

RESOLUTION NO. 7694

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE
AUTHORIZING THE CITY MANAGER TO EXECUTE AND RECORD (1) CODE
COMPLIANCE AGREEMENT, (2) COVENANT RUNNING WITH THE LAND AND (3)
ANY SUPPLEMENTAL STIPULATIONS OR OTHER DOCUMENTS TO GIVE LEGAL
EFFECT TO THE SAME, REGARDING PROPERTY COMMONLY REFERRED TO
AS 9321 VIRGINIA AVENUE, SOUTH GATE, CALIFORNIA 90280, IN FORMS
ACCEPTABLE TO THE CITY ATTORNEY**

WHEREAS, on April 29, 2013, the City of South Gate ("City") filed a civil complaint, entitled *City of South Gate, etc., v. Rudolph P. Castro, Jr., etc., et. al*, Los Angeles Superior Court, Southeast District, Case No. VC063137 ("Action") for the purpose of causing the abatement of unlawful conditions at real property commonly referred to as 9321 Virginia Avenue, South Gate California, County of Los Angeles, California ("Subject Property") and more particularly described as Assessor's Parcel Number 6209-013-012 and bearing the legal description as follows:

LOT 552 OF TRACT NO. 5248 IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 56, PAGE 41, OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; and

WHEREAS, on February 5, 2014, the Court entered Judgment in the Action against Defendants Rudolph J. Castro, Sr., Rudolph J. Castro, Arthur Dutton, Elma Marie Casarez, Alberto Mendoza, the testate and intestate successors of Rudolph P. Castro and Faustina N. Castro, believed to be deceased, all persons claiming by, through or under such persons, and all persons unknown claiming any legal or equitable right, title, estate, lien, or interest in the property located at 9321 Virginia Avenue, in South Gate California (collectively, "Defendants"); and

WHEREAS, pursuant to a Court order dated August 6, 2014, the Court appointed a receiver, David Pasternak ("Receiver"), to take custody and control of the Subject Property; and

WHEREAS, the Receiver has entered into a purchase and sale agreement (Purchase Agreement) with Cesar Montano and Roy Moorefield ("Purchasers"), subject to a Code Compliance Agreement ("Compliance Agreement"), attached hereto as Exhibit "A", and confirmation of judicial approval, requiring them to abate any outstanding issues with regard to the abatement; and

WHEREAS, the City desires that concurrent with the sale, the Subject Property shall be subject to that certain "Covenant Running with the Land" ("Covenant"), attached hereto as Exhibit "B", requiring the abatement and other conditions of sale be fully performed by the Purchasers;

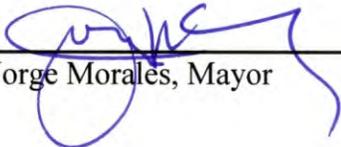
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Council hereby approves and authorizes the City Manager to execute the attached Compliance Agreement and the Covenant (each attached hereto without their respective exhibits to conserve paper, but which are on file with the City Clerk's Office in their entirety), and further authorizes the City Manager to execute any other document(s), including court filed stipulations, as may be required to give legal effect to the Compliance Agreement and Covenant, in forms acceptable to the City Attorney.

SECTION 2. The City Clerk shall certify to the adoption of this Resolution which shall be effective upon its adoption.

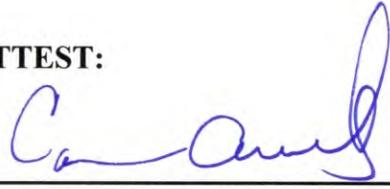
PASSED, APPROVED and ADOPTED this 23rd day of February, 2016.

CITY OF SOUTH GATE:



Jorge Morales, Mayor

ATTEST:



Carmen Avalos, City Clerk

(SEAL)

APPROVED AS TO FORM:



Raul F. Salinas, City Attorney

Exhibit "A"

CODE COMPLIANCE AGREEMENT

This agreement is entered into and made effective as of November __, 2015 between Cesar Montano and Roy Moorefield ("Purchasers"), on the one hand, and the City of South Gate (the "City"), on the other, and David Pasternak in his capacity as court appointed receiver ("Receiver"), collectively "the Parties", for the abatement of unlawful conditions and for the rehabilitation of the Subject Property, as defined herein (hereinafter, "Agreement"), as follows:

RECITALS

A. The real property that is subject of this Agreement is commonly known as 9321 Virginia Avenue and is located in the City of South Gate, in the County of Los Angeles, California, and is more particularly described as Assessor's Parcel Number 6209-013-012 ("Subject Property"). The legal description of the Subject Property is as follows:

LOT 552 OF TRACT NO. 5248 IN THE CITY OF SOUTH GATE,
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER
MAP RECORDED IN BOOK 56, PAGE 41, OF MAPS, IN THE
OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

B. On September 24, 2012, the City issued a Notice of Substandard Property and Notice and Order to Abate Substandard, Hazardous and Nuisance Conditions at the Subject Property ("Abatement Order"). The Abatement Order directed the Occupants to, *inter alia*, reinstate all utilities, repair and maintain all plumbing and drainage systems, and schedule, undergo, and pass a City inspection to ascertain compliance. The Abatement Order further identified the following South Gate Municipal Code ("SGMC") and California Health and Safety Code ("H&S") violations at the Subject Property:

- (1) Inadequate maintenance and sanitation, in violation of H&S §§ 17920.3(a), (c), (e), (i), (k);
- (2) Lack of hot and cold running water, in violation of SGMC § 9.48.020(a)(1) and H&S § 17920.3(a)(5);
- (3) Lack of natural light and ventilation, in violation of SGMC § 9.48.020(a)(2) and H&S § 17920.3(a)(8);
- (4) Defective, deteriorated or inadequate size flooring and/or floor supports in the landing and stairs in front of the residence, in violation of SGMC § 9.48.020(b)(2) and H&S § 17920.3(b)(2);
- (5) Inadequate or hazardous wiring in lighting fixtures, wall switches, and electrical boxes throughout the dwelling, in

- violation of SGMC § 9.48.020(c) and H&S §§ 17920.3(a)(10), (d);
- (6) Inadequate or faulty plumbing in bathroom and kitchen, including sinks, showers, and water heater, in violation of SGMC § 9.48.020(d) and H&S §§ 17920.3(a)(1), (a)(3), (e);
 - (7) Inadequate or faulty mechanical equipment based upon lack of any heating facilities, in violation of SGMC § 9.48.020(e) and H&S §§ 17920.3(a)(6), (f);
 - (8) Faulty weather protection due to broken windows and holes in residence exterior, in violation of SGMC §§ 9.48.020(f)(2)-(f)(4), (o), (p) and H&S §§ 17920.3(g)(2), (g)(3);
 - (9) Faulty materials or construction due to holes in flooring and ceiling, missing attic access cover, missing landing and stairs at exterior door, substandard metal arbor, prohibited razor/barbed wire at rear property line, and unpermitted makeshift structures, in violation of SGMC § 9.48.020(g) and H&S § 17920.3(i);
 - (10) Hazardous or insanitary premises due to accumulations of weeds, vegetation, junk, trash and debris which constitute fire hazards, in violation of SGMC § 9.48.020(h) and H&S § 17920.3(j); and,
 - (11) Miscellaneous public nuisance conditions due to improperly constructed fence, missing vent screens, unpermitted security bars on windows, and graffiti on south property line wall, in violation of H&S § 17920.3(c).

C. The aforementioned violations constitute a public nuisance on the Subject Property pursuant to local and state law.

D. Notwithstanding issuance of the Abatement Order, the Occupants took no action to abate the aforementioned violations.

E. On April 29, 2013, the City filed an action in the Los Angeles Superior Court, bearing case number VC063137 (the "Action") against the testate and intestate successors of the Castros, all persons claiming any interest in the Subject Property, Rudolph J. Castro, Sr., Rudolph J. Castro, and the Occupants (collectively, "Defendants") for the purpose of causing the abatement of the unlawful conditions on the Subject Property.

F. On February 5, 2014, the Court in the Action entered Judgment against Defendants (the "Judgment"), finding and declaring, among other things, that Defendants had maintained unlawful conditions and a public nuisance on the Subject Property under the laws of the State of California and City of South Gate.

G. On April 1, 2014, the Judgment was recorded in the Los Angeles County Recorder's Office as Instrument No. 20140326254, against the Subject Property, requiring, among other things, the abatement, within 14 days, of all violations on the Subject Property. (A true and correct copy of the Judgment is attached hereto as Exhibit "1," and is incorporated herein by reference). The Judgment also awarded the City \$2,342.00 in costs and \$32,044.25 in attorneys' fees. Paragraph 14 of the Judgment further provided that the City was entitled to recover its costs and expenses incurred in the investigation and enforcement of the Judgment.

H. Paragraph 11 of the Judgment further provided that, among others, the Judgment was binding as to the testate and intestate successors of the Castros, all persons claiming title to the Subject Property by, through or under the Castros, and all persons claiming any legal, equitable, right, title, estate, lien, or interest in the Subject Property.

I. On August 6, 2014, the Court in the Action, having found that Defendants failed to comply within a reasonable time with the terms of the Judgment, ordered that David Pasternak ("Receiver") be appointed as receiver to take custody and control of the Subject Property and cure the violations existing thereon (hereinafter, "Order Appointing Receiver," a true and correct copy of which is attached hereto as Exhibit "2" and incorporated herein by reference).

J. Pursuant to the terms of the Order Appointing Receiver, the Receiver took custody, possession, and control of the Subject Property on September 22, 2014. The Order Appointing Receiver provides, among other things, that the Receiver shall have those powers and duties as necessary to effectuate the terms of the Judgment and bring the Subject Property into full compliance with all laws, and borrow funds and issue receiver's certificates to pay for the abatement of the nuisance and the administrative costs and expenses of the receivership.

K. The Court's Order Appointing Receiver further awarded the City its reasonable additional attorneys' fees of \$4,737.31 incurred in enforcement of the Judgment.

L. On August 19, 2015, Purchasers and Receiver entered into that certain California Residential Purchase Agreement for the Receiver's sale of the Subject Property to Purchasers (hereinafter, "Purchase Agreement"). There are no contingencies as to the Purchase Agreement except for Court approval and confirmation of the sale, and Purchasers have agreed to take the property "where is, as is" with no representations or warranties as to the condition or value of the Subject Property, and there are no known encumbrances on the Subject Property save for the Receiver's first priority lien.

M. Purchasers desire to purchase the Subject Property and are aware that after their purchase and the passing of title to them, they would be obligated, and the Subject Property would be subject to, completion of the rehabilitation of the Subject Property in the Action, as provided in the Judgment and the terms and conditions in the Order Appointing Receiver, as set forth herein.

N. Purchasers hereby agree and acknowledge that they shall be bound by and shall comply with all terms and conditions of the Judgment under which the Subject Property is to be rehabilitated and the Order Appointing Receiver.

O. Purchasers are willing to bring the Subject Property into full compliance with all laws of the City of South Gate and the California Health and Safety Code, including but not limited to abating all code violations and public nuisances at the Subject Property in accordance with local and state law and all relevant regulations.

P. The Parties desire to resolve any outstanding issues with regard to the abatement of the aforementioned violations at the Subject Property and to facilitate the sale of the Subject Property to the Purchasers and for the purpose of having Purchasers take responsibility for and complete the abatement of all nuisances and code violations affecting the Subject Property and have entered into this Agreement to accomplish that purpose on the terms set forth below:

AGREEMENT TERMS

For good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. This Agreement shall become effective and binding upon the Parties at such time as all of the signatories hereto have signed the original or a counterpart original of this Agreement. Provided, however, in the event that Purchasers do not complete the purchase of the Subject Property for any reason and do not acquire title to the Subject Property within ninety (90) days of the date of this Agreement, then this Agreement shall have no force or effect for any purpose.
2. The Purchasers shall fully comply with the terms of their Purchase Agreement and without limiting the generality of the foregoing shall deposit all sums due thereunder in a timely manner.
3. The City and Purchasers, with the Receiver, shall concurrently with the execution of this Agreement, enter into a Stipulation and [Proposed] Order Approving Continuance of Receivership and Code Compliance Agreement, in the form attached hereto as Exhibit "3" (hereinafter, "Stipulation"). The City

and Purchasers agree that it is their intent in executing this Agreement to correct and abate all code violations at the Subject Property after taking title thereto. And, in order to allow the court, the City and the Receiver to compel compliance with this Agreement, the Stipulation or the Judgment, Purchasers consent to the jurisdiction of the Court in the Action to effectuate the terms of this Agreement, enforce the Stipulation and the court's order thereupon, to continue the receivership and upon breach of the Agreement or the Stipulation by Purchasers to add Purchasers as defendants and judgment debtors to the Action and the Judgment, which may thereafter be enforced against them in accordance with law. The Stipulation and [Proposed] Order Approving Continuance of Receivership and Code Compliance Agreement shall be held by the City, or its counsel, and shall be filed with the Court in the Action for approval upon notification that the escrow for the Purchase Agreement was ready to close.

4. Purchasers, concurrently with this Agreement, shall execute a written Covenant Running with the Land that shall be recorded with the Los Angeles County Recorder's Office (the "Covenant"). The Covenant shall be in the form attached hereto as Exhibit "4" and shall be binding on all successors, assigns, heirs, and transferees. The Covenant shall be interpreted as providing that the terms, conditions, covenants and obligations set forth in this Agreement constitute Covenants Running with the Land. The Covenant shall be recorded with the Los Angeles County Recorder's Office concurrently with the transfer of title to Purchasers at the close of escrow opened to facilitate the Purchase Agreement.

5. All proceeds from the sale to Purchasers of the Subject Property shall be paid to the receiver and deposited in the receivership bank accounts. From these proceeds, the receiver is authorized to pay and do the following:

5.1 Pay forthwith to the Receiver the total costs of the receivership, including all receivership fees and costs incurred as of the date of the close of escrow.

5.2 Pay to the City forthwith the City's costs and fees awarded to it in this Action to date in the amount of \$39,123.46. In addition, the City shall receive an additional sum reflecting the costs, attorneys' fees, costs of investigation and administrative expenses incurred through the date of close of escrow.

5.3 The balance of the proceeds of the sale to Purchasers, after payment to the Receiver and the City shall be retained by the Receiver in an interest bearing account. These sums shall be held pending completion of the Remediation. Provided that should receiver regain possession of the Subject Property in accordance with this order such sums may be used by the Receiver to complete the Remediation and to pay for any additional receivership fees and

costs, as set forth herein, and/or to be used to pay such expenses, fees and costs which may be incurred as a result of Purchasers' default. Once the remediation is completed, the deposit shall be distributed as ordered by the court, if there are any remaining. Any costs and expenses of remediation or the receivership, or due under the judgment or court orders or as otherwise required in this agreement which have not been paid from the proceeds shall be the responsibility of the Purchasers, and if not paid within ten (10) business days shall be added to the Judgment in this Action. Nothing herein shall be deemed to limit remedies available to the the Receiver or the City to collect any sums not paid.

6. Payment of the City's and receivership costs shall constitute satisfaction of those monetary obligations to which they pertain only. Upon timely payment of said sums at the close of escrow, as set forth herein, and after the recording of the Covenant as set forth herein in paragraph 3, the City or its counsel upon request shall issue and record with the Los Angeles County Recorder's Office, a Partial Satisfaction of Judgment reflecting the payment(s) made.

7. Following the transfer of title of the Subject Property to Purchasers, and the Court's review and issuance of the Stipulation Approving Continuance of Receivership and Code Compliance Agreement, attached hereto as Exhibit "3", and the Court's issuance of the Order thereon, the Receiver shall deliver possession of the Subject Property to Purchasers. The receivership, however, shall not be terminated unless and until the Purchasers' timely and complete Remediation of the Subject Property in a manner and within the time limits set forth in this Agreement and the court's order. As further detailed herein in paragraph 15, in the event of Purchasers' breach of any term of this Agreement, Purchasers agree to immediately deliver possession, custody, and/or control of the Subject Property to the Receiver, who will complete the remediation of Subject Property, as the Receiver deems appropriate.

8. Purchasers, upon transfer of title of the Subject Property to them, agree to bring the Subject Property into full compliance with all laws in accordance with the SGMC and California Health and Safety Code, as set forth herein.

9. Purchasers shall abate all violations of law, substandard conditions, and public nuisances at the Subject Property (as identified in paragraph "C," above), through removal, replacement, reconstruction, legalization, demolition, remediation, restoration, and/or any legal means available, as approved and permitted by the City, in the manner and within the time periods set forth in this Agreement (hereinafter, the "Remediation"). The forgoing shall include but not be limited to the following:

9.1. Obtain all necessary permits and approvals before commencing work;

- 9.2. Demolition of interior and exterior defective portions of Subject Property and clean up;
- 9.3. New Framing - Back end exterior of residential structure;
- 9.4. New windows throughout residential structure at the Subject Property;
- 9.5. Stucco entire exterior of residential structure at the Subject Property;
- 9.6. Install new landscaping and trim existing trees and remaining landscaping at the Subject Property;
- 9.7. Install new sprinkler irrigation system in front yard of Subject Property;
- 9.8. Install new fence in front yard of Subject Property;
- 9.9. Repair and/or replace roof, including shingles, vents and other components;
- 9.10. Remove termite infested rafters from exterior and replace;
- 9.11. Install new facial board around entire exterior of residential structure at the Subject Property;
- 9.12. Demolish entire front porch of residential structure and replace with new porch that is code compliant;
- 9.13. Disconnect all electrical components from the Subject Property and replace with all new electrical wire and service throughout residential structure at the Subject Property, including new electrical panel;
- 9.14. Repair and/or replace all defective plumbing parts and components and properly connect to sewer line servicing the Subject Property;
- 9.15. Install new wall heater unit;
- 9.16. Install new water heater unit with appropriate housing;
- 9.17. Install new drywall interior coverings throughout residential structure at the Subject Property;
- 9.18. Paint and texture entire interior of residential structure at the Subject Property;
- 9.19. Replace all doors and molding throughout the interior and exterior of the residential structure at the Subject Property;

- 9.20. Repair and reinforce flooring foundation under kitchen and bathroom portions of the residential structure at the Subject Property;
 - 9.21. Repair and/or replace all kitchen cabinets and install granite kitchen countertops within the residential structure at the Subject Property;
 - 9.22. Install new tub and tile and vanity in bathroom No. 1 of the residential structure at the Subject Property;
 - 9.23. Install new flooring of wood and carpeting in the living room and bedrooms of the residential structure at the Subject Property;
 - 9.24. Install new tile flooring in kitchen and bathrooms of the residential structure of the Subject Property;
 - 9.25. Install new stove and hood in kitchen of the residential structure at the Subject Property;
 - 9.26. Remove all debris from the Subject Property.
10. Purchasers agree and acknowledge that the Remediation shall be performed at their expense with all required permits, inspections, and approvals, in accordance with all laws. Purchasers further agree that all contractors and/or service providers to perform any corrective actions on the Subject Property shall be licensed with the state licensing board.
11. Upon the transfer of title of the Subject Property to Purchasers and in order to facilitate the Remediation, Purchasers agree to do the following acts:
- 11.1. Purchasers shall, within ten (10) business days of the close of escrow and the transfer of title of the Subject Property to Purchasers, submit to the City, the following:
 - 11.1.1. A written plan of remediation, setting forth the following: a project description providing a brief narrative of the scope of work; an itemized list detailing the scope of work which shall include, without limitation, all work referenced in paragraph 9; a cost estimate for the work described; a projected timeline for completion of the work described; the expiration date of the written proposal and estimate; a statement from said contractor that he or she is willing to do the work for the price stated; and, signature of the contractor;
 - 11.1.2. A written proposal and estimate from any and all architects, engineers, biologists, and any and all other service providers required to perform all necessary

corrective actions at the Subject Property, which shall include, but is not limited to, the following: a project description providing a brief narrative of the scope of work; an itemized list detailing the scope of work; a cost estimate for the work described; a projected timeline for completion of the work described; the expiration date of the written proposal and estimate; a statement that he or she is willing to do the work for the price stated; and, signature of the person submitting the proposal and estimate; and,

- 11.2. The Remediation required under this Agreement shall be performed only upon the submission of the written proposal, as set forth in paragraph 11.1.1 herein, and after approval thereof by the City. The City may approve, deny, or approve with conditions any such proposal.
- 11.3. In the event of denial, Purchasers shall submit a modified proposal, which addresses and/or resolves those issues forming the basis of the denial, within ten (10) business days of said denial. Should the City deny Purchasers' proposal on three (3) or more occasions, Purchasers shall be deemed to have breached this Agreement.
- 11.4. Following Purchasers' submittal of the proposal, should the City request any supplemental, modified, and/or amended documentation and/or information, Purchasers agree to submit such documentation or information to the appropriate City department within ten (10) business days.
- 11.5. Upon the City's approval or approval with conditions of Purchasers' proposal, within ten (10) business days of said approval, Purchasers shall apply for and pay all applicable fees for any and all City permits required to lawfully perform the work approved and comply with all conditions of approval necessary to complete the Remediation.
- 11.6. Prior to commencing any work required under this Agreement or as authorized by the City, Purchasers shall apply for and obtain all necessary approvals and permits required under the laws of the City. Any work performed by Purchasers shall comply with the terms of this Agreement, the terms of any approvals and permits issued by the City, and in a manner in conformity with law. Failure to obtain any required permits to complete the Remediation, meet all progress inspections, and otherwise comply

with all conditions of any approvals or permits by the City shall be deemed a breach of this Agreement.

- 11.7. Upon the City's issuance of any and all applicable permits, Purchasers and/or her representatives shall commence any and all corrective actions at the Subject Property in accordance with applicable plans approved by the City, permits issued by the City, the SGMC and California Health and Safety Code, which shall continue on a day to day basis, until all work is complete, except weekends and holidays. Purchasers, and/or their representatives, shall complete the Remediation through licensed and bonded contractors and engineers, in a manner that fully complies with the laws of the City of South Gate and all applicable State laws, and in accordance with all applicable timelines set forth herein;
- 11.8. Within ninety (90) calendar days of the City's issuance of any and all applicable permits, Purchasers and/or their representatives shall complete all corrective actions at the Subject Property that is required by this Agreement in accordance with all applicable plans approved by the City, permits issued by the City and all relevant regulations; and, pass a final City inspection by the City's Building & Safety, Planning, and Code Enforcement Departments following all corrective actions undertaken as set forth herein ("Final Inspection Approval"). The Subject Property shall not be occupied until Final Inspection Approval is obtained by Purchasers and/or their representatives. Purchasers shall be deemed to have completed the Remediation upon obtaining Final Inspection Approval; and,
- 11.9. Upon the written request of the Purchasers, prior to the expiration of any of the deadlines set forth in this Section 11, the City may approve in writing up to two extensions of up to thirty (30) calendar days each to complete the Remediation if: (1) the circumstances that warrant the extension are beyond the reasonable control of Purchasers and/or their representatives and could not have reasonably been avoided; and, (2) the City determines that the Purchasers and/or their representatives made their best efforts to prevent the need for an extension, substantial progress has been made towards completion of the corrective actions set forth therein, and additional time is necessary for completion of the Remediation.

12. Purchasers shall be responsible for all fees due for permits and approvals and for all expenses incurred by City to review all plans, Applications or work performed in compliance with this Agreement.

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13. Purchasers, and all other persons acting on their behalf or in concert with them, shall permit authorized personnel of or on behalf of the City of South Gate to enter onto the Subject Property at any time between the hours of 8:00 a.m. and 6:00 p.m., without notice, for the purpose of conducting inspections of the interior and exterior of all structures and the Subject Property to ensure compliance with the Agreement, without a warrant, until the date the Remediation of the Subject Property is fully completed, as determined by the City. Nothing contained herein shall constitute a waiver of any other inspection rights enjoyed by the City pursuant to applicable law and nothing herein shall be deemed to prevent the enforcement of any law, ordinance, regulation or rule.

14. Purchasers' failure to strictly comply with the deadlines set forth in this Agreement is a default of the Agreement. Upon Purchasers' failure to meet the deadlines set forth herein, the City or its counsel shall provide written notice to Purchasers declaring them to be in violation of the Agreement ("Notice of Default"). In the event that the acts or omissions that constitute a breach of the terms of the Agreement are not cured within ten (10) business days following issuance of the Notice of Default, Purchasers shall be deemed to have breached this Agreement and shall immediately deliver custody, control, and possession of the Subject Property to the Receiver. In the event of breach of this Agreement, the City shall provide written notice of said breach to the Court and the Receiver and Purchasers. If such breach is not cured as required herein Purchasers shall be added as a party to the action and the Judgment. The Receiver shall thereafter have the right to immediately take custody and control of the Subject Property to complete the Remediation thereof as the Receiver deems appropriate. The funds held by the Receiver shall thereafter be immediately available to the Receiver to complete the Remediation.

15. The Parties shall concurrently with the execution of this Agreement also enter into a Stipulation to Terminate the Receivership and [Proposed] Order, a copy of which is attached hereto as Exhibit "5." The Stipulation to Terminate the Receivership and [Proposed] Order shall not be filed with the court and will be held by the Receiver, until and unless Purchasers timely completes the Remediation of the Subject Property, as set forth in this Agreement and within the time periods set forth hereinabove. Upon written request by Purchasers to the City's counsel that Purchasers have obtained Final Inspection Approval and confirmation thereof, the City or its counsel shall within five (5) business days provide written notice to the Receiver that Purchasers have timely and completely remediated the Subject Property. The Receiver shall thereafter file the Stipulation to Terminate the Receivership with the Court, after which the Receiver shall disburse the remaining proceeds deposited plus interest accrued by depositing same with the Court or as otherwise ordered by the court.

16. Should Purchasers breach the terms of the Agreement as set forth in paragraph 14 above, and the Receiver is required to take custody, control, and

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possession of the Subject Property to complete the Remediation, upon the Receiver's completion of the Remediation of the Subject Property, the receivership shall be terminated. In such instance, upon termination of the receivership and court approval of the Receiver's Final Report and Account, both (i) all outstanding receivership fees and costs and, (ii) all attorneys' fees and administrative fees and expenses incurred by the City as a result of the default of the Agreement by the Purchasers shall be paid from the funds held by the Receiver. If the funds held by the Receiver are insufficient to pay for the full costs of the remediation, outstanding receivership fees and/or costs and the City's attorneys' fees, administrative fees and/or costs incurred as a result of Purchasers' default of the Agreement, Purchasers shall be responsible for payment of all remaining balances, and any such sums not paid within ten (10) business days of demand upon Purchasers shall be added to the Judgment and shall thereafter be enforceable under law and shall accrue interest, costs and attorneys fees as otherwise provided in the Judgment. Nothing in this Agreement prohibits the Receiver from seeking a court order authorizing him to obtain a priority secured loan against the Subject Property or to sell the Subject Property to pay any outstanding receivership fees and costs and the City's attorneys' fees and administrative fees incurred as a result of Purchasers' default of the Agreement.

17. Purchasers agree to use, or permit the use of, the Subject Property only for the purposes that have been approved by the City and to continuously maintain the Subject Property in good order and repair.

18. Purchasers agree to refrain from: maintaining or permitting the aforementioned violations of law on the Subject Property, as set forth in paragraph B herein, or permitting said violations to recur upon the complete Remediation of the Subject Property; using, occupying, maintaining, or permitting the use, occupancy, or maintenance of any portion of the Subject Property, in violation of the SGMC or California Health and Safety Code; or, maintaining a public nuisance at the Subject Property.

19. The Parties agree that in the event of Purchasers' default of this Agreement, any sums incurred by the City in enforcement of the Agreement shall be paid by Purchasers, including but not limited to, the City's costs and expenses incurred in the investigation and enforcement of this Agreement, including all of its reasonable attorneys' fees and costs, staff and administrative costs, code enforcement costs, and abatement costs, whether to enforce the terms of the Agreement or to recover the sums due the City under this Agreement. Upon default, Purchasers shall pay such costs in accordance with paragraph 14 herein.

20. Any monies due to the City by Purchasers under this Agreement shall constitute a lien on the Subject Property in favor of the City.

21. Upon the timely completion of the Remediation of the Subject Property, as set forth in this Agreement and within the time periods set forth hereinabove, the termination of the receivership as approved by the Court, and payment by Purchasers of any monies owed to the City and/or Receiver in accordance with this Agreement, the City or its counsel shall issue and record with the Los Angeles County Recorder's Office, a Full Satisfaction of Judgment and Notice of Compliance with the Covenant. However, nothing herein shall relinquish or release any obligations of compliance with the executory terms of this Agreement or applicable law.

22. The Parties hereby agree that failure to comply with the terms of this Agreement and maintenance of the Subject Property without full compliance with the terms of this Agreement constitutes a public nuisance. In the event of failure to comply with or breach of any of the terms hereof, the City shall have all rights and remedies available under the law and this Agreement, including but not limited to instituting an action at law or in equity for damages, penalties, declaratory and injunctive relief and/or administrative relief.

23. This Agreement does not release or absolve the Purchasers of any responsibility to immediately abate any other violations not referred to herein that are or may be present on the Subject Property, now or in the future. The City reserves the right at any time to exercise any and all remedies available, including but not limited to abatement of said violations.

24. Nothing herein shall release Defendants, or any person or entity that is not a party to this Agreement, from any obligation, liability or responsibility they had or have to remediate the Subject Property. Nothing herein shall be deemed a release or waiver of any claims the City has or may have against Defendants or any person or entity not a party to this Agreement.

25. Purchasers are responsible for the actions and activities of each other, whose obligations hereunder shall be joint and several, and of any and all persons, entities, corporations, contractors or other persons or entities acting on behalf of the, at the Subject Property, while they are the owners of same, and any act, occurrence, breach or default which results from the act or omission of such person shall be deemed an act or omission of Purchasers. The obligations of Purchasers set forth in this Agreement shall not be deemed delegable. Purchasers acknowledge and agree that they shall be responsible for all such work performed under the terms of this Agreement through and including the completion of all of Purchasers' (or any future lawful successor's) obligations under this Agreement. It shall not be a defense that the work was performed by others, including but not limited to their employees, representatives and contractors.

26. In the event of Purchasers' transfer, conveyance, encumbrance, change in title, and/or sale of any of their interests, or any of them, in the Subject

Property, Purchasers shall continue to be personally responsible for all obligations under this Agreement, including but not limited to the full and complete remediation of the Subject Property and payment of all monies required to be paid by them under the terms of this Agreement.

27. Nothing in this Agreement shall be interpreted to limit the exercise of any public office or the lawful discretion or duty of any employee of the City or otherwise influence, limit or restrict any legislative body in any manner in which it may consider or make any decision or determination.

28. This Agreement supersedes all prior or contemporaneous understandings or agreements. This Agreement may not be modified except by a writing executed by all Parties.

29. A fully executed copy (including a "pdf" or "fax" copy) of this Agreement shall be treated as an original for all purposes. Any claim, dispute or action arising from this Agreement shall be exclusively adjudicated in the Los Angeles Superior Court.

30. If any legal, equitable or administrative action arises from enforcement of this Agreement, the prevailing party shall be entitled to recover all costs and expenses from the other party incurred as a result of enforcement of this Agreement, which includes but is not limited to, all reasonable attorneys' fees and costs, staff and administrative costs, code enforcement costs, and abatement costs. In any such action, Purchasers agree that the City is the prevailing party upon any determination that a violation of the SGMC or Health and Safety Code exists at the Subject Property.

31. Any interpretation or construction of this Agreement in connection with its application or enforcement shall be made as if both the City and the Purchasers drafted this document.

32. Each of the obligations in this Agreement is material and time is declared to be of the essence.

33. In entering into this Agreement, Purchasers have accepted the obligations set forth in this Agreement and accepted the Subject Property in an "as is" condition. Purchasers' obligations set forth herein shall not be modified, amended, altered, reduced or limited as a result of any conditions on the Subject Property whether or not they are known, not known, and which could not have been discovered prior to entering this Agreement.

34. Except for the obligations and rights set forth in this Agreement, Purchasers forever release, discharge and acquits the City, its City Council and the members thereof, and its officers, employees and agents, from any and all sums of money, claims, contentions, allegations, demands, accounts, actions and causes of action whatsoever heretofore arising or now existing by virtue of any matter, fact, transaction or occurrence whatsoever, whether known or

unknown, suspected or unsuspected, relating to the Subject Property or the Action, for all matters or claims, up to the time of execution of this Agreement.

35. It is understood by Purchasers, and each of them, and agreed that the foregoing release extends to all claims of every nature and kind whatsoever, known or unknown, suspected or unsuspected with specific reference to those matters addressed in this Agreement, and all rights under Section 1542 of the California Civil Code are hereby expressly waived. Said section reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

35.1 Purchasers, and each of them, understand that the facts in respect of which the foregoing release is given may hereafter turn out to be other than or different from the facts now known to them or believed by them to be true, and they expressly assume the risk of the facts turning out to be so different and agree that the foregoing release shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

35.2 Nothing contained in this Agreement or any subpart shall constitute a release of any of the rights or obligations contained in this Agreement.

36. This Agreement has been entered into voluntarily, knowingly and intelligently by Purchasers, who have been advised by their legal counsel. The Purchasers are fully aware of the effect of each and every term and condition of this Agreement and have either read this Agreement themselves or had the entire Agreement read to them. No promises or representations or assurances of any kind have been made to Purchasers, which are not expressly stated herein.

37. The Parties agree to perform all other acts and execute all other documents, including any stipulations, reasonably necessary to effectuate the terms of this Agreement.

38. Except as provided in paragraph 1, above, the Parties understand and agree that this Agreement shall become binding and enforceable upon them upon the mutual execution of this Agreement by Purchasers and by an authorized representative of the City. This Agreement may be executed in counterparts by all Parties and shall become effective and binding upon the

Parties at such time as all of the signatories hereto have signed the original or a counterpart original of this Agreement. Each such counterpart shall constitute an original and all such counterparts so executed shall constitute one Agreement, binding upon all of the Parties thereto, notwithstanding that all of the Parties are not a signatory to the original of the same counterpart. Each counterpart shall have the same force and effect as if all such signatures were contained in one instrument. A facsimile copy shall be considered an original for the purposes of this Agreement. Facsimile or e-mail transmissions shall be deemed effective as originals.

39. The recitals stated above and exhibits attached hereto are incorporated herein as part of this Agreement as though set forth in full and shall bind the Parties in all respects.

Agreed.

Dated: _____

By: _____
David Pasternak, Receiver

Dated: _____

By: _____
Cesar Montano, Purchaser

Dated: _____

By: _____
Roy Moorefield, Purchaser

Exhibit "B"

RECORDING REQUESTED BY:

CITY OF SOUTH GATE

AND WHEN RECORDED MAIL TO:

**DAPEER, ROSENBLIT, & LITVAK, LLP
11500 W. OLYMPIC BLVD., SUITE 550
LOS ANGELES, CA 90064**

MUNICIPAL ENTITY EXEMPT FROM FILING FEES

SPACE ABOVE THIS LINE FOR RECORDERS USE

COVENANT RUNNING WITH THE LAND

Recitals

- A. This Covenant and Acceptance of Conditions ("Covenant") is made and entered into in the County of Los Angeles, California as of November 20, 2015, by and between the City of South Gate, a municipal corporation ("City") on the one hand, and by Cesar Montano and Roy Moorefield (the "Purchasers") and David Pasternak (the "Receiver") as court appointed receiver (together the "Parties").
- B. The real property that is subject of this Agreement is commonly known as 9321 Virginia Avenue and is located in the City of South Gate, in the County of Los Angeles, California, and is more particularly described as Assessor's Parcel Number 6209-013-012 ("Subject Property"). The legal description of the Subject Property is as follows:

LOT 552 OF TRACT NO. 5248 IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 56, PAGE 41, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY

- C. The Purchasers hereby represent that they entered into that purchase and sale agreement with Receiver for the purchase of Subject Property on August 19, 2015. The Purchasers hereby warrant and represent that as of the date of recording of this Covenant Running with the Land that they are the sole owners of the Subject Property.
- D. On August 10, 2010, the City filed an action against Defendants Rudolph J. Castro, Sr., Rudolph J. Castro, Arthur Dutton, Elma Marie Casarez, Alberto Mendoza, the testate and intestate successors of Rudolph P. Castro and Faustina N. Castro, believed to be deceased, all persons claiming by, through or under such persons, and all persons unknown, claiming any legal or equitable right, title, estate, lien, or interest in the property located at 9321 Virginia Ave., in South Gate, California (collectively, "Defendants") in the Los Angeles Superior Court, bearing case number VC063137 to cause the abatement of nuisance conditions and certain violations of the South Gate Municipal Code and other laws on the Subject Property (the "Action").

- E. On February 5, 2014, the Court in the Action entered Judgment against Defendants finding and declaring, among other things, that Defendants maintained unlawful conditions and a public nuisance on the Subject Property under the laws of the State of California and City of South Gate and requiring the immediate abatement of all violations on the Subject Property ("Judgment"). On April 1, 2014, the Judgment was recorded in the Los Angeles County Recorder's Office as Instrument No. 20140326254. (A true and correct copy of the Judgment is attached hereto as Exhibit "A").
- F. On August 6, 2014, the Court in the Action ordered that David Pasternak ("Receiver") be appointed as receiver to take custody and control of the property and cure the violations existing at the premises (hereinafter, "Order Appointing Receiver"). which is attached hereto as Exhibit "B."
- G. Pursuant to the terms of the Order Appointing Receiver, the Receiver took custody, possession, and control of the Subject Property on September 22, 2014. The Order Appointing Receiver provides, among other things, that the Receiver shall have those powers and duties as necessary to effectuate the terms of the Judgment and bring the Subject Property into full compliance with all laws.
- H. The Court's Order Appointing Receiver further provides that any person who obtains any interest in the Subject Property shall be subject to any order to correct a violation of all applicable Municipal Codes and/or State Laws.
- I. The Purchasers are willing to bring the Subject Property into full compliance with all laws of the City and the parties desire to resolve any outstanding issues with regard to the abatement of the violations at the Subject Property. The parties have entered into that certain Code Compliance Agreement to accomplish that purpose on the terms set forth therein. (A true and correct copy of the Code Compliance Agreement is attached hereto as Exhibit "C," incorporated herein and made a part hereof as though set forth in full
- J. The Subject Property is required to be remediated and rehabilitated as ordered in the Judgment of the Action, the terms and conditions in the Order Appointing Receiver, as set forth in the Code Compliance Agreement attached hereto, the Courts Order Continuing the Receivership, which is attached hereto as Exhibit "D" and incorporated by reference as though set forth in full herein, together with all other obligations under the judgment and other orders of the Court in the Action.
- K. The Purchasers are aware and hereby acknowledge that they are obligated, and hereby agree and acknowledge that they are bound by and shall comply with all terms and conditions of the Judgment in the Action, the Order Appointing Receiver, the Code Compliance Agreement, the Court Order Continuing Receivership, together with all other obligations under the Judgment or other order of the Court in the Action.
- L. Paragraph 3 of the Code Compliance Agreement requires the Purchasers to enter into, execute, and cause to be recorded in the Los Angeles County Recorder's office this Covenant giving notice to all persons of the terms and conditions of the Code Compliance Agreement and agreeing to bind themselves and each and all of their heirs, transferees, successors and assigns in accordance therewith and enter into this Covenant for that purpose.

Covenant Running with the Land

NOW, THEREFORE, in consideration of the foregoing, the promises and agreements set forth in the Code Compliance Agreement and for other good and valuable consideration, the sufficiency of which is acknowledged, Purchasers and each of them agree and acknowledge as follows:

1. The Subject Property is required to be remediated and rehabilitated as ordered in: 1) the Judgment in the Action; 2) the Order Appointing Receiver; 3) the Code Compliance Agreement; 4) the Court Order Continuing Receivership; 5) all other obligations under the Judgment or other orders of the Court in Action.
2. Purchasers hereby agree to and accept all of the conditions and obligations of the Code Compliance Agreement, according to the terms set forth therein, attached hereto as Exhibit D, and is incorporated herein and made a part hereof as though set forth in full.
3. The Purchasers hereby acknowledge and agree that they are obligated to comply with: 1) all terms and conditions of the Judgment in the Action; 2) the Order Appointing Receiver; 3) the Code Compliance Agreement; 4) the Court Order Continuing Receivership; 5) all other obligations under the Judgment or other orders of the Court in the Action.
4. This Covenant shall be binding on Purchasers, and each of heirs, representatives, transferees, successors, and assigns. It is the intention of this Covenant that the burdens created hereby shall "run with the land" and shall bind all persons acquiring hereafter any right, title or interest in or to the Subject Property.
5. The Recitals and all exhibits attached hereto are incorporated herein and made a part thereof.

Entered into as of November _____, 2015.

Cesar Montano, Purchaser

Roy Moorefield, Purchaser

ATTEST:

Carmen Avalos, City Clerk

(Seal)


N

APPROVED AS TO FORM



Raul F. Salinas, City Attorney

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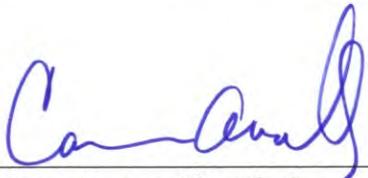
RESOLUTION CERTIFICATION PAGE

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF SOUTH GATE)

I, Carmen Avalos, City Clerk of the City of South Gate, California, hereby certify that the whole number of Members of the City Council of said City is five; that Resolution No. 7694 was adopted by the City Council at their Regular Meeting held on February 23, 2016, by the following vote:

Ayes: Council Members: Morales, De Witt, Davila, Bernal and Hurtado
Noes: Council Members: None
Absent: Council Members: None
Abstain: Council Members: None

Witness my hand and the seal of said City on March 3, 2016.



Carmen Avalos, City Clerk
City of South Gate, California