

TRACT MAP Tract #: TR31633

Parcel: 461-210-007

60. PRIOR TO GRADING PRMT ISSUANCE

60.TRANS. 1 MAP-CREDIT/REIMBURSEMENT 4 IMP (cont.) RECOMMND

Transportation Department and enter into an agreement for fee credit or reimbursement prior to advertising. All work shall be preapproved by and shall comply with the requirements of the Transportation Department and the public contracts code in order to be eligible for fee credit or reimbursement.

To enter into an agreement, please contact our Funding Programs group at (951) 955-1667.

For more information regarding the public work bidding requirements please visit the following link:
http://www.rctlma.org/trans/rbbd_contractbidding.html.

80. PRIOR TO BLDG PRMT ISSUANCE

PLANNING DEPARTMENT

80.PLANNING. 24 MAP - LC LANDSCAPE PLOT PLAN RECOMMND

The land divider/permit holder shall file six (6) sets of a Landscaping and Irrigation Plan to the County Planning Department for review and approval. Said plan shall be submitted to the Department in the form of a plot plan application pursuant to County Ordinance No. 348, Section 18.30.a.(1) (Plot Plans not subject to the California Environmental Quality Act and not subject to review by any governmental agency other than the Planning Department), along with the current fee. The plan shall be in compliance with Section 18.12, Sections 19.300 through 19.304., and the TENTATIVE MAP conditions of approval. The plan shall show all common open space areas and label those open space areas regulated/or conserved by the prevailing MSHCP. The plan shall address all areas and conditions of the tract requiring landscaping and irrigation to be installed including, but not limited to, (slope planting, common area and/or park landscaping, and individual front yard landscaping). Emphasis shall be placed on using plant species that are drought tolerant and low water using.

Landscaping and Irrigation Plot Plans shall be prepared consistent with Ordinance No. 859 (as adopted and any amendments thereto), the Riverside County Guide to California Landscaping, and Ordinance No. 348, Section 18.12 and submitted by a landscape architect licensed by the State of California.

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80. PRIOR TO BLDG PRMT ISSUANCE

80.PLANNING. 24 MAP - LC LANDSCAPE PLOT PLAN (cont.) RECOMMND

Landscaping plans shall incorporate the use of specimen (24" box or greater) canopy trees long streets and within the parking areas. All trees and shrubs shall be drawn to reflect the average specimen size at 15 years of age. All trees shall be double-staked and secured with non-wire ties.

Landscaping plans for areas that are totally within the road right-of-way shall be submitted for review and approval by the Transportation Department. Slope Landscaping plans for slopes exceeding 3 feet in height shall be submitted to the Planning Department for review.

NOTES: The Landscape plot plan may include the requirements of any other minor plot plan required by the subdivision conditions of approval. However, minor plot plan conditions of approval shall be cleared individually.
EOT1

80.PLANNING. 25 MAP - LC LNDSCP PLOT PLAN APPR RECOMMND

When the Landscaping Plot Plan is located within the Valley-Wide Recreation and Park District, Jurupa Community Services District, a County Service Area (CSA) or other special maintenance district then, prior to landscape plan submittal to the Planning Department, the permit holder shall show evidence to the Planning Department that the subject District has approved said plans.
EOT1

80.PLANNING. 26 MAP - LC ENTRY MONUMENT PLT PL RECOMMND

The land divider/permit holder shall file four (4) sets of an Entry Monument and Gate plot plan to the County Planning Department for review and approval. Said plan shall be submitted to the Department in the form of a plot plan application pursuant to County Ordinance No. 348, Section 18.30.a.(1) (Plot Plans not subject to the California Environmental Quality Act and not subject to review by any governmental agency other than the Planning Department), along with the current fee. The plan shall be in compliance with Section 18.12, and the TENTATIVE MAP conditions of approval. Landscaping of entry monuments shall comply with County Ordinance No. 859 and the Riverside County Guide to California Friendly Landscaping.

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80. PRIOR TO BLDG PRMT ISSUANCE

80.PLANNING. 26 MAP - LC ENTRY MONUMENT PLT PL (cont.) RECOMMND

The plot plan shall contain the following elements:

- 1.A color photosimulation of a frontal view of all/the entry monument(s) and gate(s) with landscaping.
- 2.A plot plan of the entry monument(s) and/or gate(s) with landscaping drawn to an engineer's scale. If lighting is planned, the location of lights, their intended direction, and proposed power shall be indicated.
- 3.An irrigation plan for the entry monument(s) and/or gate(s)

Note: The requirements of this plot plan may be incorporated with any minor plot plan required by the conditions of approval for this subdivision. However, this ENTRY MONUMENT and GATES PLAN condition of approval shall be cleared individually.

EOT1

80.PLANNING. 27 MAP - LC PARKNG LNDSCPNG PLAN RECOMMND

Prior to issuance of building permits, six (6) copies of a Shading, Parking, Landscaping, and Irrigation Plan shall be submitted to and approved by the Planning Department. The location, number, genus, species, and container size of plants shall be shown. Plans shall meet all requirements of the Riverside County Guide to California Friendly Landscaping, and Ordinance No. 348, Sections 18.12, and 19.300 through 19.304 and as specified herein, and Ordinance No. 859 (as adopted and any amendments thereto). The irrigation plan shall include a smart controller which is capable of adjusting watering schedule based on soil moisture and/or weather data. In addition, the plan will incorporate the use of in-line check valves, or sprinkler heads containing check valves to prohibit low head drainage.

EOT1

80.PLANNING. 28 MAP - LC LNDSCPNG SECURITIES RECOMMND

Performance securities, in amounts to be determined by the Director of Building and Safety to guarantee the installation of plantings, irrigation system, walls and/or fences, in accordance with the approved plan,

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80. PRIOR TO BLDG PRMT ISSUANCE

80.PLANNING. 28 MAP - LC LNDSCPNG SECURITIES (cont.) RECOMMND

shall be filed with the Department of Building and Safety. Securities may require review by County Counsel and other staff. Permit holder is encouraged to allow adequate time to ensure that securities are in place. The performance security may be released one year after structural final, inspection report, and the One-Year Post Establishment report confirms that the planting and irrigation components have been adequately installed and maintained. A cash security shall be required when the estimated cost is \$2,500.00 or less.

EOT1

80.PLANNING. 29 MAP - LC LNDSCP INSPCTION DEPO RECOMMND

Prior to issuance of building permits, the permit holder shall deposit the prevailing DBF amount to cover the Initial, Six Month and One Year Landscape Inspections. In the event that no Landscape DBF case type is available through the County, then the applicant shall open and deposit sufficient funds into an FEE ONLY case type at the current prevailing, Board adopted, hourly rate. The amount of hours for the Initial, Six Month and One Year Landscape Inspections will be determined by the County Planning Department's Landscape personnel prior to approval of the requisite Minor Plot Plan for Planting and Irrigation. For front yard typicals and models, only deposit funds to Installation Inspection(s).

EOT1

90. PRIOR TO BLDG FINAL INSPECTION

PLANNING DEPARTMENT

90.PLANNING. 13 MAP- ROLL-UP GARAGE DOORS RECOMMND

All residences shall have automatic roll-up garage doors.

90.PLANNING. 14 MAP - LC LNDSCP INSTALL INSPEC RECOMMND

The permit holder's landscape architect responsible for preparing the Landscaping and Irrigation Plans shall arrange for an Installation Inspection with the Planning Department at least fifteen (15) working days prior to final inspection of the structure or issuance of occupancy permit, whichever occurs first. Upon successful completion

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90. PRIOR TO BLDG FINAL INSPECTION

90.PLANNING. 14 MAP - LC LNDSCP INSTALL INSPEC (cont.) RECOMMND

of the Installation Inspection and compliance with the Planning Department's Milestone 80 conditions entitled "MAP-LANDSCAPING SECURITIES and MAP-LNDSCP INSPECTION DEPOS," both the County Planning Department's Landscape Inspector and the permit holder's landscape architect shall execute a Certificate of Completion that shall be submitted to the Planning Department and the Department of Building and Safety.

EOT1

90.PLANNING. 15 MAP - LC COMPLY W/LNDSCP/IRRIG RECOMMND

All required landscape planting and irrigation shall have been installed in accordance with approved Landscaping, Irrigation, and Shading Plans, and the Riverside County Guide to California Landscaping, and Ordinance No. 859 (as adopted and any amendments thereto). All landscape and irrigation components shall be in a condition acceptable to the Planning Department through the implementation of the Department's Milestone 90 condition entitled "MAP - LANDSCAPING/IRRIGATION INSTALLATION INSPECTIONS." The plants shall be healthy and free of weeds, disease or pests. The irrigation system shall be properly constructed and determined to be in good working order.

EOT1

TRANS DEPARTMENT

90.TRANS. 7 MAP - LANDSCAPING EOT1 RECOMMND

Prior to issuance of an occupancy permit, the project proponent shall complete annexation to Landscaping and Lighting Maintenance District NO. 89-1-Consolidated, County Service Area and/or Assessment District as approved by the Transportation Department for continuous landscape maintenance within for continuous landscape maintenance within public road rights-of-way, in accordance with Ordinance 461.

90.TRANS. 8 MAP - GRAFFITI ABATEMENT EOT1 RECOMMND

Prior to issuance of an occupancy permit the project proponent shall complete annexation to Landscaping and Lighting Maintenance District NO. 89-1-Consolidated for graffiti abatement of walls and other permanent structures along County maintained road rights-of-way.

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90. PRIOR TO BLDG FINAL INSPECTION

90.TRANS. 9 MAP - TRAFFIC SIGNAL 2 EOT1 RECOMMND

Prior to issuance of an occupancy permit the project proponent shall complete annexation to Landscaping and Lighting Maintenance District No. 89-1-Consolidated for maintenance of traffic signals within public road rights-of-way for the required traffic signal(s).

90.TRANS. 10 MAP - UTILITY INSTALL EOT1 RECOMMND

Electrical power, telephone, communication, street lighting, and cable television lines shall be placed underground in accordance with Ordinance 460 and 461, or as approved by the Transportation Department. This also applies to existing overhead lines which are 33.6 kilovolts or below along the project frontage and between the nearest poles offsite in each direction of the project site.

A certificate should be obtained from the pertinent utility company and submitted to the Department of Transportation as proof of completion.

90.TRANS. 11 MAP - 80% COMPLETION (EOT1) RECOMMND

Occupancy releases will not be issued to Building and Safety for any lot exceeding 80% of the total recorded residential lots within any map or phase of map prior to completion of the following improvements:

- a) Primary and Alternate (secondary) access roads shall be completed and paved to finish grade according to the limits indicated in the improvement plans and as noted elsewhere in these conditions.
- b) Interior roads shall be completed and paved to finish grade according to the limits indicated in the improvement plans and as noted elsewhere in these conditions. All curbs, gutters, sidewalks and driveway approaches shall be installed. The final lift of Asphalt Concrete on interior streets shall be placed prior to the release of the final 20% of homes or the production models or at any time when construction of new homes within the development has stopped. The developer shall be required to cap pave in front of occupied homes up to the nearest capped street within the tract boundary. The subdivision will remain responsible

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90. PRIOR TO BLDG FINAL INSPECTION

90.TRANS. 11

MAP - 80% COMPLETION (EOT1) (cont.)

RECOMMND

for the maintenance of these facilities until all improvements within the tract boundary shall be completed and accepted into the County maintained system.

- c) Storm drains and flood control facilities shall be completed according to the improvement plans and as noted elsewhere in these conditions. Written confirmation of acceptance for use by the Flood Control District, if applicable, is required.
- d) Water system, including fire hydrants, shall be installed and operational, according to the improvement plans and as noted elsewhere in these conditions. All water valves shall be raised to pavement finished grade. Written confirmation of acceptance from water purveyor is required.
- e) Sewer system shall be installed and operational, according to the improvement plans and as noted elsewhere in these conditions. All sewer manholes shall be raised to pavement finished grade. Written confirmation of acceptance from sewer purveyor is required.
- f) Landscaping and irrigation, water and electrical systems shall be installed and operational in accordance with County Ordinance 461.

LAND DEVELOPMENT COMMITTEE
INITIAL CASE TRANSMITTAL
RIVERSIDE COUNTY PLANNING DEPARTMENT - RIVERSIDE
P.O. Box 1409
Riverside, CA 92502-1409

DATE: April 2, 2009

TO:

Transportation Dept.
Environmental Health Dept.
Flood Control District
Fire Department
Dept. of Bldg. & Safety (Grading)

Regional Parks & Open Space District
Co. Geologist
Environmental Programs Dept.
P.D. Trails Coordinator – J. Jolliffe
P.D. Landscaping Section - Kristi Lovelady

FIRST EXTENSION OF TIME REQUEST FOR TENTATIVE TRACT MAP 31633 - Applicant: Albert A. Webb Associates - Third Supervisorial District – Winchester Zoning Area - Harvest Valley/Winchester Area Plan: Community Development: Medium Density Residential (MDR) (2-5 Dwelling Units Per Acre) and Open Space: Conservation (OS-C) - Location: Southerly of Patton Avenue, westerly of Rice Road, easterly of Beeler Road. – 94.24 Acres - Zoning: Specific Plan (S-P 293) - APPROVED PROJECT DESCRIPTION: Subdivision of 94.24 acres into 136 single family residential lots and 9 open space lots and one (1) remainder parcel with a minimum lot size 6000 square feet. - **REQUEST** EXTENSION OF TIME TO MARCH 29, 2009 - FIRST EXTENSION.

Please review the attached information, together with your existing records for the above-described project. This extension request is being placed on the **April 2, 2009 LDC Comment Agenda** in order to establish a deadline for review and comment. All County Agencies and Departments are to have completed their review prior to the above referenced LDC Comment date. Failure to complete the review and/or provide comments within the indicated time frame will result in a presumption that the affected Agency/Department has no comment, and the extension request will be moved forward to the Planning Commission based on that presumption.

If, it is determined necessary, that in order to maintain conformance with the County General Plan, and/or ensure that the project does not adversely affect the general health, safety and welfare of the public, each LDC Agency or Department may prepare recommended conditions of approval and place them in the County's Land Management System for the affected project.

LDC MEMBERS ARE ENCOURAGED TO DIFFERENTIATE THOSE CONDITIONS ADDED AS PART OF THE EXTENSION BY ADDING A REFERENCE IN THE CONDITION TITLE AND/OR BODY OF THE CONDITION (ie. "EOT 1, EOT 2)

Each LDC Agency or Department who does so must then provide documentation to the Planning Department justifying the application of said conditions. Any such conditions, and their justification, will be presented to the Advisory Agency for their consideration as part of their action relative to the extension of time request.

If any LDC Agency or Department finds that the project, as approved, cannot be found to be in conformance with the General Plan and/or finds the project adversely affects the general health, safety and welfare of the public without the processing and approval of a Minor Change or Revised Map to the Approved Map, said Agency or Department must provide to the Planning such a recommendation and provide details as to what issues such an application must address.

Should you have any questions regarding this item, please do not hesitate to contact Chantell Griffin, Planning Commission Secretary, at (951) 955-3251 or email at cgriffin@RTLMA.org / **MAILSTOP# 1070**.

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10. GENERAL CONDITIONS

TRANS DEPARTMENT

10.TRANS. 11

MAP-CREDIT/REIMBURSEMENT 4 IMP

RECOMMND

In order to receive any fee credit or reimbursement for improvements, the project proponent shall contact the Transportation Department and enter into an agreement for fee credit or reimbursement prior to advertising. All work shall be preapproved by and shall comply with the requirements of the Transportation Department and the public contracts code in order to be eligible for fee credit or reimbursement.

To enter into an agreement, please contact our Funding Programs group at (951) 955-1667.

For more information regarding the public work bidding requirements please visit the following link:
http://www.rctlma.org/trans/rbbd_contractbidding.html.

10.TRANS. 12

MAP- TUMF CREDIT AGREEMENT

RECOMMND

If the applicant/developer is constructing a "TUMF" facility as a condition of approval for this project and will be seeking "TUMF" credits and/or reimbursements for the "TUMF" improvements built with this project, the applicant shall enter into a "TUMF Improvement and Credit Agreement" with the Transportation Department prior to the first building permit issuance as directed by the Director of Transportation. Please contact (951) 955-6800 for additional information.

50. PRIOR TO MAP RECORDATION

TRANS DEPARTMENT

50.TRANS. 35

MAP - TUMF CREDIT AGREEMENT

RECOMMND

If the applicant/developer is constructing a "TUMF" facility as a condition of approval for this project and will be seeking "TUMF" credits and/or reimbursements for the "TUMF" improvements built with this project, the applicant shall enter into a "TUMF Improvement and Credit Agreement" with the Transportation Department prior to the first building permit issuance as directed by the Director of Transportation. Please contact (951) 955-6800 for additional information.

10/05/10
17:18

Riverside County LMS
CONDITIONS OF APPROVAL

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60. PRIOR TO GRADING PRMT ISSUANCE

TRANS DEPARTMENT

60.TRANS. 1

MAP-CREDIT/REIMBURSEMENT 4 IMP

RECOMMND

In order to receive any fee credit or reimbursement for improvements, the project proponent shall contact the Transportation Department and enter into an agreement for fee credit or reimbursement prior to advertising. All work shall be preapproved by and shall comply with the requirements of the Transportation Department and the public contracts code in order to be eligible for fee credit or reimbursement.

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Update 1



First American Title Insurance Company

**9130 Anaheim Pl., Suite 230
Rancho Cucamonga, CA 91730**

Jim Lytle
Rancon Group
40355 Murrieta Hot Springs Road
Murrieta, CA 92563
Phone:
Fax:

Customer Reference: (SF 150) TTR 31633

Order Number: NHRV-2599468 (tc)

Title Officer: Terrell Crutchfield
Phone: (909)477-5675
Fax No.: (866)558-2872
E-Mail: tcrutchfield@firstam.com

Buyer:
Owner: SF 150
Property: Vacant Land
Riverside, CA

PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of February 28, 2008 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

To Be Determined

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

SF 150 LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A fee.

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. General and special taxes and assessments for the fiscal year 2008-2009, a lien not yet due or payable.

(Pursuant to Government Code 66493 of the State of California the Subdivision Map Act requires that during the period from January 1 through October 1 when real property taxes are an assessed lien not yet due and payable that a tax bond be filed with the clerk of the board of supervisors to secure payment of said taxes. A tax bond estimate should be requested from this office at least two months prior to the date scheduled for recordation of the map.)

2. General and special taxes and assessments for the fiscal year 2007-2008.

First Installment: \$22,543.30, PAID W/PEN

Penalty: \$2,254.33

Second Installment: \$22,543.30, DUE

Penalty: \$0.00

Tax Rate Area: 071-290

A. P. No.: 461-210-020-6

3. General and special taxes and assessments for the fiscal year 2007-2008.
First Installment: \$20,138.15, PAID
Penalty: \$0.00
Second Installment: \$20,138.15, DUE
Penalty: \$0.00
Tax Rate Area: 071-290
A. P. No.: 461-200-040-3

4. Supplemental taxes for the year 2006-2007 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
First Installment: \$871.73, PAID
Penalty: \$0.00
Second Installment: \$871.73, DUE
Penalty: \$0.00
Tax Rate Area: 071-290
A. P. No.: 052-611-730-3

5. The lien of special tax assessed pursuant to Chapter 2.5 commencing with Section 53311 of the California Government Code for Community Facilities District No. CFD 03-1 Newport Road, as disclosed by Notice of Special Tax Lien recorded September 11, 2003 as Instrument No. 2003-0703258 of Official Records.

Amounts due thereunder are paid with county taxes.

6. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

7. Assessments, if any, of the Eastern Municipal Water Irrigation District.

Amounts due thereunder are paid with county taxes.

8. Rights of the public in and to that portion of the land lying within public roads.

9. An easement for both pole lines, conduits or underground facilities and incidental purposes, recorded October 23, 1964 as Instrument No. 129012 of Official Records.
In Favor of: Southern California Edison Company, a corporation and
California Water and Telephone Company, a corporation
Affects: Said land

10. An easement for both pole lines, conduits or underground facilities and incidental purposes, recorded January 8, 1965 as Instrument No. 2482 of Official Records.
In Favor of: Southern California Edison Company, a corporation and
California Water and Telephone Company, a corporation
Affects: Said land

11. Any facts, rights, interests or claims that may exist or arise by reason of matters, if any, disclosed by that certain Record of Survey filed in Book 70, Pages 26 through 33.

12. An easement for overhead and underground electrical supply systems and communication systems and incidental purposes, recorded April 11, 1984 as Instrument No. 74406 of Official Records.
In Favor of: Southern California Edison Company
Affects: The South 10.00 feet of the North 20.00 feet of the Northwest quarter of the Southeast quarter of Section 33
 13. An easement for slope, over, under, including, but not limited to, maintenance, construction, operation, reconstruction, including ingress and egress and incidental purposes, recorded December 23, 2003 as Instrument No. 2003-998479 of Official Records.
In Favor of: The County of Riverside, a political subdivision
Affects: Said land
 14. An easement for drainage, over, under, including, but not limited to, maintenance, construction, operation, reconstruction, including ingress and egress and incidental purposes, recorded December 23, 2003 as Instrument No. 2003-998480 of Official Records.
In Favor of: The County of Riverside, a political subdivision
Affects: Said land
 15. An easement for sewer and incidental purposes, recorded October 11, 2005 as Instrument No. 2005-838203 of Official Records.
In Favor of: Eastern Municipal Water District, a municipal water district
Affects: Said land
 16. An easement for road, drainage, public utilities and incidental purposes, recorded December 20, 2005 as Instrument No. 2005-1046517 of Official Records.
In Favor of: County of Riverside
Affects: A portion of the land
- At the date of recording of the document, the parties thereto had no record interest in the land.
17. An easement for public utilities and incidental purposes, recorded July 7, 2006 as Instrument No. 06-498647 of Official Records.
In Favor of: Eastern Municipal Water District
Affects: Said land
 18. A deed of trust to secure an original indebtedness of \$3,382,846.00 recorded October 25, 2006 as Instrument No. 2006-0785011 of Official Records.
Dated: October 1, 2006
Trustor: SF 150, LLC, a California limited liability company
Trustee: First American Title Insurance Company, a California corporation
Beneficiary: KB Home Coastal Inc., a California corporation

19. An easement for public roads and drainage, including public utility and public services and incidental purposes, recorded December 7, 2006 as Instrument No. 06-897391 of Official Records.
In Favor of: County of Riverside
Affects: said land
20. An easement for public roads and drainage, including public utility and public services and incidental purposes, recorded February 1, 2007 as Instrument No. 07-76209 of Official Records.
In Favor of: County of Riverside
Affects: said land

Prior to the issuance of any policy of title insurance, the Company will require:

21. With respect to SF 150 LLC, a limited liability company:
- a. A copy of its operating agreement and any amendments thereto;
 - b. If it is a California limited liability company, that a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) be recorded in the public records;
 - c. If it is a foreign limited liability company, that a certified copy of its application for registration (LLC-5) be recorded in the public records;
 - d. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, that such document or instrument be executed in accordance with one of the following, as appropriate:
 - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such document must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
 - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
 - e. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.
22. This report is preparatory to the issuance of a subdivision guarantee and is intended solely for the use of those parties directly involved in the preparation and checking of said map.
- Note: Prior to issuing a subdivision guarantee, we require that a copy of the final map be provided to our office for review at least one month prior to scheduled approval by the governing body.
23. Pursuant to Government Code 66492 of the State of California the Subdivision Map Act requires that all real property taxes due and payable must be paid in full prior to processing said map through government agencies. Please contact this office for specific assessors parcel numbers and amounts to be paid.

INFORMATIONAL NOTES

Note: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the certain dollar amount set forth in any applicable arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. If you desire to review the terms of the policy, including any arbitration clause that may be included, contact the office that issued this Commitment or Report to obtain a sample of the policy jacket for the policy that is to be issued in connection with your transaction.

Order Number: NHRV-2599468 (tc)

Page Number: 7

WIRE INSTRUCTIONS

for

**First American Title Company, Sub-Escrow Deposits
Riverside County, California**

First American Trust, FSB

5 First American Way
Santa Ana, CA 92707

ABA 122241255

**Credit to First American Title Company Special Trust Account
Account No. 2000018012**

Reference Title Order Number 2599468, and Title Officer Terrell Crutchfield

Please wire the day before recording. Also, notify the Title Officer of your intent to wire.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Riverside, State of California, described as follows:

TENTATIVE TRACT NO. 31633 BEING A SUBDIVISION OF THE FOLLOWING:

PARCEL 4 AS SHOWN ON EXHIBIT B OF LOT LINE ADJUSTMENT NO. 4921 RECORDED AUGUST 15, 2006 AS INSTRUMENT NO. 2006-0600432 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 461-200-040-3 and 461-210-020-6

NOTICE

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

EXHIBIT A
LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)

1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
SCHEDULE B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notice of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by their policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

2. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970
SCHEDULE OF EXCLUSIONS FROM COVERAGE

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions of area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or

created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

**3. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 2 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

Part One

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

**4. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant, (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder, (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy).
4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

**5. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association Lenders Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 4 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

Part One

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy; (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**7. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**9. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**10. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL
TITLE INSURANCE POLICY - 1987
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

* land use	* land division
* improvements on the land	* environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
 - * a notice of exercising the right appears in the public records on the Policy Date
 - * the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
 - * that are created, allowed, or agreed to by you
 - * that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - * that result in no loss to you
 - * that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - * to any land outside the area specifically described and referred to in Item 3 of Schedule A, or
 - * in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

11. EAGLE PROTECTION OWNER'S POLICY

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998 ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998

Covered Risks 14 (Subdivision Law Violation), 15 (Building Permit), 16 (Zoning) and 18 (Encroachment of boundary walls or fences) are subject to Deductible Amounts and Maximum Dollar Limits of Liability

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:

a. building	b. zoning
c. land use	d. improvements on the land
e. land division	f. environmental protection

This exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.
This exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.This exclusion does not limit the coverage described in Covered Risk 11 or 18.

12. SECOND GENERATION EAGLE LOAN POLICY AMERICAN LAND TITLE ASSOCIATION EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or area of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion

- does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
 3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
 - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
 5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
 6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8 (e) and 26.
 7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
 8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification.
 This exclusion does not limit the coverage provided in Covered Risk 8.
 9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. The following existing statutes, reference to which are made part of the ALTA 8.1 Environmental Protection Lien Endorsement incorporated into this Policy following item 28 of Covered Risks: NONE.

13. SECOND GENERATION EAGLE LOAN POLICY AMERICAN LAND TITLE ASSOCIATION EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01) WITH REGIONAL EXCEPTIONS

When the American Land Title Association loan policy with EAGLE Protection Added is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 12 above are used and the following exceptions to coverage appear in the policy.

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

Part Two:

PRIVACY POLICY

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information – particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

OPERATING AGREEMENT
for
SF 150 LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

THIS OPERATING AGREEMENT is made as of this 1st day of June, 2003, by and between DLB & Associates, LLC ("DLB") and Charles W. Chimento, Jr. ("Chimento"), and Daniel L. Stephenson, Trustee of The Daniel L. Stephenson Family Trust UDT 12/10/87 ("Stephenson"), Members, and Derek L. Brown, Manager, with reference to the following:

RECITALS

A. On January 2, 2003, Articles of Organization for SF 150 LLC, a limited liability company under the laws of the State of California (the "Company"), were filed with the California Secretary of State (the "Effective Date"). A copy of the Articles and Amendments thereto are attached as Exhibit A.

B. The parties desire to adopt and approve an operating agreement for the Company.

AGREEMENT

NOW, THEREFORE, the parties (hereinafter sometimes collectively referred to as the "Members", or individually as a "Member") by this Agreement set forth the Operating Agreement for the Company under the laws of the State of California upon the terms and subject to the conditions of this Agreement:

ARTICLE 1
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings set forth below:

- 1.1 "Act" shall mean the Beverly-Killea Limited Liability Company Act, codified in the California Corporations Code, Section 17000, et seq., as the same may be amended from time to time.
- 1.2 "Additional Capital Contributions" shall mean the additional capital contributed by a Member pursuant to Section 3.3 of this Agreement.
- 1.3 "Agreement" shall mean this Operating Agreement, as originally executed and as amended from time to time.
- 1.4 "Articles" shall mean the Articles of Organization for the Company originally filed with the California Secretary of State and as amended from time to time.

- 1.5 "Bankruptcy" shall mean, with respect to a Member being the subject of an order for relief under Title 11 of the United States Code, or any successor statute or other statute in any foreign jurisdiction having like import or effect.
- 1.6 "Capital Contribution" shall mean, for each Member, the sum of such Member's Initial Capital Contribution and Additional Capital Contribution(s), if any, as increased or decreased pursuant to Article 3 of this Agreement.
- 1.7 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, the provisions of law, and to the extent applicable, the Regulations.
- 1.8 "Company" shall mean SF 150 LLC, a California limited liability company.
- 1.9 "Corporations Code" shall mean the California Corporations Code, as amended from time to time, and the provisions of law.
- 1.10 "Dissolution Event" shall mean, with respect to any Member, one or more of the following: the death, insanity, withdrawal, expulsion, Bankruptcy, or dissolution of such Member.
- 1.11 "Distributable Cash" shall mean the amount of cash which the Manager deems available for distribution to the Members, taking into account all Company debts, liabilities, and obligations then due and amounts which the Manager deems necessary to place into reserves for customary and usual claims with respect to the Company's business.
- 1.12 "Fiscal Year" shall mean the Company's fiscal year, which shall be the calendar year.
- 1.13 "Initial Capital Contribution" shall mean, for each Member, the amount set forth in Exhibit "B" hereto for each Member's initial capital account balance.
- 1.14 "Majority Interest" shall mean one or more Percentage Interests of Members which, taken together, exceed fifty percent (50%) of the aggregate of all Percentage Interests.
- 1.15 "Manager" shall mean one or more Managers. Specifically, "Manager" shall mean Derek L. Brown or any other person(s) that supercede him in that capacity.
- 1.16 "Member" shall mean each Person who (a) is an initial signatory to this Agreement, has been admitted to the Company as a Member in accordance with the Articles of this Agreement, or is an assignee or transferee who has become a Member in accordance with Article 4, and (b) has not withdrawn, been expelled, or, if other than an individual, dissolved.
- 1.17 "Membership Interest" shall mean a Member's entire interest in the Company including, but not limited to, the right to vote on or participate in the management and the right to receive information concerning the business and affairs of the Company.

- 1.18 "Net Profits" and "Net Losses" shall mean the taxable income or loss, as the case may be, for a period (or from a transaction) as determined in accordance with Code Section 703(a). (For this purpose, all items of income, gain, loss, or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included in taxable income or loss.)
- 1.19 "Percentage Interest" shall mean the percentage of a Member set forth opposite the name of such Member under the column "Member's Percentage Interest" in Exhibit B hereto, as such percentage may be adjusted from time to time pursuant to Article 7 and Section 3.4 of this Agreement.
- 1.20 "Person" shall mean an individual, general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust, association, or any other entity.
- 1.21 "Property" shall have the meaning set forth in Section 2.6 herein.
- 1.22 "Regulations" shall mean, unless the context clearly indicates otherwise, the regulations currently in force as final or temporary that have been issued by the U.S. Department of Treasury pursuant to its authority under the Code.
- 1.23 "Tax Matters Partner" shall be Derek L. Brown or his successor as designated pursuant to Section 9.6.
- 1.24 "Transfer" shall have the meaning set forth in Section 7.1 herein.
- 1.25 "Transferred Percentage" shall have the meaning set forth in Section 7.1 herein.

ARTICLE 2 ORGANIZATIONAL MATTERS

- 2.1 Formation. Pursuant to the Act, the Members have formed a California limited liability company under the laws of the State of California by filing the Articles with the California Secretary of State and entering into this Agreement. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.
- 2.2 Name. The name of the Company shall be "SF 150 LLC." The business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that Members holding a Majority Interest deem appropriate or advisable. The Manager shall file any fictitious name certificates and similar filings, and any amendments thereto, that are required by applicable laws.

- 2.3 Term. The Company shall commence on the Effective Date and shall continue until December 31, 2022, unless extended or sooner terminated as hereinafter provided.
- 2.4 Office and Agent. The principal business office of the Company shall be 27740 Jefferson Avenue, Suite 200, Temecula, California, 92590. The registered agent shall be as stated in the Articles.
- 2.5 Addresses of the Members. The respective addresses of the Members are set forth on Exhibit "B" hereto.
- 2.6 Purpose of Company. The purpose of the Company is organized for the single purpose to purchase, hold for investment, and sell certain real property, consistent with the actions that normally would be taken by a prudent investor. The Real Property consists of approximately 150 acres in Winchester Valley located in the County of Riverside, California, and more particularly described in Exhibit "C" hereto (the "Property").
- 2.7 Escrow. The Property is currently owned by a third party, Sylvester Feichtinger, Trustee of the Sylvester Feichtinger & Maria Feichtinger Living Trust, dated March 28, 1984 ("Feichtinger"). The Company has entered into Escrow with First American Title Company, Escrow Number 31-999-TC, (the "Escrow") to purchase the Property from Feichtinger for the purchase price of Five Million Dollars (\$5,000,000), payable with a down payment of Five Hundred Thousand Dollars (\$500,000) (the "Down Payment"), and the balance of the purchase price of Four Million Five Hundred Thousand Dollars (\$4,500,000) payable to Feichtinger by the Company pursuant to a promissory note payable at six and three-quarters percent (6.34%) interest for a maximum of seven (7) years, secured by a first trust deed against the Property (the "Feichtinger Note"). Escrow is currently scheduled to close on or about July 9, 2003.
- 2.8 Finder's Fee. Upon close of Escrow, a Finder's Fee of Seventy-Five Thousand Dollars (\$75,000) shall be paid to Rancon Real Estate Corporation ("Rancon") for acting as a finder. The Finder's Fee will be paid through Escrow, payable Thirty-Seven Thousand Five Hundred Dollars (\$37,500) by DLB, and Thirty-Seven Thousand Five Hundred Dollars (\$37,500) by Chimento. No part of the Finder's Fee shall be paid by Stephenson or the Company. The Capital Accounts of DLB and Chimento shall not be increased by their payment of the Finder's Fee. The Members also acknowledge that Stephenson is the shareholder of Rancon, and as such will partially benefit from the payment of the Finder's Fee to Rancon, as will Rancon sales agent, Jim Lytle.

ARTICLE 3
CAPITAL CONTRIBUTIONS AND OBLIGATIONS

3.1 Initial Capital Contributions.

3.1.1 As soon as reasonably practical after the execution of this Agreement, but in any event no later than seven (7) days prior to scheduled close of the Escrow, the Members shall make the following Initial Capital Contributions, payable directly to the Company:

Stephenson, One Hundred Twenty-Five Thousand Dollars (\$125,000) in cash;

DLB, One Hundred Eighty-Seven Thousand Five Hundred Dollars (\$187,500) in cash;

Chimento, One Hundred Eighty-Seven Thousand Five Hundred Dollars (\$187,500) in cash.

3.1.2 Reserved.

3.1.3 The Manager shall cause the total Initial Capital Contributions of Five Hundred Thousand Dollars (\$500,000) to be deposited into Escrow in sufficient time to close escrow.

3.1.4 The Members' Initial Capital Contributions are reflected in the character and amounts set forth in Exhibit B, which also states the Members' Initial Membership Interests. The Company shall keep accurate books and records of each Member's Initial Capital Contribution and each Member's then current Capital Account. One hundred percent (100%) of the Initial Capital of the Company shall consist of the capital contributions set forth for each Member as shown in Exhibit B.

3.2 Additional Capital Contributions. In addition to their Initial Capital Contributions, the Members shall each respectively make the following Additional Capital Contributions, payable 25% by the Stephenson Trust and 37.5% by DLB, and 37.5% by Chimento. These Additional Capital Contributions shall be whatever cash sums are necessary for the purpose of paying all principal and interest payments of the Feichtinger Note, and all necessary expenses for property taxes, assessments, legal, accounting and administration expenses, mapping engineering expenses, and providing entitlements for the Property. There shall be no requirement of contributing additional capital for the purpose of grading or construction purposes. Except as set forth herein, no Member shall be required to make any Additional Capital Contributions unless there is prior written consent of a majority of the Members.

3.3 Failure to Make Additional Capital Contributions. If a Member fails for thirty (30) days to

make an Additional Capital Contribution required under Section 3.2 ("Defaulting Member"):

3.3.1 The Defaulting Member shall indemnify and hold the Company and the other Members harmless from any loss, cost, or expense, including reasonable attorney fees caused by the failure to make the Additional Capital Contribution. Such Additional Capital Contributions that are not made by a Defaulting Member are referred to as "Additional Capital Shortfall." A Member who makes the respective required Additional Capital Contributions ("Nondefaulting Member") shall have the right, but not the obligation, to advance an amount bearing the same ratio to the total amount of the Additional Capital Shortfall as a Nondefaulting Member's Capital Account bears to the total Capital Accounts of all Nondefaulting Members. A Member advancing an Additional Capital Contribution for a Defaulting Member under this Section 3.3.1 shall: (1) be paid interest by the Defaulting Member on the amount of such advance at an annual rate, from the date of the advance until paid, equal to the rate of twelve percent (12%); and (2) receive all distributions that the Defaulting Member would otherwise be entitled to receive under the provisions of this Agreement as though the advances by the Nondefaulting Member were Capital Contributions made by such Nondefaulting Member, which distributions shall be applied first to attorneys' fees, costs, and expenses, if any; then to accrued and unpaid interest; and, finally, in reduction of the principal amount of such advance. The Defaulting Member grants any Nondefaulting Members who make advances to the Company in accordance with this Subsection 3.3.1 a security interest in the Defaulting Member's Membership Interest to secure the Defaulting Member's obligations under this Subsection 3.3.1. The Defaulting Member shall, within five (5) days of written notice, execute any documents or instruments reasonably necessary to enable Nondefaulting Members who make advances hereunder to perfect the foregoing security interests. Each Member irrevocably appoints each other Member, and any one of them acting alone, as his, her, or its attorney-in-fact for the limited purpose of executing, on behalf of such Member, if such Member becomes a Defaulting Member, any of the foregoing documents or instruments.

3.3.2 If the Defaulting Member fails to pay all sums due and owing to any Members who make advances under Subsection 3.3.1, for a period of one hundred eighty (180) days after such advance, each Member who has made advances under Subsection 3.3.1 may foreclose upon any security interest granted pursuant to this Section 3.3 by causing the principal amount of such advance to be transferred from the Defaulting Member's Capital Account and added to the Capital Account of the Member who has made such advances, with a corresponding adjustment in that Member's and the Defaulting Member's Percentage Interests. Accrued and unpaid interest and other amounts owed to Members who have made advances hereunder (the Non-Capital Costs) shall also be paid out of the Defaulting Member's Capital Account, and if the Capital Account is not sufficient to fully pay Non-Capital Costs, the available balance shall be shared pro rata in accordance with the amounts of the Nondefaulting Members' respective advances. The Defaulting Member's Percentage Interest shall be further adjusted (but not below zero) following application to Non-Capital Costs. All Members hereby agree that the foregoing constitutes and will constitute a

disposition of collateral in a commercially reasonable manner within the meaning of California Commercial Code section 9610. Reduction of a Defaulting Member's Capital Account to satisfy such member's repayment obligations under this Subsection 3.3.2 shall be deemed a return of capital to that Member to the extent of such reduction.

- 3.3.3 In addition to the remedies set forth in Section 3.3.2 and elsewhere in this Agreement, if the Defaulting Member fails to pay all sums due and owing to any Members who make advances under Subsection 3.3.1, for a period of one hundred and eighty (180) days after such advance, each Member who has made advances under Subsection 3.3.1 shall be entitled to purchase the Membership Interest of the Defaulting Member pursuant to the terms of Section 7.6 for the lesser of (a) the Option Purchase Price as determined under Section 7.8, or (b) the amount of the Defaulting Member's then current Capital Account.
- 3.3.4 On the occurrence of, and for the duration of, a Default by any Member, the Defaulting Member shall not have any right to vote the Defaulting Member's Membership Interest or otherwise participate in the management or control of the business and affairs of the Company and any and all provisions of this Agreement with respect to management and control shall be determined without including the Membership Interest of the Defaulting Member. The foregoing provisions shall be in addition to the Company's remedies under Corporations Code section 17201(a)(2). On satisfaction of a Defaulting Member's obligations (whether by enforcement of a remedy or otherwise) under Subsection 3.3.2, that Member shall be restored to full membership status to the extent of any remaining Percentage Interest.

ARTICLE 4 MEMBERS

- 4.1 Limited Liability. Except as required under the Act or as expressly set forth in this Agreement, no Member shall be personally liable for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise.
- 4.2 Admission of Additional Members. No additional Members shall be admitted to the Company unless approved in writing by all of the Members.
- 4.3 Withdrawals or Resignations. No Member may withdraw or resign from the Company without the written consent of the other Members.
- 4.4 Transaction With The Company. Subject to any limitations set forth in this Agreement and after full disclosure of the Member's involvement, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member has the same rights and obligations with respect thereto as a Person who is not a Member.

- 4.5 Remuneration To Members. Except as otherwise authorized in, or pursuant to, this Agreement, no Member is entitled to remuneration for acting in the Company business.
- 4.6 Members Are Not Agents. Pursuant to Section 5.1 and the Articles, the management of the Company is vested in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company, nor can any Member in such capacity bind, or execute any instrument on behalf of, the Company.
- 4.7 Voting Rights. Except as expressly modified in this Agreement or the Articles, Members shall have the voting, approval and consent rights provided in the Act.
- 4.8 Meetings of the Members. No annual or regular meetings of Members are required.

ARTICLE 5 MANAGEMENT AND CONTROL OF THE COMPANY

- 5.1 Management of the Company by Manager.
- 5.1.1 Exclusive Management by Manager. Subject to the provisions of the Articles and this Agreement relating to actions required to be approved by the Members, the business and affairs of the Company shall be managed and all powers of the Company shall be exercised by or under the direction of the Manager.
- 5.1.2 Agency Authority of Manager. Subject to Section 5.3.2, the Manager is authorized to (a) endorse checks, drafts and other evidence of indebtedness made payable to the order of the Company, but only for the purpose of deposit into the Company's accounts, (b) sign all checks, drafts and other instruments obligating the Company or the Partnership to pay money, and (c) sign contracts and obligations on behalf of the Company, including without limitation construction and development agreements, loan documents, purchase and sale agreements, brokers' agreements, listing agreements and such other documents, instruments and agreements as are necessary to develop and sell the Property in furtherance of the interests and objectives of the Company.
- 5.1.3 Manager's Right to Delegate. Notwithstanding anything else in this Agreement to the contrary, including, but not limited to, Sections 5.1.1, 5.1.2, 5.3 and 5.4, it is anticipated and agreed that the Manager shall be entitled to delegate most of the day-to-day activities and decisions on behalf of the Company to Daniel L. Stephenson, in which event Daniel L. Stephenson shall have the same protections and limitations of liability as provided the Manager and set forth in Section 5.8.

5.2 Election of Manager.

5.2.1 Number, Term, and Qualifications. DEREK L. BROWN shall be Manager of the Company. Unless he resigns or is removed, the Manager shall hold office until a successor shall have been elected and qualified. The Manager shall be elected by the affirmative vote or written consent of Members holding a Majority Interest. The Manager shall be a Member, or in the event the Member is a trust, the Manager may be the trustee of the trust. The Manager need not be an individual, a resident of the State of California, or a citizen of the United States.

5.2.2 Resignation. The Manager may resign at any time by giving written notice to the Members without prejudice to the rights, if any, of the Company under any contract executed by the Manager. The resignation of the Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of a Manager shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.2.3 Removal. The Manager may be removed at any time, with or without cause, by the affirmative vote of Members holding a Majority Interest at a meeting called expressly for that purpose, or by the written consent of the Members holding a Majority Interest. Any such removal shall not affect the Manager's rights as a Member or constitute a withdrawal of a Member.

5.3 Powers of Manager.

5.3.1 Powers of Manager. Without limiting the generality of Section 5.1 of this Agreement, but subject to Section 5.3.2 and to the express limitations set forth elsewhere in this Agreement, the Manager shall have all necessary powers to manage and carry out the purposes, business, property, and affairs of the Company, including without limitation the power to exercise on behalf and in the name of the Company all of the powers described in Corporations Code Section 17003.

5.3.2 Limitations on Power of Manager. Notwithstanding any other provisions of this Agreement, the Manager shall not have authority hereunder to cause the Company to engage in the following transactions without first obtaining the affirmative vote or written consent of all of the Members:

5.3.2.1 The purchase, sale, exchange, encumbrance, or other disposition of all or any portion of the Property;

5.3.2.2 The merger of the Company with another limited liability company, corporation, partnership or other Person;

- 5.3.2.3 The establishment of different classes of Members;
 - 5.3.2.4 Any act which would make it impossible to carry on the ordinary business of the Company;
 - 5.3.2.5 The confession of a judgment, or initiation or settlement of any legal action by or against the Company;
 - 5.3.2.6 Any other transaction described in this Agreement as requiring the vote, consent, or approval of all of the Members;
 - 5.3.2.7 The execution of any documents incurring debt by the Company; and
 - 5.3.2.8 The execution of any real estate brokerage listing agreement.
- 5.4 Members Have No Managerial Authority. The Members shall have no power to participate in the management of the Company, except as expressly authorized by this Agreement or the Articles and except as expressly required by the Act. Unless expressly and duly authorized in writing to do so by Members holding a Majority Interest, no Member shall have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, or to render it liable for any purpose.
- 5.5 Performance of Duties; Liability of Manager. The Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of knowing and intentional breach of Manager's fiduciary duties to the Company, fraud, deceit, gross negligence, reckless or intentional misconduct, knowing and intentional breach of this Agreement, or a knowing violation of law by the Manager. The Manager shall perform his managerial duties in good faith, in a manner he reasonably believes to be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
- 5.6 Devotion of Time. The Manager is not obligated to devote all of his time or business efforts to the affairs of the Company. The Manager shall devote whatever time, effort, and skill as he deems appropriate for the operation of the Company.
- 5.7 Competing Activities.
- 5.7.1 The Members and their affiliates may engage or invest in, independently or with others, any business activity of any type or description including without limitation those that might be the same as or similar to the Company business and that might be in direct or indirect competition with the Company or the Partnership. . It is specifically acknowledged that both Members already own significant interests in other real property located in the immediate vicinity of the Company's Property, all of which will directly compete against the Company.

Neither the Company nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom. No Member shall be obligated to present any investment opportunity or prospective economic advantage to the Company or the other Members, even if the opportunity is of the character that, if presented to the Company or the other Members, could be taken by the Company or the other Members. The Member shall have the right to hold any investment opportunity or prospective economic advantage for its own account or to recommend such opportunity to Persons other than the Company or the other Members.

- 5.7.2. The Members acknowledge the Stephenson is an owner, Member, and Manager of hundreds of acres of properties and similar Limited Liability Companies that own properties adjacent to the Property and elsewhere in the Winchester Valley and Riverside County, and Stephenson reserves the right to purchase and sell all such properties in his sole discretion, and to acquire and sell additional similar properties in the future. All of these properties and companies compete directly or indirectly with the Company. One of these competing companies is Rancon Winchester Valley 155, of which it is acknowledged that DLB and Chimento may be entitled, but not required to, become Members.
- 5.8. Limited Liability. The Manager of the Company shall not be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being the Manager of the Company.

ARTICLE 6 ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

- 6.1. Allocations of Net Profit and Net Loss. Net Profit and Net Loss shall be allocated to the Members in proportion to their Percentage Interests.
- 6.2. Code Section 704(c) Allocations. Notwithstanding any other provision in this Article VI, in accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section 6.2 are solely for purposes of federal, state, and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's share of profits, losses, or other items of distributions pursuant to any provision of this Agreement.

6.3 Distribution of Assets by the Company.

6.3.1 Subject to all of the provisions of this Agreement, Distributable Cash shall be distributed to the Members at such times as determined by the Manager, in the following order of priority:

6.3.1.1 First, to third-party loans.

6.3.1.2 Second, to the Members, pro rata in accordance with the ratios of their respective Capital Contribution until each Member has received an amount equal to its Capital Contribution.

6.3.1.3 Thereafter, to the Members pro rata in accordance with their respective Percentage Interests.

6.3.2 All such distributions shall be made only to the Persons who, according to the books and records of the Company, are the holders of record of the Membership Interests in respect of which such distributions are made on the actual date of distribution.

6.4 Form of Distribution. A Member has no right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members. Except upon a dissolution and the winding up of the Company, no Member may be compelled to accept a distribution of any asset in kind.

6.5 Return of Distributions. Except for distributions made in violation of the Act or this Agreement, no Member shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by a Member or paid by a Member for the account of the Company or to a creditor of the Company shall be added to the account or accounts from which it was subtracted when it was distributed to the Member.

ARTICLE 7
TRANSFER OF MEMBERSHIP INTERESTS

7.1 Withdrawal of Members. A Member may withdraw from the Company at any time by giving Notice of withdrawal to the Managers at least one hundred eighty (180) calendar days before the effective date of withdrawal. Withdrawal shall not release a Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of withdrawal. A withdrawing Member shall divest the Member's entire Membership Interest before the effective date of withdrawal. A withdrawing Member shall have no right to return of such Members Capital Account balance.

7.2 Restrictions on Transfer. Except as expressly provided in this Agreement, a Member shall not transfer any part of the Member's Membership Interest in the Company, whether now owned or later acquired, unless (1) the Members unanimously approve the transferee's admission to the Company as a Member on such Transfer and (2) the Membership Interest to be transferred, when added to the total of all other Membership Interests transferred in the preceding twelve (12) months, will not cause the termination of the Company under the Code. No Member may Encumber or permit or suffer any Encumbrance of all or any part of the Member's Membership Interest in the Company unless such Encumbrance has been approved in writing by the Managers. Such approval may be granted or withheld in the Managers' sole discretion. Any Transfer or Encumbrance of a Membership Interest without such approval shall be void *ab initio*. Notwithstanding any other provision of this Agreement to the contrary, a Member who is a natural person may transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse, and the Member's issue and any Member may transfer all or any portion of his or her Membership Interest to any limited liability company or Subchapter S corporation wholly-owned by such Member; provided that the Member retains a beneficial interest in the trust, limited liability company, or Subchapter S corporation, and all of the Voting Interest included in such Membership Interest. A Transfer of a Member's beneficial interest in such trust, limited liability company, or Subchapter S corporation, or failure to retain such Voting Interest, shall be deemed a Transfer of a Membership Interest.

7.3 Right of First Refusal. If a Member wishes to transfer any or all of the Member's Membership Interest in the Company under a Bona Fide Offer (as defined below), the Member shall give Notice to the Company at least thirty (30) days in advance of the proposed sale or Transfer, indicating the terms of the Bona Fide Offer and the identity of the offeror. The Company shall have the assignable option to purchase the Membership Interest proposed to be transferred at the price and on the terms provided in this Agreement. If the price for the Membership Interest is other than cash, the fair value in dollars of the price shall be as established in good faith by the Company. For purposes of this Agreement, "Bona Fide Offer" means an offer in writing setting forth all relevant terms and conditions of purchase from an offeror who is ready, willing, and able to consummate the purchase and who is not an Affiliate of the selling Member. For thirty (30) days after the Notice is given, the Company shall have the right to purchase the Membership Interest offered, on the terms stated in the Notice, for the lesser of (1) the price stated in the Notice (or the price plus the dollar value of non-cash consideration, as the case may be) and (2) the price determined under any appraisal procedures adopted from time to time by a Majority of the Members.

7.3.1 If the Company does not exercise the right to purchase all of the Membership Interest, then, with respect to the portion of the Membership Interest that the Company does not elect to purchase, that right may be given and assigned to Members for an additional thirty (30) days period, beginning on the day that the Company's right to purchase expires. Each of the other Members shall have the

right to purchase, on the same terms, a part of the interest of the offering Member in the proportion that the Member's Percentage Interest bears to the total Percentage Interests of all of the Members who choose to participate in the purchase; provided, however, that the Company and the participating Members may not, in the aggregate, purchase less than the entire interest to be sold by the offering Member.

- 7.3.2 If the Company and the other Members do not exercise their rights to purchase all of the Membership Interest, the offering Member may, within ninety (90) days from the date the Notice is given and on the terms and conditions stated in the Notice, sell or exchange that Membership Interest to the offeror named in the Notice. Unless the requirements of this Section are met, any purported purchaser under this Section shall become an Assignee and shall be entitled to receive only the share of Profits or other compensation by way of income and the return of Capital Contribution to which the assigning Member would have been entitled.
- 7.4 Triggering Events. On the happening of any of the following events (Triggering Events) with respect to a Member, the Company and the other Members shall have the option to purchase the Membership Interest in the Company of such Member (Selling Member) at the price and on the terms provided in this Section 7.4:
- 7.4.1 The bankruptcy or withdrawal of a Member, or the winding up and dissolution of a corporate Member, or merger or other corporate reorganization of a corporate Member as a result of which the corporate Member does not survive as an entity; provided that the remaining Members have elected to continue the business of the Company as provided herein.
- 7.4.2 The failure of a Member to make the Member's Capital Contribution under the provisions hereof.
- 7.4.3 The occurrence of any other event that is, or that would cause, a Transfer in contravention of this Agreement.
- 7.5 Notice of Triggering Event. Each Member agrees to promptly give Notice of a Triggering Event to all other Members.
- 7.6 Purchase Option Following Triggering Event. On the later of the date of the Notice or the receipt of Notice by the Managers and the other Members as contemplated by Sections 7.3 and 7.4, and on receipt of actual notice of any Triggering Event as determined in good faith by the Managers (the date of such receipt is hereinafter referred to as the Option Date), the Managers shall promptly cause a Notice of this occurrence of the Triggering Event to be sent to all Members and the Company shall have the option, for a period ending thirty (30) calendar days following the determination of the purchase price as provided in Section 7.8, to purchase the Membership Interest in the Company to which the option relates, at the price and on the terms set forth in Section 7.8, and the other Members, pro rata in accordance with their prior Membership Interests in the

Company, shall then have the option, for a period of thirty (30) days thereafter, to purchase the Membership Interest in the Company not purchased by the Company, on the same terms and conditions as apply to the Company. If all other Members do not elect to purchase the entire remaining Membership Interest in the Company, then the Members electing to purchase shall have the right, pro rata in accordance with their prior Membership Interest in the Company, to purchase the additional Membership Interest in the Company available for purchase. The transferee of the Membership Interest in the Company that is not purchased shall hold such Membership Interest in the Company subject to all of the provisions of this Agreement.

7.7 Participation of Interested Member. The Member whose interest is subject to purchase under this Section 7.7 or such Member's Affiliate shall be entitled to participate in any Vote or discussion of any matter pertaining to the disposition of the Member's Membership Interest in the Company under this Agreement.

7.8 Option Purchase Price. The purchase price of the Membership Interest that is the subject of an option hereunder shall be the "Fair Option Price" of the interest as determined under this Section. "Fair Option Price" means the cash price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the Option Date. Each of the selling and purchasing parties shall use his, her, or its best efforts to mutually agree on the Fair Option Price. If the parties are unable to so agree within thirty (30) days of the Option Date, the selling party shall appoint, within forty (40) days of the Option Date, one (1) appraiser, and the purchasing party shall appoint within forty (40) days of the Option Date, one appraiser. The two appraisers shall within a period of five (5) additional days, agree on and appoint an additional appraiser. The three appraisers shall, within sixty (60) days after the appointment of the third appraiser, determine the Fair Option Price of the Membership Interest in writing and submit their report to all the parties. The Fair Option Price shall be determined by disregarding the appraiser's valuation that diverges the greatest from each of the other two appraisers' valuations, and the arithmetic mean of the remaining two appraisers' valuations shall be the Fair Option Price. Each purchasing party shall pay for the services of the appraiser selected by it, plus one-half of the fee charged by the third appraiser, and one half of all other costs relating to the determination of Fair Option Price. The option purchase price as so determined shall be payable in cash.

7.9 Substituted Member. Except as expressly permitted hereunder, a prospective transferee (other than an existing Member) of a Membership Interest may be admitted as a Member with respect to such Membership Interest (Substituted Member) only (1) on the Vote of a majority in interest of the other Members in favor of the prospective transferee's admission as a Member and (2) on such prospective transferee executing a counterpart of this Agreement as a party hereto. Any prospective transferee of a Membership Interest shall be deemed an Assignee and, therefore, the owner of only an Economic Interest until such prospective transferee has been admitted as a Substituted Member. The Assigning Member shall pay Transfer Agent of the Company One Hundred Dollars (\$100) transfer fee per account. Except as otherwise permitted in the Act, any such Assignee shall be entitled only to receive allocations and distributions under this Agreement with respect to

such Membership Interest and shall have no right to Vote or exercise any rights of a Member until such Assignee has been admitted as a Substituted Member. The effective date for the Assignee to become a Substitute Member shall be the first day of the following quarter of the transfer. Until the Assignee becomes a Substituted Member, the Assigning Member will continue to be a Member and to have the power to exercise any rights and powers of a Member under this Agreement, including the right to Vote in proportion to the Percentage Interest that the Assigning Member would have had in the event that the assignment had not been made.

- 7.10 Duties of Substituted Member. Any person admitted to the Company as a Substituted Member shall be subject to all the provisions of this Agreement that apply to the Member from whom the Membership Interest was assigned, provided, however, that the assigning Member shall not be released from liabilities as a Member solely as a result of the assignment, both with respect to obligations to the Company and to third parties, incurred prior to the assignment.
- 7.11 Securities Laws. The initial sale of Membership Interests in the Company to the Initial Members has not been qualified or registered under the securities laws of any state, including California, or registered under the Securities Act of 1933, in reliance on exemptions from the registration provisions of those laws. Notwithstanding any other provision of this Agreement, Membership Interests may not be transferred unless registered or qualified under applicable state and federal securities law unless, in the opinion of legal counsel satisfactory to the Company, such qualification or registration is not required. The Member who desires to transfer a Membership Interest shall be responsible for all legal fees incurred in connection with said opinion.

ARTICLE 8 DISSOLUTION AND WINDING UP

- 8.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of the following:
- 8.1.1 Upon the expiration of the term as specified in Section 2.3 of this Agreement;
 - 8.1.2 Upon the entry of a decree of judicial dissolution pursuant to Section 17351 of the Corporation Code;
 - 8.1.3 Upon a Dissolution Event, unless the Company is continued by the consent of all of the remaining Members;
 - 8.1.4 Upon the vote of all the Members; or
 - 8.1.5 The sale or other liquidation of all or substantially all of the assets of Company (other than sales in the ordinary course of the Company's business).

- 8.2 Certificate of Dissolution. As soon as possible following the occurrence of any of the events specified in Section 8.1, the Members who have not wrongfully dissolved the Company shall execute a Certificate of Dissolution in such form as shall be prescribed by the California Secretary of State and file the Certificate as required by the Act.
- 8.3 Winding Up. Upon the occurrence of any event specified in Section 8.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Members who have not wrongfully dissolved the Company shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of the Company and its assets, shall either cause its assets to be sold or distributed, and if sold (as promptly as is consistent with obtaining the fair market value thereof) shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 8.4. The Persons winding up the affairs of the Company shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the Company.
- 8.4 Order of Payment of Liabilities Upon Dissolution. After determining that all known debts and liabilities of the Company in the process of winding-up, including without limitation debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for, the remaining assets shall be distributed to the Members in accordance with Section 6.3.
- 8.5 No Deficit Restoration. If, upon liquidation, any Member has a deficit balance in its capital account, after taking into account all capital account adjustments for the Company taxable year during which liquidation occurs, such Member shall have no obligation to contribute cash to the capital of the Company to restore such deficit balance.
- 8.6 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall be entitled to look solely to the assets of the Company for the return of its Capital Contribution and/or share of Net Profits (upon dissolution or otherwise), and shall have no recourse therefor against the Manager or any other Member.
- 8.7 Certificate of Cancellation. The Members who filed the Certificate of Dissolution shall cause to be filed in the office of, and on a form prescribed by, the California Secretary of State, a Certificate of Cancellation of the Articles upon completion of the winding up of the affairs of the Company.
- 8.8 No Action for Dissolution. Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that directly causes a dissolution of the Company. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 8.1. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Membership Interests. Accordingly, each Member hereby

waives and renounces its right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company.

ARTICLE 9 ACCOUNTING, RECORDS, REPORTING BY MEMBERS

- 9.1 Books and Records. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods followed for federal income tax purposes. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business. The Company shall maintain at its principal office in California all of the following:
- 9.1.1 A current list of the full name and last known business or residence address of each Member set forth in alphabetical order, together with the Capital Contributions, capital account and Percentage Interest of each Member;
 - 9.1.2 A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed;
 - 9.1.3 Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;
 - 9.1.4 A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;
 - 9.1.5 Copies of the financial statements of the Company, if any, for the six (6) most recent Fiscal Years; and
 - 9.1.6 The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four (4) Fiscal Years.
- 9.2 Delivery to Members and Inspection.
- 9.2.1 Although the original books and records of the Company shall be maintained at its principal business office identified in Section 2.4, copies of all such books and records shall be sent on a regular basis to Derek L. Brown at the address set forth in Exhibit "B". Furthermore, upon the request of any Member for purposes reasonably related to the interest of that Person as a Member, the Manager shall promptly deliver to the requesting Member, at the expense of the Company, a copy of the information required to be maintained by Sections 9.1.1, 9.1.2, and 9.1.3, and a copy of this Agreement.

- 9.2.2 Each Member has the right, upon reasonable request for purposes reasonably related to the interest of the Person as Member, to inspect and copy during normal business hours any of the Company records described in Sections 9.1.1 through 9.1.6.
- 9.3 Filings. The Manager, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Manager, at the Company expense, also shall cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of the Articles and all reports required to be filed by the Company with those entities under the Act or other applicable laws, rules, and regulations. If the Manager is required by the Act to execute or file any document and fails, after demand, to do so within a reasonable period of time or refuses to do so, any Member may prepare, execute, and file that document.
- 9.4 Bank Accounts. The Manager shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.
- 9.5 Accounting Decisions and Reliance on Others. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Manager. The Manager may rely upon the advice of the Company's accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes.
- 9.6 Tax Matters for the Company Handled by Manager and Tax Matters Partner. The Tax Matters Partner shall from time to time cause the Company to make such tax elections as it deems to be in the best interests of the Company and the Members. The Tax Matters Partner, as defined in Code Section 6231, shall represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated therewith. The Tax Matters Partner shall oversee the Company tax affairs in the overall best interests of the Company. If, for any reason, the Tax Matters Partner can no longer serve in that capacity or ceases to be a Member or Manager, as the case may be, Members holding a Majority Interest may designate another to be Tax Matters Partner.
- 9.7 Financial Statements. At the end of each fiscal year, the books of the company shall be closed and examined and statements reflecting the financial condition of the Company and its Profits or Losses shall be prepared, and a report thereon shall be issued by the Company's bookkeepers. Copies of the financial statements shall be given to all Members. In addition, all Members shall receive not less frequently than at the end of each calendar quarter, copies of such financial statements regarding the previous calendar quarter, as may be prepared in the ordinary course of business, by the Manager or bookkeepers selected by the Manager. The Manager shall deliver to each Member,

within one hundred twenty (120) days after the end of the fiscal year of the Company, a financial statement that shall include a balance sheet and income statement, and a statement of changes in the financial position of the Company as of the close of the fiscal year.

ARTICLE 10 INDEMNIFICATION

- 10.1 Indemnification of Agents. The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that it is or was a Member, Manager or other agent of the Company or that, being or having been such a Member, Manager or agent, it is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit.

ARTICLE 11 MISCELLANEOUS

- 11.1 Complete Agreement. This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members and Manager with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements or statements by and among the Members and Manager or any of them. No representation, statement, condition or warranty not contained in this Agreement or the Articles will be binding on the Members or Manager or have any force or effect whatsoever. To the extent that any provision of the Articles conflict with any provision of this Agreement, the Articles shall control.
- 11.2 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.
- 11.3 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and their respective successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.
- 11.4 Pronouns; Statutory References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Regulations, the Act,

Corporations Code or other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

- 11.5 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.
- 11.6 Interpretation. In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or its counsel.
- 11.7 References to this Agreement. Numbered or lettered articles, sections, and subsections herein contained refer to articles, sections, and subsections of this Agreement unless otherwise expressly stated.
- 11.8 Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in California in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided such claim is not required to be arbitrated pursuant to Section 11.9. Each Member further agrees that personal jurisdiction over it may be effected by service of process by registered or certified mail addressed as provided in Section 11.13 of this Agreement, and that when so made shall be as if served upon it personally within the State of California.
- 11.9 Disputed Matters. Any controversy arising out of this Agreement shall be heard in Riverside County, California by a referee pursuant to the provisions of the California Code of Civil Procedure §§ 638 to 645.1, inclusive. The parties hereto shall agree upon a single referee who shall try all issues of fact and law and report the referee's decision thereon. If the parties are unable to agree upon a referee, then any party hereto may thereafter seek to have one appointed pursuant to the California Code of Civil Procedure §§ 638 and 640. The cost of such proceeding shall initially be borne equally by the parties to the dispute. However, the prevailing party in such proceeding shall be entitled, in addition to all other costs, to recover its contribution for the cost of the reference as an item of damage and/or recoverable costs.
- 11.10 Exhibits. All Exhibits attached to this Agreement are incorporated and shall be treated as if set forth herein.
- 11.11 Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.
- 11.12 Additional Documents and Acts. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be

necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

- 11.13 Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement must be in writing (which may include facsimile) and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice. Such notices will be given to a Member or Manager at the address specified in Exhibit A hereto. Any party may, at any time by giving five (5) days' prior written notice to the other parties, designate any other address in substitution of the foregoing address to which such notice will be given.
- 11.14 Amendments. All amendments to this Agreement will be in writing and signed by all of the Members.
- 11.15 No Interest in Company Property; Waiver of Action for Partition. No Member has any interest in specific property of the Company. Without limiting the foregoing, each Member irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to the property of the Company.
- 11.16 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.
- 11.17 Attorney Fees. In the event that any dispute between the Company and the Members or among the Members should result in litigation or a reference procedure, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses. This provision is separate and several, and shall survive merger into any judgment.
- 11.18 Time is of the Essence. All dates and times in this Agreement are of the essence.
- 11.19 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

ARTICLE 12 MISCELLANEOUS

- 12.1 Representations by and Requirements of Members and Their Assignees.
- 12.1.1 Each of the Members represents on his or her behalf and that of any assignees or transferees of the whole or any part of this interest in the Company (except as may be waived by the Managers) that he or she is sophisticated and experienced investor in real estate venture such as the Company (or has been represented in connection with his or her investment in the Company by an investment

representative who possesses such sophistication and experience) and that he or she is acquiring his or her interest in the Company for his or her own account (or as trustee) for investment and not with a view to, or for sale in connection with, the distribution of the same, nor with any present intention of distribution or selling the same.

12.1.2 The foregoing representation by and requirements of Members shall be made and satisfied by each transferee or assignee of the whole or any party of a Membership Interest, and no transfer or assignment or any such interest shall be recognized by or be binding upon the Company except to the extent of compliance therewith, except that the Managers may, upon the advice of legal counsel to the Company, waive such condition in whole or in part.

12.2 Disclosure and Waiver of Conflict of Interest. The Members and Managers acknowledge the following:

12.2.1 Daniel L. Stephenson is a shareholder in Rancon and Chardonnay Escrow, Inc. The Manager shall always have the right in his sole discretion to list the Property for sale through Rancon at prevailing brokerage commission rates, and may process any sale through Chardonnay Escrow, Inc.

12.2.2 The form of this Agreement was prepared by Attorney Stephen V. Lopardo. Mr. Lopardo discloses to all Members that he is only representing Stephenson and Rancon in this transaction, and has represented both of them on many other occasions in the past. Mr. Lopardo is not a CPA, and is not providing tax advice on this transaction. Mr. Lopardo is *not* representing the other Members of the Company or the Company itself. This creates a conflict of interest and therefore other Members and the Manager are strongly advised to seek the advice of their own attorney and/or CPA or tax attorney.

IN WITNESS WHEREOF, all of the Members and Manager of SF 150 LLC have executed this Agreement, effective as of the date written above.

MEMBERS:

DLB & ASSOCIATES, LLC

By: _____

Derek L. Brown

Tax Identification Number: 80-0032563

CHARLES W. CHIMENTO, JR.

Tax Identification Number: 356-58-2814

representative who possesses such sophistication and experience) and that he or she is acquiring his or her interest in the Company for his or her own account (or as trustee) for investment and not with a view to, or for sale in connection with, the distribution of the same, nor with any present intention of distribution or selling the same.

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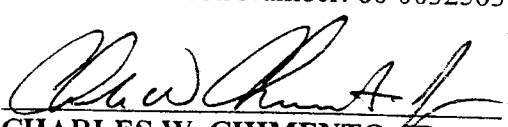
MEMBERS:

DLB & ASSOCIATES, LLC

By:  member

Derek L. Brown

Tax Identification Number: 80-0032563


CHARLES W. CHIMENTO, JR.

Tax Identification Number: 336-58-2814

THE DANIEL L. STEPHENSON FAMILY TRUST UDT 12/10/87

By: _____

Daniel L. Stephenson, Trustee

Tax Identification Number: _____

MANAGER:

 / member

DEREK L. BROWN

THE DANIEL L. STEPHENSON FAMILY TRUST UDT 12/10/87

By: *Daniel L. Stephenson*
Daniel L. Stephenson, Trustee

Tax Identification Number: _____

MANAGER:

DEREK L. BROWN

EXHIBIT "A"

**COPY OF ARTICLES OF ORGANIZATION AND
AMENDMENTS THERETO
OF
SF 150 LLC**

EXHIBIT "B"

**INITIAL CAPITAL CONTRIBUTION OF MEMBERS
AND ADDRESSES OF MEMBERS
OF
SF 150 LLC**

<u>Member</u>	<u>Member's Address</u>	<u>Member's Initial Capital Contribution</u>	<u>Member's Percentage Interest</u>
Daniel L. Stephenson Family Trust UDT 12/10/87	27740 Jefferson Avenue, Suite 200 Temecula, CA 92590 Phone: (909) 676-6664, Ext. 200 Fax: (909) 676-8567	\$125,000	25%
DLB & Associates, LLC	9500 SW Barbur Blvd, Suite 220 Portland, OR 97219-5466 Phone: (508) 892-8758 Fax: (508) 982-8841	\$187,500 in cash	37.5%
Charles W. Chimento, Jr.	14870 SW Copper Hills Lane Tigard, OR 97224 Phone: (503) 590-8698 Fax: (503) 590-8749	\$187,500 in cash	37.5%

EXHIBIT "C"

LEGAL DESCRIPTION OF PROPERTY
OF
SF 150 LLC

COPY OF LEGAL DESCRIPTION IS ATTACHED HERETO

**OPERATING AGREEMENT
FOR
SF 150 LLC
A CALIFORNIA LIMITED LIABILITY COMPANY**

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS, AND CONDITIONS WHICH ARE SET FORTH HEREIN.

representative who possesses such sophistication and experience) and that he or she is acquiring his or her interest in the Company for his or her own account (or as trustee) for investment and not with a view to, or for sale in connection with, the distribution of the same, nor with any present intention of distribution or selling the same.

12.1.2 The foregoing representation by and requirements of Members shall be made and satisfied by each transferee or assignee of the whole or any party of a Membership Interest, and no transfer or assignment or any such interest shall be recognized by or be binding upon the Company except to the extent of compliance therewith, except that the Managers may, upon the advice of legal counsel to the Company, waive such condition in whole or in part.

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IN WITNESS WHEREOF, all of the Members and Manager of SF 150 LLC have executed this Agreement, effective as of the date written above.

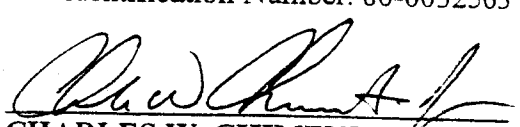
MEMBERS:

DLB & ASSOCIATES, LLC

By:


Derek L. Brown

Tax Identification Number: 80-0032563


CHARLES W. CHIMENTO JR.

Tax Identification Number: 336-58-2814

THE DANIEL L. STEPHENSON FAMILY TRUST UDT 12/10/87

By: *Daniel L. Stephenson*

^Daniel L. Stephenson, Trustee

Tax Identification Number: _____

MANAGER:

DEREK L. BROWN

THE DANIEL L. STEPHENSON FAMILY TRUST UDT 12/10/87

By: _____

Daniel L. Stephenson, Trustee

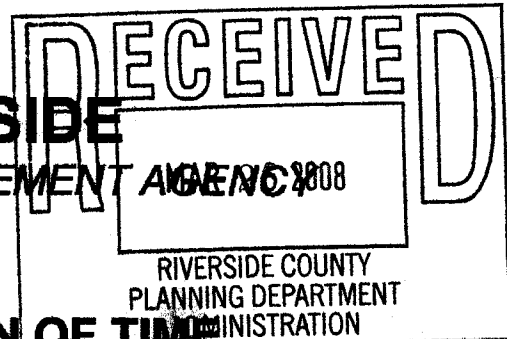
Tax Identification Number: _____

MANAGER)

 / member

DEREK L. BROWN

COUNTY OF RIVERSIDE
TRANSPORTATION AND LAND MANAGEMENT AGENCY
Planning Department
Robert C. Johnson Planning Director



APPLICATION FOR EXTENSION OF TIME

THIS APPLICATION MUST BE ACCOMPANIED BY APPROPRIATE FILING FEES

INCOMPLETE APPLICATIONS WILL NOT BE ACCEPTED.

APPLICATION INFORMATION

CASE NUMBER: Tentative Tract 31633 DATE SUBMITTED: 3/29/08

Assessor's Parcel Number(s): 461-210-003, 004 and 461-200-007

EXTENSION REQUEST First Second Third Fourth Fifth

Phased Final Map _____ Attach evidence of public improvement or financing expenditures.

NOTE: Land divisions may obtain a maximum of five 1-year extensions of time. Conditional Use Permits and Public Use Permits may obtain extensions of time only to the extent that the period in which to begin substantial construction does not exceed a maximum of three years from the original decision date. Plot Plans may obtain extensions of time only to the extent that the period in which to begin substantial construction does not exceed a maximum of five years from the original decision date. Variances may obtain extensions of time only to the extent that the period in which the variance is to be used does not exceed a maximum of three years from the original decision date, except that a variance in connection with a land division may be used during the same period of time that the land division may be used.

Date of Original Approval: March 29, 2005

Applicant's Name: Albert A. Webb Associates E-Mail: _____

Mailing Address: 3788 McCray Street
Riverside, CA 92506
City State ZIP

Daytime Phone No: (951) 686-1070 Fax No: (951) 788-1256

Property Owner's Name: SF-150, LLC E-Mail: jllytle@drancogroup.com

Mailing Address: 41391 Kalmia Street, Suite 200
Murrieta, CA 92562
City State ZIP

Daytime Phone No: (951) 696-0600 Fax No: (951) 834-9801

If the property is owned by more than one person, attach a separate page that reference the application case number and lists the names, mailing addresses, and phone numbers of all persons having an interest in the real property or properties involved in this application.

APPLICATION FOR EXTENSION OF TIME

The Planning Department will primarily direct communications regarding this application to the person identified above as the Applicant. The Applicant may be the property owner, representative, or other assigned agent.

All approvals of extension of time must be consistent with the pertinent elements of the Riverside County General Plan, the Riverside County Land Use Ordinance (Ordinance No. 348), and the Multiple Species Habitat Conservation Plan (MSHCP).

An extension of time for a land division based on the filing of a phased final map shall not be granted unless the Planning Department determines that the requisite funds have been expanded to construct, improve, or finance the construction of public improvements outside the boundaries of the land division. Any other extension of time for a land division shall not be granted unless the land division conforms to the Comprehensive General Plan, is consistent with existing zoning, conforms to the currently applicable schedule of improvements specified by the Riverside County Land Division Ordinance (Ordinance No. 348) and does not affect the general health, safety, and welfare of the public. If required to bring the subject land division into conformance with current general plan, Ordinance No. 460 and public health, safety, and welfare requirements, additional conditions of approval may be imposed upon approval of an extension of time request.

I hereby request an extension of time for the above referenced project, and I acknowledge that if the basis for extension is something other than the filing of a phased final map, additional conditions of approval may be imposed upon approval of the extension of time and that I may refuse to accept additional conditions of approval only in writing prior to action by the Planning Director, or in writing or in person prior to action by the Planning Commission.

Bruce Davis
PRINTED NAME OF APPLICANT

[Signature]
SIGNATURE OF APPLICANT (m)

AUTHORITY FOR THIS APPLICATION IS HEREBY GIVEN:

I certify that I am/we are the record owner(s) or authorized agent and that the information filed is true and correct to the best of my knowledge. An authorized agent must submit a letter from the owner(s) indicating authority to sign the application on the owner's behalf.

All signatures must be originals ("wet-signed"). Photocopies of signatures are not acceptable.

SF-150, LLC
PRINTED NAME OF PROPERTY OWNER(S)

[Signature]
SIGNATURE OF PROPERTY OWNER(S)

PRINTED NAME OF PROPERTY OWNER(S)

SIGNATURE OF PROPERTY OWNER(S)

If the subject property is owned by persons who have not signed as owners above, attach a separate sheet that references the application case number and lists the printed names and signatures of all persons having an interest in the property.

