

WHEN RECORDED MAIL TO:

City Clerk
City of Riverside
City Hall, 3900 Main Street
Riverside, CA 92522



Project: Ugly Duckling
8341 and 8315 Indiana
Riverside, California

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Recorder's Use Only

COVENANT AND AGREEMENT AND DECLARATION OF RESTRICTION TO USE PROPERTY AS A UNIFIED PROJECT

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THIS COVENANT AND AGREEMENT AND DECLARATION OF RESTRICTION TO USE PROPERTY AS A UNIFIED PROJECT (this "Declaration") is made and entered into this 9 day of April 2002, by and between Ruth F. Goodwin ("Declarant") and Ugly Duckling Car Sales, Inc., an Arizona corporation ("Tenant").

A. Declarant is the fee owner of the following described real property ("Parcel A") located at 8315 Indiana Avenue, in the City of Riverside, County of Riverside, State of California:

See Exhibit A, attached hereto and incorporated herein by this reference.

B. Parcel A is adjacent to the following described real property ("Parcel B") located at 8341 Indiana in the City of Riverside, County of Riverside, State of California:

See Exhibit B attached hereto and incorporated herein by this reference.

The identification of Parcel B is for reference purposes only and this Declaration is not intended to restrict the use of Parcel B, to encumber the title to Parcel B or in any way effect Parcel B.

C. Tenant is the lessee and has possession and control of Parcels A and B pursuant to separate leases with the respective owners of Parcel A and Parcel B.

D. Tenant is utilizing Parcel A and Parcel B (collectively, the "Property") as a vehicle sales facility, with the main portion of the business located on Parcel B. Parcel A is used primarily for the display of vehicles. The Property is currently zoned General Commercial and Design Review and Specific Plan Combining Zones (C-3-D-SP) (Riverside Auto Center Specific

Plan, "RACSP"). The C-3-D-SP zone and RACSP do not permit a "stand alone" vehicle sales lot.

E. To meet the requirements of the C-3-D-SP zone and RACSP, and in order to allow the continued use of Parcel A as a vehicle sales facility, Parcel A must be used in conjunction with Parcel B as a unified parcel ("Unified Project").

F. Declarant is willing to restrict the use of Parcel A as a Unified Project for the purpose of compliance with the C-3-D-SP zone and RACSP and, Declarant and Tenant are willing to make certain related covenants as required by the City of Riverside ("City").

NOW, THEREFORE, incorporating the above recitals, Declarant hereby declares that Parcel A is and hereafter shall be held, conveyed, transferred, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the following declaration, limitations, covenants, conditions, and restrictions, which are imposed as equitable servitudes pursuant to a general plan for the development of Parcel A for the purpose of complying with the requirements of the C-3-D-SP zone and RACSP. All of the covenants, conditions, limitations and restrictions shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in Parcel A or portion thereof, and shall be binding and inure to the benefit of each successor and assignee in interest of each such party having or acquiring any right, title or interest in Parcel A. Any conveyance, transfer, sale, assignment, lease or sublessee made by Declarant, separately or jointly, of Parcel A shall be and hereby is deemed to incorporate by reference all of the provisions of this Declaration. This Declaration applies exclusively to Parcel A and is not intended to apply to Parcel B at any time. Declarant and Tenant agree as follows:

1. Parcel A Used as a Unified Project. Declarant hereby agrees that during the term of this Declaration, Parcel A may be used as a vehicle sales facility only if Parcel A and Parcel B are used as a Unified Project. Therefore, Parcel A may not be used as a vehicle sales facility unless it is used by the same user in conjunction with Parcel B which is being used as a vehicle sales facility, as a Unified Project. Should Parcel B cease to operate as a vehicle sales facility in conjunction with Parcel A, then the display, sale and parking of vehicles of Parcel A shall be prohibited. All vehicles located on Parcel A shall be removed within ten (10) days of the cessation of use of Parcel B as a vehicle sales facility in conjunction with Parcel A. Tenant hereby consents to the foregoing restriction and agrees during the term of its lease of parcel A, to comply with this Declaration. This Declaration does not limit the use of Parcel B to a vehicle sales facility nor prohibit the use of Parcel B for any other lawful purpose.

2. Notice of Sale or Transfer. In the event of any sale, lease or transfer (voluntarily or involuntarily) of Parcel A, Declarant covenants and agrees to provide notice to the Planning Director of the City not less than thirty (30) days prior to the transfer of any interest in or to Parcel A.

3. Notice of Lease Termination. Declarant and Tenant hereby covenant and agree to provide notice to the Planning Director of the City not less than thirty (30) days prior to the termination of the current lease between Declarant and Tenant and Declarant shall also provide



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such notice in the event of termination of any subsequent lease with a tenant of Parcel A who is using Parcel A and Parcel B as a Unified Project. Further, Tenant hereby covenants and agrees to provide notice to the Planning Director of the City not less than thirty (30) days prior to the termination of the current lease on Parcel B.

4. Noncompliance. In the event of noncompliance with any provision under this Declaration, the City may take any and all enforcement actions provided for by any provision of the Riverside Municipal Code, or exercise any other remedy under the law to which the City may be entitled. Should the City bring an action to enforce the terms of this Declaration, the prevailing party shall be entitled to costs of suit, including reasonable attorneys' fees.

5. Successors. This Declaration shall run with the land and shall be binding upon and inure to the benefit of Declarant, its heirs, successors, future owners, encumbrancers, and assigns with respect to Parcel A, without any rights herein being deemed personal to any of them. Notwithstanding the foregoing, this Declaration shall automatically expire and be of no force or effect upon the construction of such improvements in compliance with the provisions of the Riverside Municipal Code and the Planning Department on Parcel A as may be required to enable Parcel A to be used as a stand alone vehicle sales facility.

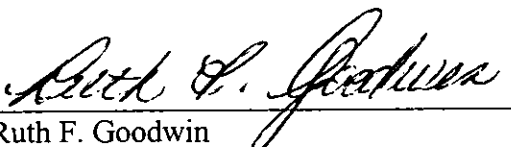
6. Deemed Consent. Any person who now or hereafter owns or acquires any right, title or interest in or to Parcel A shall be deemed to have consented and agreed to every covenant, condition and restriction contained herein whether or not any reference to this Declaration is contained in the instrument by which such person acquired an interest in Parcel A.

7. Consent of City Planning Director. This Declaration shall not be modified, amended or terminated without the prior written consent of the Planning Director of the City of Riverside, duly recorded.

8. Merger. This Declaration shall not be subject to the doctrine of merger, even though the underlying fee ownership of Parcel A and Parcel B described herein may become vested in one party or entity.

IN WITNESS WHEREOF, the Declarant and Tenant execute this Declaration on the date first written above.

Declarant


Ruth F. Goodwin



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Tenant:

Ugly Duckling Car Sales, Inc.,
an Arizona corporation

By: [Signature]
Name: John D. Ehlman
Its: [Signature]

By: [Signature]
Name: Gregory B. Sullivan
Its: President

Approved as to Content:

[Signature]
Planning Department

[Signature]
Deputy City Attorney

STATE OF CALIFORNIA)
)ss
COUNTY OF Santa Barbara

On April 9th 2002, before me, Laura Schrader, a Notary Public in and for said County and State, personally appeared Ruth F. Goodwin personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand an official seal.

My commission expires:
August 25, 2005

[Signature]
Notary Public



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STATE OF ARIZONA)
)ss
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me, the undersigned Notary Public, this 11th day of April, 2002 by J. Ehlinger ^(JT), as Secretary and by Gregory B. Sullivan, as President of Ugly Duckling Car Sales, Inc., an Arizona corporation.

My commission expires:
8/23/05

Jessica Tiedt
Notary Public



Notary Public State of Arizona
Maricopa County
Jessica Tiedt
Expires August 23, 2005



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EXHIBIT A

8315 Indiana Avenue, Riverside, California

That portion of Lot 16 in Block 23 of the lands of the Riverside Land and Irrigating Company, as shown by map on file in Book 1, page 70 of Maps, San Bernardino County Records, described as follows:

BEGINNING at the most Easterly corner of said Lot; thence North 33° 37' 54" West, on the Northeasterly line of said lot, 60.19 feet to the beginning of a tangent curve concave Southerly, having a radius of 25 feet; thence Westerly, on said curve, through an angle of 90° 0' 11", an arc distance of 39.27 feet; thence South 56° 21' 55" West 201.93 feet; thence Southeasterly, in a straight line to a point on the Southeasterly line of said lot; distant South 56° 21' 55" West 200 feet from the most Easterly corner of said lot; thence North 56° 21' 55" East on said Southeasterly line of said Lot, 200 feet, to the point of beginning.

EXCEPTING THEREFROM the Southeasterly 4 feet conveyed to the City of Riverside by Deed recorded January 11, 1962 as Instrument No. 3248 of Official Records of Riverside County, California.

ALSO EXCEPTING therefrom that portion conveyed to the City of Riverside by Deed recorded June 9, 1961 as Instrument No. 49581 of Official Records of said Riverside County.

DESCRIPTION APPROVAL 5/20/02
Walter R. Ince by ---
for SURVEYOR, CITY OF RIVERSIDE



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EXHIBIT B

8341 Indiana Avenue, Riverside, California

That portion of Lot 16 in Block 23 of the lands of the Riverside Land and Irrigating Company, as shown by Map on file in Book 1 Page 70 of Maps, San Bernardino County Records, described as follows:

Beginning at a three-fourth inch iron pipe marking the most Southerly corner of said Lot 16; thence on the Southwesterly line of said Lot, North 33° 39' 04" West 110 feet; thence north 63° 02' 13" East 84.81 feet; thence North 58° 48' 42" East 350.32 feet; thence North 56° 21' 55" East 201.93 feet to the beginning of a tangent curve concave Southerly and having a radius of 25 feet, which said curve is also tangent at its Easterly terminus with the Northeasterly line of said Lot; thence Easterly on said curve, through an angle of 90° 00' 11" an arc distance of 39.27 feet to said Easterly terminus; thence on said Northeasterly line South 33° 37' 54" East 60.19 feet tot eh most Easterly corner of said Lot; thence on the Southeasterly line of said Lot 16, South 56° 21' 55" West 661.13 feet, to the point of beginning.

Excepting therefrom that portion described as follows: Beginning at the most Easterly corner of said Lot; thence North 33° 37' 54" West, on the Northeasterly line of said Lot, 60.19 feet to the beginning of a tangent curve concave Southerly, having a radius of 25 feet; thence Westerly, on said curve, through an angle of 90° 0'11", an arc distance of 39.27 feet; thence South 56° 21' 55" West 201.93 feet; thence Southeasterly, in a straight line, to a point on the Southeasterly line of said Lot, distant South 56° 21' 55" West 200 feet from the most Easterly corner of said Lot; thence North 56° 21' 55" East, on said Southeasterly line of said Lot, 200 feet, to the point of beginning;

Excepting therefrom the Southeasterly 4 feet conveyed to the City of Riverside by Deed recorded January 11, 1962 as Instrument No. 3248 of Official Records of Riverside County, California.

DESCRIPTION APPROVAL 9/20/02
Walter R. Inc by _____
SURVEYOR, CITY OF RIVERSIDE

