

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Orange County Sanitation District
Attn: Kelly Lore, Clerk of the Board
18480 Bandilier Circle
Fountain Valley, CA 92708

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Documentary Transfer Tax Exempt Under Revenue and Taxation Code Section 11922
Recording Fee Exempt Under Government Code Sections 6103 and 27383

ENCROACHMENT AGREEMENT

Date: **February 27, 2026**

Easement and Right-of-Way Owner (as "Permitter" or "OC San"): ORANGE COUNTY SANITATION DISTRICT, A CALIFORNIA SPECIAL DISTRICT, as successor to ORANGE COUNTY SANITATION DISTRICT No 7, A CALIFORNIA SPECIAL DISTRICT

Name of Property Owner ("Permittee"): 1820 EAST 1ST STREET LLC, a Delaware limited liability company

OC San and Permittee enter into this Encroachment Agreement as of the date indicated above for the property described below and pursuant to the terms and conditions provided as follows:

Assessor's Parcel Number(s) of Property: 402-211-08

Street Address of Property ("Property"): 1820 E. 1st Street, Santa Ana, CA 92705

Description of Encroachment(s) ("Encroachment"):

Installation of walkway, pavement, fencing and shrubbery located on the Easterly boundary of the property. Please refer to Exhibit B depicting the above-mentioned scope of work as more particularly depicted on Exhibit A attached hereto and incorporated herein by reference.

Location of Encroachment(s) ("Affected Property"): An easement area over a portion of the Property (TR24 Lot 2 and Lot 4 PORS of Lots, Orange)

Deposit Amount ("Deposit") (if required): N/A

Form of Financial Responsibility (if required): Provide a copy of commercial general liability insurance policy with this Agreement.

Minimum Limits of Liability Insurance required: Permittee shall obtain and maintain insurance in forms and amounts required herein. A minimum of not less than one million (\$1,000,000.00) bodily injury and property damage must be maintained at all times.

1. **Agreement Terms and Conditions:** The Orange County Sanitation District (“OC San”) permits the Permittee to construct, maintain, use, repair, replace and operate the Encroachment on the Affected Property as expressly described in this Encroachment Agreement (this “Agreement”) and subject to all terms and conditions contained herein.
2. **OC San’s Interest in the Property:** Permittee desires to maintain, use, and operate the Encroachment on the Affected Property, which is an easement area in favor of OC San encumbering a portion of the Property owned by the Permittee, which Property is more particularly described on Exhibit A attached hereto and incorporated herein by reference. OC San has easement rights in and to the Affected Property for, among other purposes, the operation and maintenance of its sewer line. OC San is willing to allow the Encroachment to remain on the Affected Property subject to all the terms of this Agreement.
3. **Maintenance of Encroachment:** The Encroachment shall remain the personal property of the Permittee, and OC San shall have no obligation to monitor the use of, or to maintain, the Encroachment. The Permittee specifically acknowledges and agrees that the rights granted to the Permittee under this Agreement impose a duty on the Permittee to OC San to maintain the Encroachment and the Affected Property in a reasonably safe condition. The Permittee, therefore, agrees to keep and maintain the Encroachment and the Affected Property in good order and repair, reasonable wear and tear excepted, at the Permittee’s sole cost and expense and subject to the following conditions:
 - a. Fencing and Landscaping – Permittee’s duty to maintain shall include, but is not limited to, periodic pruning and care off all landscaping and fencing material installed in, on or adjacent to the Affected Property.
 - b. No Notice Required – Permittee’s duty to keep, maintain, and repair the Encroachment and the Affected Property shall be exercised and performed without regard to whether OC San has notified the Permittee of the need for such repairs or maintenance or whether OC San has performed repairs or maintenance of the Encroachment or the Affected Property in the past.
 - c. Failure to Maintain – Permittee’s failure to comply with the requirements and obligations of this Paragraph, or the performance of such obligations in a negligent manner, shall constitute a material breach of this Agreement and shall further constitute negligence and shall make the Permittee fully liable to the general public, any private party, or OC San if the Permittee’s negligence under this paragraph is a proximate cause of any injury or damage.
 - d. Breach - Permittee’s failure to comply with the requirements and obligations of this Paragraph within fourteen (14) days after receiving written notice from OC San shall constitute a material breach of this Agreement. In the event of such a breach, OC San may, but is not obligated to, pursue either of the following courses of action:
 - i. Enter the Affected Property to conduct reasonable maintenance, the costs of which shall be Permittee’s sole responsibility. Permittee hereby authorizes OC San to record a lien against the Affected Property if Permittee fails to deliver payment within fourteen (14) days after receiving a request for repayment from OC San.

- ii. Terminate this Agreement subject to the provisions of Paragraph 6 below. This may include, but is not limited to, removal of all Encroachments on the Affected Property at Permittee's sole cost and expense.
4. **Other Approvals:** Permittee shall obtain all necessary authorizations and permits from appropriate municipalities and agencies before installing, constructing, or modifying the Encroachment. Permittee shall maintain the Encroachment in strict compliance with the terms and conditions of (i) this Agreement, and (ii) all other permits or authorizations necessary to construct, maintain, or operate the Encroachment.
5. **No Expansion or Relocation:** Permittee shall not expand, intensify, increase, or in any way modify the Encroachment without first securing a new or amended encroachment permit, an amendment to this Agreement, or a new encroachment agreement from OC San. Except as expressly permitted by this Agreement, Permittee shall immediately remove, and refrain from subsequently reinstalling or reconstructing, all improvements, structures, or equipment located on the Affected Property.
6. **Termination:** The rights granted under the Agreement may be terminated by the OC San at any time by giving thirty (30) days' written notice to Permittee at Permittee's last known address, specifying in said notice the date of termination. In the event OC San reasonably determines that the Encroachment is an immediate risk to the public health or safety, or that the Encroachment interferes with a need by the OC San for emergency access which is required to maintain or repair OC San's facilities within the Affected Property, the rights granted under this Agreement may be terminated immediately and without prior notice. In such an event, OC San shall provide Permittee with written notice of the basis for the termination in its notice of election to terminate. Nothing in this Paragraph shall be construed as limiting the ability of OC San to maintain, remove, repair, renew, replace, or enlarge public improvements in the Affected Property, as provided in Paragraph 7 of this Agreement. Upon termination of the rights provided under this Agreement, OC San shall refund any unused portion of the Deposit.
7. **OC San Access:** In the event OC San should be required to enter the Affected Property to exercise its primary rights associated with the Affected Property, including but not limited to the maintenance, removal, repair, renewal, replacement, or enlargement of existing or future sewer facilities, OC San may remove all or portions of the Encroachments as required. Under such circumstances, OC San shall provide written notice to the Permittee of OC San's intent to accomplish such work. Upon receiving at least 24-hour notice from OC San, the Permittee shall remove the Encroachment by the deadline specified in the notice and refrain from replacing or reinstalling the Encroachment until OC San's work is complete, and OC San shall notify Permittee upon completion of such work. Advance notice of any work OC San reasonably believes is necessary to resolve an emergency situation is not required under this Agreement. The Permittee shall be responsible for and pay all costs necessary to arrange for the removal of the Encroachment, if required, and for the costs of the renewal, replacement, or restoration of the Affected Property upon the Permittee's removal of the Encroachment. In the event of an emergency situation or if the Permittee refuses or fails to remove the Encroachment or otherwise perform any of the Permittee's obligations under this Agreement, then the Permittee shall reimburse OC San for any actual, out-of-pocket, reasonable, documented costs OC San incurs in removing the

Encroachment and/or renewing, replacing, or restoring the Affected Property, and in partial satisfaction of the Permittee's obligation, OC San may withdraw funds from the Deposit, if any, and apply the same to amounts owed by the Permittee hereunder.

- 8. Breach:** In the event Permittee breaches any material provision of this Agreement, OC San may terminate this Agreement as provided in Paragraph 6 of this Agreement. If OC San elects to terminate this Agreement due to Permittee's breach, Permittee shall, at Permittee's sole cost and expense, promptly cause the Encroachment to be removed and the Affected Property appropriately renewed, replaced, or restored. In the event Permittee refuses or fails to remove the Encroachment or otherwise perform any of Permittee's obligations under this Paragraph, then the Permittee shall promptly reimburse OC San for its actual, out-of-pocket, reasonable, documented costs incurred in removing the Encroachment, or any portion thereof, and/or renewing, replacing, or restoring the Affected Property. OC San may withdraw funds from the Deposit, if any, in partial satisfaction of Permittee's obligation under this Paragraph. The rights of OC San under this Paragraph are in addition to any and all rights OC San may have under Paragraphs 9 and 10 of this Agreement. Except to the extent caused by the negligence or willful misconduct of OC San or OC San's employees, contractors, or agents, OC San shall not be responsible for any damages to the Permittee as a result of OC San performing any work that was the obligation of the Permittee under the provisions of this Agreement, including, but not limited, to, damages.
- 9. Default:** In the event of a default by either party to this Agreement, the non-defaulting party shall have available all remedies at law or equity. Such remedies shall be cumulative and not exclusive of one another, and the exercise of any one or more of said remedies shall not constitute a waiver or election with respect to any other available remedy.
- 10. OC San Indemnification:** Permittee agrees to and shall indemnify, defend, and hold OC San, and OC San's officers, agents, employees, and representatives, harmless from and against any and all actual, documented, reasonable, out-of-pocket loss, damage, liability, claims, suits, costs, and expenses whatsoever, including reasonable attorneys' fees, regardless of the merit or outcome of any such claim or suit arising from or in any manner connected with installation, construction, maintenance, use, or operation of the Encroachment or the Affected Property, regardless of whether OC San reviewed and approved any plans or inspected any work or improvement, including the Encroachment. Permittee also agrees to post and maintain Liability Insurance in the form and amounts specified above, if any, while the Encroachment is located on the Affected Property.
- 11. Financial Security:** If a form and amount of Financial Security are indicated above, then Permittee shall provide reasonable evidence of such Financial Security in the form and in the amount as specified above. Such evidence of Financial Security shall be in a form and content reasonably approved by OC San's General Counsel, and in the event such evidence of Financial Security is in the form of insurance, OC San shall be named, by written endorsement, as an additional insured. [Note: an ACORD form alone is not adequate evidence that the insurance policy has been endorsed. An endorsement must be issued and approved by the insurance company.] If required, Financial Security shall be provided for the duration of the Agreement, and one form of Financial Security may be substituted for another provided the replacement is first approved by OC San's General Counsel. Notwithstanding the foregoing, Permittee shall not allow any lapse in any Financial

Security to occur without a new or approved substitute Financial Security to be in full force and effect.

12. **Notices:** All notices required or provided for under this Agreement shall be delivered in person or in writing by first class mail, postage prepaid, addressed to the parties as indicated below or such other address as a party may request by giving the other party ten (10) days written notice. In the event of an emergency situation, any written notice required or provided for shall be deemed fully satisfied if made in person to an occupant of the Property or by leaving a written notice in a conspicuous location on the Property. Any notice so delivered shall be effective upon the date of personal delivery or, in the case of mailing, on the date of mailing.

Permittee: 1820 East 1st Street LLC
2120 E. Grand Avenue
El Segundo, CA 90245
Attention: Craig Underwood

OC San as Permitter: ORANGE COUNTY SANITATION DISTRICT
Attn.: General Manager
18480 Bandilier Circle
Fountain Valley, CA 92708-7018

13. **Successors and Assigns:** Each of the obligations of the Permittee pursuant to this Agreement shall run with the Property and shall be binding on each successive owner of the Property and its heirs, administrators, successors, and assigns during the ownership thereof.
14. **Authority to Execute and Bind.** OC San and Permittee each represent and warrant that the person(s) executing this Agreement has full and complete legal authority to do so and thereby binds the party to this Agreement.
15. **Entire Agreement.** Except for those documents referenced or incorporated herein, this Agreement reflects the entire agreement between OC San and Permittee and shall supersede all prior or contemporaneous oral or written understandings, statements, representations or promises between the OC San and Permittee concerning the matters contained herein.
16. **Governing Law.** This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California. Venue for the resolution of any disputes or the enforcement of any rights arising out of or in connection with this Agreement shall be in a court of competent jurisdiction in the County of Orange.
17. **Fees and Costs.** OC San and Permittee shall each bear their own attorneys' fees and costs incurred in connection with negotiating the matters described in this Agreement.
18. **Severability.** In case any part, term, portion or provision of this Agreement is determined to be illegal, invalid or unenforceable, the remaining parts, terms, portions and provisions shall remain valid, enforceable, and in full force and effect.

19. **Amendment to Agreement.** This Agreement may only be amended by a written agreement executed by OC San and Permittee.
20. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.
21. **Recording.** It is understood and agreed that the fully executed Agreement may be recorded in the Recorder's Office for the County of Orange.

[Signatures on the following page.]

IN WITNESS WHEREOF, OC San and Permittee have caused this Agreement to be executed, all on the day and year first written above.

PERMITTEE:

1820 EAST 1ST STREET LLC,
a Delaware limited liability company

Address: As set forth above

By: _____
Name: Anthony Craig Underwood
Title: Authorized Signatory

Date: _____

OC SAN:

ORANGE COUNTY SANITATION DISTRICT

By: _____
Robert C. Thompson, General Manager

Date: _____

ATTEST:

By: _____
Kelly A. Lore, Clerk of the Board

Date: _____

APPROVED AS TO FORM:

By: _____
Scott Smith, General Counsel

Date: _____

(1820 EAST 1ST STREET LLC Encroachment Agreement)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On February ____, 2026, before me, _____, a Notary Public, personally appeared Anthony Craig Underwood, 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 _____

(Seal)

A Notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of the document.

State of California
County of Orange

On February __, 2026, before me, _____, Notary Public, personally appeared Robert C. Thompson 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.

(Seal)

Signature: _____

Date: _____

EXHIBIT A

Legal Description of Permittee's Property

That certain real property located in the City of Santa Ana, County of Orange, State of California, and more particularly described as follows:

Parcel 1:

Lot 2 of Tract No. 24, in the City of Santa Ana, County of Orange, State of California, as shown on a Map recorded in Book 9, Page 23 of Miscellaneous Maps, records of Orange County, California.

Excepting therefrom that portion lying Southwesterly of the Northeasterly line of the land described in a Deed to the State of California, recorded December 22, 1953 in Book 2637, Page 506 of Official records.

Also excepting therefrom, the Northerly 289.0 feet of the Westerly 230.0 feet of said Lot 2.

Parcel 2:

The portion of Lot 4 of Tract No. 24, as shown on a Map recorded in Book 9, Page 23 of Miscellaneous Maps, records of Orange County, California, described as follows:

Beginning at the Northeasterly corner of said Lot 4; thence along the Easterly line thereof, South $0^{\circ} 05' 25''$ West 127.56 feet to a curve, concave Northeasterly and having a radius of 1,920.00 feet; thence Northwesterly along said curve, from a tangent bearing North $48^{\circ} 55' 49''$ West through an angle of $1^{\circ} 37' 24''$ an arc distance of 54.40 feet; thence North $33^{\circ} 41' 49''$ West 108.19 feet to a point in the Northerly line of said Lot 4, distant Westerly thereon 100.73 feet from said Northeasterly corner; thence Easterly along said Northerly line, 100.73 feet to the point of beginning.

Excepting from said Parcel 2, all minerals, oil, gases and other hydrocarbons by whatsoever name known, that may be within or under said Parcel 2, without, however, the right to drill, dig or mine through the surface of said Land therefor, as reserved in the deed Recorded in Book 4015, Page 522 of Official records.

Also excepting from Parcels 1 and 2, that portion described as Parcel 72559-1 in the deed to the State of California recorded January 31, 1994 as Instrument No. 94-0072254 of Official records of said Orange County.

APN: 402-211-08

EXHIBIT B

Installation of walkway, pavement, fencing and shrubbery located on the Easterly boundary of the property.