

FORM OF ASSIGNMENT OF RENTS

RECORDING REQUESTED BY
WHEN RECORDED MAIL TO:

Attn: _____

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS ("*Assignment*") made as of _____, 20___, by the TREASURE ISLAND DEVELOPMENT AUTHORITY, as assignor ("*Assignor*"), to the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, as assignee ("*Assignee*").

RECITALS

A. Assignor and Assignee are parties to that certain Economic Development Conveyance Memorandum of Agreement between the United States of America and the Treasure Island Development Authority for the Conveyance of the Naval Station Treasure Island, dated as of _____, 2012 (the "*EDC MOA*"). Pursuant to the EDC MOA, Assignee has or will transfer to Assignor (the "*Conveyance*") that certain real property located on Treasure Island and Yerba Buena Island in the City and County of San Francisco, State of California, more particularly described on Exhibit A attached hereto (the "*Property*").

B. As partial consideration for the Conveyance, Assignor has agreed to pay to Assignee the sum of \$55,000,000.00 (the "*Initial Consideration*"), plus interest, payable over a term of ten (10) years. The Initial Consideration is evidenced by that certain Promissory Note dated as of even date herewith executed by Assignor in favor of Assignee in the principal amount of \$55,000,000.00 (the "*Note*").

C. The EDC MOA provides that Assignor, in the manner hereinafter set forth, shall assign to Assignee as security for the payment of the Note Assignor's right, title and interest in the rents, issues and profits (collectively, the "*Rents*") payable under all interim subleases for the Property including that certain Sublease, Development, Marketing and Property Management Agreement between Assignor and the John Stewart Company dated as of March 17, 1999, as amended from time to time, and any successor interim subleases or leases relating to the Property whether executed prior to or after the Conveyance (collectively, the "*Leases*") on the terms described herein.

D. All initially capitalized terms used herein and not otherwise defined herein shall have the meanings provided to such terms by the EDC MOA.

ARTICLE 1 ASSIGNMENT

1.1 Rents Assigned. Assignor hereby assigns and grants to Assignee all Rents payable under all Leases; provided, Assignor and Assignee recognize that such assignment of Rents is subject and subordinate to the senior security interest that Assignor provided to the San Francisco County Transportation Authority (“*SFCTA*”) under the Memorandum for Project Management and Oversight, Engineering and Environmental Services for the Yerba Buena Ramps dated July 1, 2008, as amended, which shall not exceed Eighteen Million Eight Hundred Thirty Thousand Dollars (\$18,830,000.00) plus accrued interest, (the “*Senior Security Interest*”).

1.2 Secured Obligations. This Assignment is made in consideration of the indebtedness evidenced by the Note. The principal sum, interest and all other sums due and payable under the Note are referred to as the “*Debt*”.

1.3 Termination of Assignment. Upon payment in full of the Debt, this Assignment shall become null and void and shall be of no further force and effect.

ARTICLE 2 TERMS OF ASSIGNMENT

2.1 Present Assignment and License Back. It is intended by Assignor that this Assignment constitute a present assignment of the Rents, subject to the Senior Security Interest, and not an assignment for additional security only. Nevertheless, subject to the terms of this Section 2.1, Assignee grants to Assignor a revocable license to collect and receive the Rents unless an Event of Default shall exist. Assignor shall hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Debt, in trust for the benefit of Assignee for use in the payment of such sums, subject to the Senior Security Interest.

2.2 Notice to Lessees. Subject to the Senior Security Interest, Assignor hereby authorizes and directs the lessees named in the Leases or any other or future lessees or occupants of the Property to pay over to Assignee or to such other party as Assignee directs all Rents and all sums due under any Lease upon receipt from Assignee of written notice to the effect that an Event of Default (as defined in the Note) exists, and to continue so to do until otherwise notified by Assignee. If any Event of Default is subsequently cured, Assignee shall promptly notify such lessees that they may pay Rents to Assignor.

ARTICLE 3 COVENANTS

3.1 Negative Covenants. Assignor hereby covenants with Assignee that Assignor shall not (a) assign, transfer, mortgage, pledge or otherwise encumber, or permit to accrue or suffer to exist any lien or other encumbrance on or in, any of the right, title and interest of

Assignor in and to the Rents, except in favor of Assignee or the SFCTA under the Senior Security Interest, or (b) accept any prepayment of Rents earlier than one month in advance of its due date.

ARTICLE 4 REMEDIES

4.1 Remedies of Assignee. Upon or at any time after the occurrence and during the continuation of an Event of Default, the license granted to Assignor in Section 2.1 of this Assignment may automatically be revoked, and Assignee shall immediately be entitled to possession of all Rents, subject to the Senior Security Interest. In addition, Assignee may, at its option, without waiving such Event of Default, without notice and without regard to the adequacy of the security for the Debt, either in person or by agent, nominee or attorney, with or without bringing any action or proceeding, or by a receiver appointed by a court, demand, sue for or otherwise collect and receive all Rents, subject to the Senior Security Interest, including those past due and unpaid and may apply the Rents to the payment of the Debt, together with all costs and reasonable out-of-pocket attorneys' fees.

Other Remedies. Nothing contained in this Assignment and no act done or omitted by Assignee pursuant to the power and rights granted to Assignee hereunder shall be deemed to be a waiver by Assignee of its rights and remedies under the Note, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under the terms thereof. Except as otherwise provided in Section 4 of the Note, the right of Assignee to collect the Debt and to enforce any other security therefor held by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

4.2 Assignor hereby absolutely, unconditionally and irrevocably waives any and all rights to assert any setoff, counterclaim or cross claim of any nature whatsoever with respect to the obligations of Assignor under this Assignment, the Note or otherwise with respect to the Debt secured hereby in any action or proceeding brought by Assignee to collect same, or any portion thereof, or to enforce and realize upon the lien and security interest created by this Assignment or the Note; *provided, however*, that the foregoing shall not be deemed a waiver of Assignor's right to assert any compulsory counterclaim if such counterclaim is compelled under local law or rule of procedure, nor shall the foregoing be deemed a waiver of Assignor's right to assert any claim which would constitute a defense, setoff, counterclaim or cross claim of any nature whatsoever against Assignee in any separate action or proceeding.

4.3 Other Security. Except as otherwise provided in Section 4 of the Note, Assignee may take or release other security for the payment of the Debt, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the reduction or satisfaction of the Debt without prejudice to any of its rights under this Assignment.

4.4 Non-Waiver. The exercise by Assignee of the option granted it in Section 4.1 of this Assignment and the collection of the Rents and the application thereof as herein provided shall not be considered a waiver of an Event of Default. The failure of Assignee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Assignment. Assignor shall not be relieved of Assignor's obligations hereunder by reason of (a)

the failure of Assignee to comply with any request of Assignor or any other party to take any action to enforce any of the provisions hereof or of the Note, (b) the release, regardless of consideration, of the whole or any part of the Property, or (c) any agreement or stipulation by Assignee extending the time of payment or otherwise modifying or supplementing the terms of this Assignment or the Note. Except as otherwise provided in Section 4 of the Note, Assignee may resort for the payment of the Debt to any other security held by Assignee in such order and manner as Assignee, in its discretion, may elect. Assignee may take any action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Assignee thereafter to enforce its rights under this Assignment. The rights of Assignee under this Assignment shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Assignee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

ARTICLE 5 NO LIABILITY, FURTHER ASSURANCES

5.1 No Liability of Assignee. This Assignment shall not be construed to bind Assignee to the performance of any of the covenants, conditions or provisions contained in any Lease or otherwise impose any obligation upon Assignee. Assignee shall not be liable for any loss sustained by Assignor resulting from Assignee's failure to let the Property after an Event of Default or from any other act or omission of Assignee in managing the Property after an Event of Default unless such loss is caused by the willful misconduct or negligence of Assignee. Assignee shall not be obligated to perform or discharge any obligation, duty or liability under the Leases or under or by reason of this Assignment.

5.2 No Mortgagee in Possession. Nothing herein contained shall be construed as constituting Assignee a "mortgagee in possession". In the exercise of the powers herein granted Assignee, no liability shall be asserted or enforced against Assignee, all such liability being expressly waived and released by Assignor.

5.3 Further Assurances. Assignor will, at the cost of Assignor, and without expense to Assignee, do, execute, acknowledge and deliver all and every such further acts, conveyances, assignments, notices of assignments, transfers and assurances as Assignee shall, from time to time, reasonably require for the better assuring, conveying, assigning, transferring and confirming unto Assignee the property and rights hereby assigned or intended now or hereafter so to be, or which Assignor may be or may hereafter become bound to convey or assign to Assignee, or for carrying out the intention or facilitating the performance of the terms of this Assignment or for filing, registering or recording this Assignment and, on demand, will execute and deliver and hereby authorizes Assignee upon the occurrence and during the continuation of an Event of Default to execute in the name of Assignor to the extent Assignee may lawfully do so, one or more financing statements to evidence more effectively the lien and security interest hereof in and upon the Rents.

ARTICLE 6
MISCELLANEOUS PROVISIONS

6.1 Conflict of Terms. In case of any conflict between the terms of this Assignment and the terms of the Note, the terms of the Note shall prevail.

6.2 No Oral Change. This Assignment and any provisions hereof may not be modified, amended, waived, extended, changed, discharged or terminated orally, or by any act or failure to act on the part of Assignor or Assignee, but only by an agreement in writing signed by the party against whom the enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

6.3 Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Assignment may be used interchangeably in singular or plural form and the word "Assignor" shall mean "each Assignor and successor to Assignor's interest in the Property or any part thereof or interest therein (other than third-party transferees of developable parcels under a Disposition and Development Agreement with Assignor)", the word "Assignee" shall mean "Assignee and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Assignment," the word "person" shall include an individual, corporation, partnership, limited liability company, trust, unincorporated association, government, governmental authority, and any other entity, the word "Property" shall include any portion of the Property and any interest therein, and the word "Debt" shall mean the principal balance of the Note with interest thereon as provided in the Note and all other sums due pursuant to the Note and this Assignment; whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

6.4 Authority. Assignor represents and warrants that it has full power and authority to execute and deliver this Assignment and the execution and delivery of this Assignment has been duly authorized and does not conflict with or constitute a default under any law, judicial order or other agreement affecting Assignor or the Property.

6.5 Inapplicable Provisions. If any term, covenant or condition of this Assignment is held to be invalid, illegal or unenforceable in any respect, this Assignment shall be construed without such provision.

6.6 Choice of Law. This Assignment shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and intended to be performed in such state, without giving effect to principles of conflicts of laws, and any applicable law of the United States of America.

6.7 Notices. All notices required or permitted hereunder shall be given as provided in the EDC MOA.

6.8 Incorporation by Reference. All of the terms, covenants and conditions contained in the Note are hereby made a part of this Assignment to the same extent and with the same force

as if they were fully set forth herein. All initially capitalized terms used in this Assignment without being defined herein shall have the meanings assigned in the Note. The Recitals to this Assignment are hereby made a part of this Assignment to the same extent and with the same force as if they were fully set forth herein.

6.9 Headings, etc. The headings and captions of various paragraphs of this Assignment are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

6.10 Discretion of Assignee. Wherever pursuant to this Assignment any decision or determination is to be made by Assignee, the decision of Assignee to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Assignee, shall be in the reasonable discretion of Assignee, except as may be otherwise expressly and specifically provided herein.

6.11 Successors and Assigns. The Assignment of Rents assigned hereunder together with the covenants and warranties therein contained, shall inure to the benefit of Assignee and any subsequent holder of the Note and shall be binding upon Assignor, its heirs, executors, administrators, successors and assigns and any subsequent owner of the Property other than third-party transferees of developable parcels under a Disposition and Development Agreement with Assignor.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor has executed this instrument as of the day and year first above written.

ASSIGNOR:

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA,
City Attorney

By: _____
Name: _____
Deputy City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

File No: ()

APN No:

STATE OF California)SS
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared

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 _____

This area for official notarial seal.

EXHIBIT A
LEGAL DESCRIPTION

Exhibit A-1