the effectiveness of the Assignment in accordance with its terms.

4. **No Other Changes.** Except as expressly otherwise provided herein, the Original Agreement shall remain in full force and effect in accordance with its terms.

[Signatures appear on following page.]

IN WITNESS WHEREOF, Agency and Participant have executed this Second Amendment to Commercial Rehabilitation Agreement as of the date first set forth above.

AGENCY:

**GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT,**
a public body, corporate and politic

By: _____
Matthew Fertal, Director

Dated: _____

ATTEST:

Agency Secretary

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth,
Agency Counsel

PARTICIPANT:

GARDEN GROVE HYUNDAI, INC.,
a California corporation

By: _____
Name: Jared Hardin
Title: Dealer Principal
Dated: 10/14/09

By: _____
Name: _____
Title: _____
Dated: _____

State of California, County of Orange
Subscribed and sworn to (or affirmed) before me on this
14 day of Oct., 2009, by Jared Daan Hardin
proved to me on the basis of satisfactory evidence
to be the person(s) who appeared before me.

Allyn Serrano
(Signature of Notary)

