SUMMARY
APPRAISAL REPORT

Las Tunas – Las Tunas Beach
+/- 19580 Pacific Coast Highway
Malibu, California 90265
APN: 4449-007-016

PREPARED FOR:

Mountains Recreation and Conservation Authority

EFFECTIVE DATE OF THE APPRAISAL:

June 5, 2012

DATE OF THE REPORT:

June 15, 2012

PREPARED BY:

Thomas W. Erickson, MAI
Certified General Appraiser
CA License No. AG002373

909-B 19th Street
Santa Monica, CA 90403

Thomas W. Erickson, MAI

Real Estate Appraiser ◆ Consultant

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June 15, 2012

Ms. Desiree Valdez
Mountains Recreation and
Conservation Authority
570 W. Avenue 26, Suite 100
Los Angeles, CA 90065

Re: Market Value Appraisal
+/- 19580 Pacific Cst. Hwy.
Malibu, CA 90265
APN: 4449-007-016

Job No. 1599

Dear Ms. Valdez:

In accordance with your authorization I have undertaken and completed all necessary inspections, investigations and analyses and have reached a final value estimate for the above referenced property. The effective date of the appraisal is June 5, 2012, and the appraisal is being transmitted in the following Summary appraisal report. This report is prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Standards of Professional Practice and the Code of Ethics of the Appraisal Institute; the appraisal specifications of the State of California, Department of General Services; and with the Environmental Appraisal Specifications of California State Coastal Conservancy.

Based upon all investigative efforts and analyses, I conclude that the current market value of the subject property in its "as-is" condition, as of June 5, 2012, is:

SIX HUNDRED SEVENTY FIVE THOUSAND DOLLARS

($675,000)

NOTE: There are unpaid delinquent taxes due in the amount of $3,499.66 as of June 7, 2012; plus $37.96 per month interest until paid in full. If a purchase agreement is executed, this amount should be credited to the buyer if the taxes remain unpaid and become the buyer’s responsibility.

This value conclusion is based on cash equivalent prices and assumes a six to nine month exposure time which is typical for the market. This valuation is also based on the extraordinary assumption that the subject lot is buildable and able to qualify for building permits through the City of Malibu and the California Coastal Commission. There is a recorded Certificate of Compliance stating that this is a legal lot. In all likelihood, building permits could be obtained, but if not for some unknown reason, the value would be much lower.

Retained in my files are worksheets, field notes, maps and other data upon which this value conclusion is partially based. The subject property was personally inspected on June 5, 2012.

It is the intention of the appraiser that this report complies with all statutes, rules and regulations prohibiting discrimination on the basis of race, color, religion, sex, age, ancestry, national origin, medical condition and marital status. This statement is intended to satisfy the requirements of Form 19 Nondiscrimination Compliance Statement.

In accordance with the competency provision of USPAP, I state that I have appraised similar beachfront properties and am competent to complete this assignment.

If you should have any questions concerning this report, please feel free to call. Thank you for this opportunity of providing appraisal service.

Respectfully submitted,

Thomas W. Erickson

Thomas W. Erickson, MAI
Certified General Appraiser
CA License No. AG002373

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CERTIFICATION AND RESTRICTION UPON DISCLOSURE AND USE

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.

2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

3. I have no present or prospective interest in the property that is the subject of this appraisal report, and no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject matter of this appraisal report or to the parties involved with this assignment.

5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute; and in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP); with the Appraisal Specifications of the State of California, Department of General Services; and with the Environmental Appraisal Specifications of California State Coastal Conservancy.

8. I have made a personal inspection of the property that is the subject of this report.

9. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report, unless specifically mentioned in the report itself.

CERTIFICATION AND RESTRICTION UPON DISCLOSURE AND USE (Cont'd.)

10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11. This appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

12. I, Thomas W. Erickson, am a Licensed and Certified General Real Estate Appraiser with the State of California, Office of Real Estate Appraisers, Identification No. AG002373, valid until March 4, 2014.

13. As of the date of this report, I, Thomas W. Erickson, have completed the requirements of the continuing education program of the Appraisal Institute.

14. This report utilizes paper and cover sets made from 30% and 100% recycled post-consumer material.

15. I have not previously appraised this property within the three year period prior to accepting this assignment.

Thomas W. Erickson

Thomas W. Erickson, MAI
CA License No. AG002373

ASSUMPTIONS AND LIMITING CONDITIONS UPON WHICH APPRAISAL IS CONDUCTED

This report is made expressly subject to the contingent and limiting conditions, factors and assumptions herewith:

1. That the vesting and legal description furnished your appraiser are correct.

2. That measurements and areas furnished by others are correct. No survey has been made for the purpose of this appraisal.

3. That the property is appraised as if free and clear of liens and that the title is good and merchantable.

4. That no guarantee is made as to the correctness of estimates or opinions furnished by others which have been used in conducting this appraisal.

5. That no liabilities be assumed on account of inaccuracies in such estimates or opinions. For the purpose of this appraisal assignment, we are reasonably comfortable with the data supplied to us by other parties.

6. That no liability is assumed on account of matters of a legal nature, affecting this property, such as title defects, liens, encroachments, overlapping boundaries, undisclosed litigation, etc.

7. The appraiser reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

8. That the appraiser(s) herein, by reason of this appraisal, is (are) not required to give testimony or attendance in court or any governmental hearing with reference to the property in question, unless arrangements have previously been made therefore.

9. That the maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied.

10. The appraiser assumes no responsibility for hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for arranging for engineering studies that may be required to discover them.

ASSUMPTIONS AND LIMITING CONDITIONS
UPON WHICH APPRAISAL IS CONDUCTED (Cont'd.)

11. This valuation is also based on the extraordinary assumption that the subject lot is buildable and able to qualify for building permits through the City of Malibu and the California Coastal Commission. There is a recorded Certificate of Compliance stating that this is a legal lot. In all likelihood, building permits could be obtained, but if not for some unknown reason, the value would be much lower.

EXECUTIVE SUMMARY

LOCATION OF PROPERTY:	+/- 19580 Pacific Coast Highway Malibu, California 90265
THOMAS MAP GUIDE:	630-B6 **CENSUS TRACT:** 8005.01
EARTHQUAKE ZONE:	Not in Alquist-Priolo study zone
ASSESSOR'S PARCEL NO.:	4449-007-016
EFFECTIVE DATE OF VALUE:	June 5, 2012
DATE OF REPORT:	June 15, 2012
OWNER OF RECORD:	Las Tunas Beach LLC (c/o Norman Haynie)
SUBJECT LAND AREA:	50.0/49.86 x 89.0/82.5+/- ft. Approx. 3,720 sf per assessor map
ZONING/LAND USE PLAN:	SF-M, Single Family Medium Density
HIGHEST AND BEST USE:	Single family residence
IMPROVEMENTS:	None
PROPERTY RIGHTS APPRAISED:	Fee Simple Estate
"AS IS" VALUE CONCLUSION:	**Land Value: $675,000**
UNPAID DELINQUENT TAXES:	$3,499.66 as of June 7, 2012; plus $37.96 per month until paid in full.

INTRODUCTION

CLIENT AND OTHER INTENDED USERS

This appraisal report is prepared for use by Mountains Recreation and Conservation Authority, the client; and by any of its designated third parties. No other third parties are authorized to rely upon this report without the express written consent of the appraiser.

INTENDED USE OF THE APPRAISAL

The client intends to use this appraisal report as a basis of value for the possible acquisition of the property. This report is not intended for any other use.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide my estimate of the subject property's current market value - the highest price in terms of cash or financial arrangements equivalent to cash.

EFFECTIVE DATE OF THE APPRAISAL

The effective date of this appraisal is June 5, 2012.

DATE OF THE REPORT

The date of this report is June 15, 2012.

IDENTITY OF SUBJECT PROPERTY

The subject property consists of an approximate 3,720 sf vacant beach front lot with an approximate address of 19580 Pacific Coast Highway, Malibu, CA 90265. There is 50.0 ft. of road frontage and approximately 49.86 ft. of beach frontage. The subject Assessor's parcel number is 4449-007-016.

REAL PROPERTY INTEREST APPRAISED

The property rights herein appraised consist of the fee simple estate in and to the entire subject property, excluding mineral rights which probably have no value.

DEFINITION OF MARKET VALUE

Market value as used in this report is defined by the Uniform Standards of Professional Appraisal Practice, 2012 - 2013 Edition, page A-72, as:

DEFINITION OF MARKET VALUE (Cont'd.)

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: **(1)** buyer and seller are typically motivated; **(2)** both parties are well informed or well advised, and acting in what they consider their own best interests; **(3)** a reasonable time is allowed for exposure in the open market; **(4)** payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and **(5)** the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

CASH EQUIVALENT VALUE

This valuation represents the normal considerations for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. Cash equivalent price includes financing terms generally available in the market because the seller still receives cash under such typical terms.

SCOPE OF THE APPRAISAL

The scope of work is the amount and type of information researched and the analysis applied in an appraisal. The scope of work includes, but is not limited to the degree to which the property is inspected or identified; the extent of research into physical or economic factors that could affect the property; the extent of data research; and the type and extent of analysis applied to arrive at opinions or conclusions.

To complete the valuation required the following primary steps:

1. Desiree Valdez of MRCA provided preliminary information as well as aerial maps with parcel boundaries and a current Preliminary Title Report.

2. Norman Haynie, property owner, provided a detailed package with photographs, maps, and a current appraisal with a copy of the Certificate of Compliance; as well as detailed information about the developability of the site.

SCOPE OF THE APPRAISAL (Cont'd.)

3. The subject property was personally inspected on June 5, 2012.

4. Investigations regarding the planning, zoning and allowed uses of the subject property were conducted through the City of Malibu web-site, with reference to the zoning code and Local Coastal Plan. Regional and neighborhood data were obtained from various periodicals, on-line web-sites and various industry publications. Real estate market trends for Los Angeles County and the City of Malibu were reviewed.

5. The subject property site data is based on my physical inspection of the property, data obtained from the Los Angeles County Assessor's office, and miscellaneous data collected during my investigation.

6. In developing approaches to value, market data was collected from the Combined L.A./Westside Multiple Listing Service, the Southern California MLS, as well as from Los Angeles County, LoopNet.com, the National Data Collective, and real estate brokers.

7. In estimating highest and best use for the subject property, an analysis was made using the data compiled in the above steps. After assembling and analyzing the above mentioned data, a final estimate of value for the subject property was made.

ECONOMIC CONDITIONS

NATIONAL

The following summary was taken from an article in The Appraisal Journal, Winter 2012, Page 8, by James R. DeLisle, PhD, titled *It's All About Timing: Spring Forward, Fall Back?* Your appraiser concurs with Dr. DeLisle's financial view.

"There are a number of positive signs that suggest the economic recovery has begun to gain some traction and should be able to overcome some of the headwinds it will face during this election year. This situation is a fairly significant improvement from early in the 2011 third quarter when there was a 50/50 risk the United States would slip back into a recession. However, the improved forecast does not mean the country will face smooth sailing. Indeed, the economy will be rocked by a series of waves that will push it forward as well as swells that will make it seem like it has been buoyed down and stuck in a lull.

ECONOMIC CONDITIONS (Cont'd.)

NATIONAL (Cont'd.)

"These forces will come from a number of economic forces, both global (e.g. uncertainty surrounding the Greek bailout) and domestic (e.g. the hangover from the housing debacle). Despite some progress, the underlying structural problems in the euro zone and individual countries are far from being resolved. Thus, 2012 will clearly be an interesting year with twists and turns coming from a number of fronts.

On the real estate front, market fundamentals are expected to mirror the overall economic recovery, with periods of improvement followed by periods of disappointments. However, pent-up demand for investments is likely to provide some insulation against the downside of such cyclical fluctuations, as investors continue to take a longer-term view of the asset class. That said, some of the commoditization that has occurred will give way to greater price differentiation. Consequently, the improvement in economic conditions will benefit solid assets with strong underlying market fundamentals and leave other product in the wake.

Economic Growth

In general, the US economy has demonstrated remarkable resiliency, especially in light of the headwinds spilling over from the European debt crisis, the housing market hangover, and political wrangling in Washington. Despite these and other negative forces, gross domestic product (GDP) growth has been fairly solid, although the growth is tempered when compared to other post-recessionary cycles. Revised estimates for real GDP growth in the 2011 fourth quarter revealed a 2.8% increase on a seasonally adjusted basis after a disappointing 1.8% increase in the previous quarter. For the year as a whole, GDP grew at a rather disappointing rate, which was about half of the 3% growth in 2010 and far below the level necessary to reflect a sustainable recovery.

Employment

Over the past several years, the employment front has taken center stage and has been a bellwether for the overall economic recovery. After a number of disappointing job reports through 2011, the situation seemed to turn the corner in the 2011 fourth quarter. Indeed, upward revisions in reported job growth for early fall set the stage for a surprisingly strong December in which over 220,000 new jobs were created. This surge in job growth helped lead to an unexpected decline in unemployment rates, which had been forecast to remain stuck around 9%.

ECONOMIC CONDITIONS (Cont'd.)

NATIONAL (Cont'd.)

"While declining unemployment levels were well received, it should be noted that some of the improvement was associated with a contraction in the labor force attributed to a reduction in immigration rates and a decline in labor force participation rates, which fell 2% in the last figures. Regardless of the reasons, the fact that unemployment rates declined to around 8.5% at 2011 year-end caught the attention of consumers and businesses alike and has helped contribute to rising confidence levels.

Inflation and Interest Rates

One of the constants characterizing the economy over the past several years has been its dependence on low inflation and low interest rates. This dependency will continue over the next several years, with the market already discounting both factors. Fortunately, it appears that inflation rates will remain in check over the near term. Although consumers will feel the pressure of rising costs for staples and other necessities, a dramatic increase in across-the-board inflation rates does not appear to be in the cards.

There was some concern that the weak dollar would create surging import prices, but the global economic slowdown has taken the pressure off of imports as evidenced by a decline in prices for imported food and industrial goods. The outlook for import prices is fairly sanguine and without inflationary concerns due to the situation in Western Europe and the challenges emerging in some Asian countries that have benefited from strong exports.

On the interest rate front, the Federal Reserve has continued to hold interest rates at historical lows and has taken the unusual step of committing to do so through 2014. This announcement has provided some solace to borrowers, but has wrecked havoc on many investors, especially those who eschew risk and choose to remain in liquid assets.

In addition, access to credit has seen some improvement. In a recent survey of loan officers, lending standards have continued to improve, but businesses and consumers alike remain reluctant to take on additional debt in the absence of a clear path to recovery and the prospects of improving revenues.

ECONOMIC CONDITIONS (Cont'd.)

NATIONAL (Cont'd.)

Housing Market

"The housing market continues to languish; but there was a positive side. Existing home sales were a pleasant surprise in August, beating expectations and reversing the downward trend that had held during the year up to that point. While it was no where near the levels needed to portend a recovery, the news was well received. In terms of housing values, price declines have slowed somewhat. Despite this improvement, only a third of housing markets have posted median prices that are higher than a year ago averages. Regarding new homes, sales have been lukewarm; although the pace has picked up over 2010. Not unexpectedly, homebuilding rates have continued to slip, falling below already guarded expectations. Despite a continued strong interest in multifamily investments, the biggest decline in housing starts in August was in that sector, while single family homes already hovered at the bottom of the cycle. Homebuilder sentiment has continued to suffer with no signs of an impending reversal in light of disappointing sales volumes.

Despite record low interest rates, refinancing activity has continued to underperform expectations. This situation can be explained by a number of factors, including homeowner uncertainty. At the same time, underwriting standards have been tight due to lenders eschewing risk in favor or more stable, predictable returns. Additionally, a significant number of home loans are underwater. The bottom line is the housing market is a troubled industry that will continue to languish until the economy picks up. Even then, the housing market will face an uncertain fate over the next several years."

REGIONAL

Los Angeles County Economic Development Corporation's *2012-2013 Economic Forecast and Industry Outlook*, with outlooks for California, Southern California and Los Angeles County, was released in February 2012. The LAEDC forecast states:

"Like the U.S., California's labor market registered gains for all of 2011, albeit at an uneven pace during the course of the year. On an annual basis, the state unemployment rate fell modestly from 12.4% in 2010 to 11.8% in 2011. After languishing around 12% for over two and a half years, the monthly unemployment rate fell from 12.1% in August to 11.1% by December. Clearly, the labor market was beginning to improve as 2011 drew to a close.

ECONOMIC CONDITIONS (Cont'd.)

REGIONAL (Cont'd.)

"Similarly, California's 193,900 annual gain in nonfarm jobs from 2010 to 2011 was a welcome turn around in the market after three successive years of job losses totaling 1.3 million jobs. In a rare instance of California outperforming the nation, the state's 1.4% annual gain edged out the national labor market's 1.2% gain.

Across the major industries of the state, 2011 brought some much needed relief after years of job losses. Most, but not all industries in the state registered gains, with the largest percentage increases coming in Information, Education, and Administrative and Support Services. However, Real Estate and Leasing, Government, and Management of Enterprises, and Other Services saw continued job losses, but on a smaller scale than in previous years.

California should experience modest improvement in economic conditions over the forecast period, growing by 1.5% and adding over 200,000 jobs this year, with a 1.8% next year, which is equivalent to nearly 260,000 jobs. For 2012, the unemployment rate will average 11.1%, with further improvement to 10.3% in 2013. The economy will continue to heal but the process is uncomfortably long."

For Los Angeles County, the LAEDC forecast calls for modest economic improvements in terms of employment and personal income growth. "The Los Angeles economy eked out a slight improvement of 0.4% in nonfarm jobs last year, but several industries are poised for growth over the forecast period as the national economy continues to expand and recovery takes a firmer hold in the state economy.

International Trade activity finished 2011 just behind the prior year, but only because of a strong finish in December. With gradual improvement in the national economy, trade gains are in store for the year ahead as are increases in jobs. **Entertainment Industry** activity has increased as well, with overall film production rising modestly last year after a large rebound in 2010. More motion pictures and commercials were filmed locally in 2011, but television pilots and shows declined slightly. **Tourism** also has turned up with new hotels downtown and in Hollywood drawing more business and leisure travelers. Occupancy rates averaged better than 70% last year, room rates rose 5.6% over 2010, and room revenue rose 12% over 2010. The sector should see more gains in 2012 and 2013.

ECONOMIC CONDITIONS (Cont'd.)

REGIONAL (Cont'd.)

"Private Education jobs grew throughout the recession, and the sector is poised for continued growth over the forecast period. A number of local universities have national, if not global, recognition that can play an important role in attracting the region's next generation of highly trained workers. This sector also includes private K-12 schools and job training institutions that attract workers and those seeking training for better jobs. The **Healthcare Services** also added jobs during the course of the recession, and should see job gains continue this year and next. Healthcare reform has lent uncertainty to this sector's future. **Retail Sales** will respond to improving conditions for households, with a marginal uptick in retail sales and employment in 2011 giving way to somewhat faster growth in 2012 and 2013. **Major Construction Projects** will support the Los Angeles economy this year. Partly funded by the federal government, LAX, Metro and the two ports all have significant construction programs underway. Other projects are in progress elsewhere in the county, notably the new courthouse building in Long Beach. Overall, nonresidential activity will be a bright spot in an otherwise hard-hit sector with increases in valuations last year as well as the next two years. Residential permits will register sizable percentage increases, but this part of housing is coming off a very low base and will take years to recover.

Local Government Finance will remain a big concern as it has during the recession and in the years since. The state's chronic budget problems have hurt school district, city and county budgets. More staff layoffs and service cuts are expected in 2012, but jobs should turn slightly positive in 2013.

Summing Up: The unemployment rate will edge down over the next two years, but at a painfully slow pace. Total nonfarm employment in the county added 15,600 jobs in 2011 and should see an additional 22,700 jobs this year, but it will take years for the county to return to the four million nonfarm job threshold that marked most of the last decade. Still, progress will be made with this year's 0.6% increase in employment to be followed by a stronger 1.2% performance in 2013.

Numerically, the largest employment gains during 2012 will come in: health services (+5,400 jobs), education (+4,800 jobs), information (+4,100 jobs), and leisure & hospitality (+3,900 jobs). Budget problem will force government entities to shed more jobs (-3,200 jobs) and private-sector job cuts will come in construction (-3,300 jobs).

ECONOMIC CONDITIONS (Cont'd.)

REGIONAL (Cont'd.)

"Total personal income grew by an estimated 4.6% in 2011, and is expected to grow by approximately 3.0% this year and next."

Conclusion for Subject Property

The current and near future economic outlook is turning positive but guarded for personal income growth and demand for high-end real estate. The subject's influencing factors point to stable economic conditions at best.

NEIGHBORHOOD PROFILE

The subject property is a single beachfront lot fronting Las Tunas Beach, one mile west of Tuna Canyon Road, in the City of Malibu. Beach front parcels along Pacific Coast Highway are improved primarily with single family residences, but there are some multiple residential units and some commercial uses such as a service station, restaurants, offices and stores located two miles west at Las Flores Canyon Road.

The Malibu area exhibits a diversity of physical features ranging from rugged sandstone and granitic peaks and ridges with pastoral oak-dotted valleys, steep coastal canyons, and marine terraces, to 27 miles of sandy and rocky coastline. This area possesses a rural, somewhat isolated environment, although it is only 25 miles from the City of Santa Monica and 45 miles from downtown Los Angeles.

The topography of the Malibu area is severe, with the elevation ranging from sea level at the beach to a high altitude of 2,800 feet above sea level at Castro Peak within the mountain chain. Most of the Malibu area is composed of deep canyons and steep ridges which extend from the ridgeline down to the beach area. Numerous streams run through these canyons down to the beach in winter months, but they are generally dry in the summer.

There is an abundance of native trees in the canyons and on the hillsides, which consist of oak, chaparral and myoporum. The climate is influenced primarily by the cool Pacific Ocean breezes. During the summer, the off-shore ocean breezes insulate Malibu from the hot inland valleys, while in the winter, the ocean warms the air, insulating Malibu from the cool mountain air.

Once a privately-owned rancho, the estimated population of the Malibu area, according to the Los Angeles County Planning Department figures, is approximately 21,900 persons.

NEIGHBORHOOD PROFILE (Cont'd.)

The largest concentration is on Point Dume and in Malibu Park in western Malibu. The central portion of Malibu, near the intersection of Malibu Canyon Road and Pacific Coast Highway, is the location of the largest shopping center, the Los Angeles County Civic Center, the "Malibu Colony", and the main campus of Pepperdine University.

Pacific Coast Highway is considered the lifeline to Malibu, and runs parallel to the ocean between Santa Monica and Oxnard. There are several other access points to Malibu from Thousand Oaks and the San Fernando Valley, which consist of canyon roads extending southerly from the Ventura Freeway. Las Virgenes/Malibu Canyon Road is the most convenient and well known road for north/south access between Pacific Coast Highway and the Ventura Freeway. Also well used are Topanga Canyon Blvd. and Kanan Dume Road.

Because of the uniqueness of the area, the federal government has established the Santa Monica Mountains National Recreational Area (NRA), which encompasses approximately 150,000 acres. Within the boundary are excellent examples of Mediterranean-type ecosystems not well represented elsewhere in the National Park System, and which are limited in distribution to five narrow bands of the world's coastal areas. The natural and cultural resources of the area, together with the high potential for resource-based recreation within easy access of one of the world's major urban centers bestows a multi-dimensional national significance on the Santa Monica Mountains.

Over the last several years newer development in Malibu has been limited to projects approved by the California Coastal Commission. This commission was established by the California voters in 1972 in order to preserve the natural beauty of the California coastline and to provide greater public use of the beaches.

With these goals in mind, the Coastal Commission has been very restrictive in approving new commercial or residential projects which could adversely affect the environment or restrict public use of the beaches.

Several other factors have also acted individually to restrict development within the Malibu area: unavailability of sewers, old and small capacity water mains, excessive traffic traveling on Pacific Coast Highway and the short-term building moratorium that had been in-place in the City of Malibu, but now lifted.

NEIGHBORHOOD PROFILE (Cont'd.)

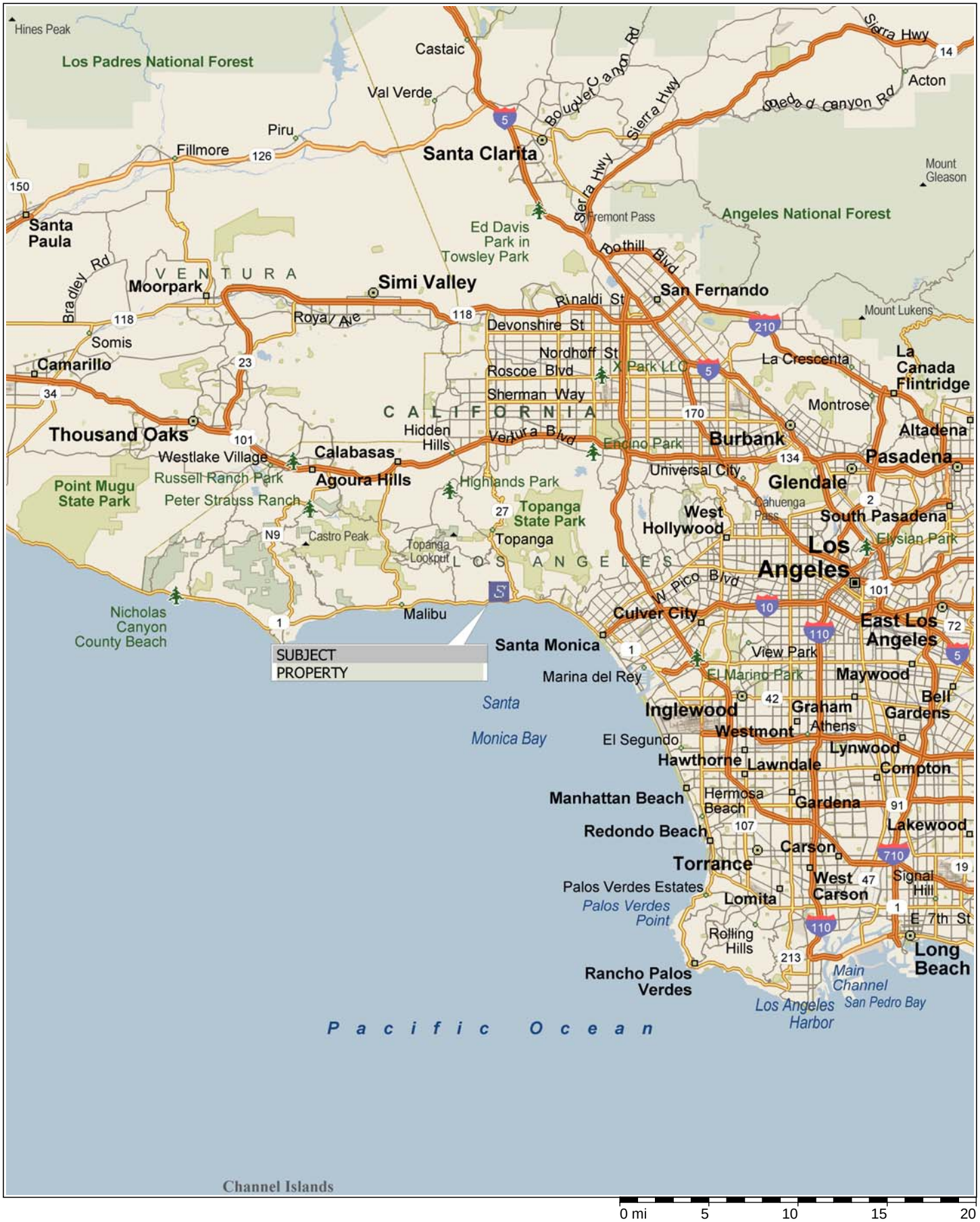
Although the greatest use of land throughout the Malibu community is for residential housing, most of the land is vacant. Scattered single family homes have been constructed on many of the ridges and bluffs overlooking the Pacific Ocean, as well as in the canyons extending up to the mountain ridges. Commercial development is generally restricted to the low, level areas, primarily along Pacific Coast Highway.

MARKET OVERVIEW

In the immediate area, development is quite sparse on the inland-side of Coast Highway, but virtually built-out along the subject’s water-frontage side of the highway. Homes on small 2,170 sf to 6,970 sf ocean-front parcels are selling in the $1,530,000 to $7,925,000 range. According to statistics from the Combined L.A./Westside MLS, these 24 house sales have a median sale price of $4,750,000; an average size of 2,670 sf; an average price/sf of $1,701; an average lot size of 5,454 sf; and an average marketing time of 165 days (5.5 months).

Relative to vacant lot value, very few lots have sold recently to demonstrate the state of the market. My survey efforts yielded three sales and one listing. The three sales are at $500,000, $696,000 and $1,025,000 for 3,480 sf, 3,950 sf and 2,360 sf lots. The highest lot sale includes approved plans and permits for a new residence. The low price is associated with a distressed sale substantially below the list price of $1,750,000. The middle price is for a substandard 37 ft. wide lot, but with a small building pad. The appropriate value for the subject lot should be lower than $1,025,000 and somewhat similar to $696,000.

LOCATION MAP



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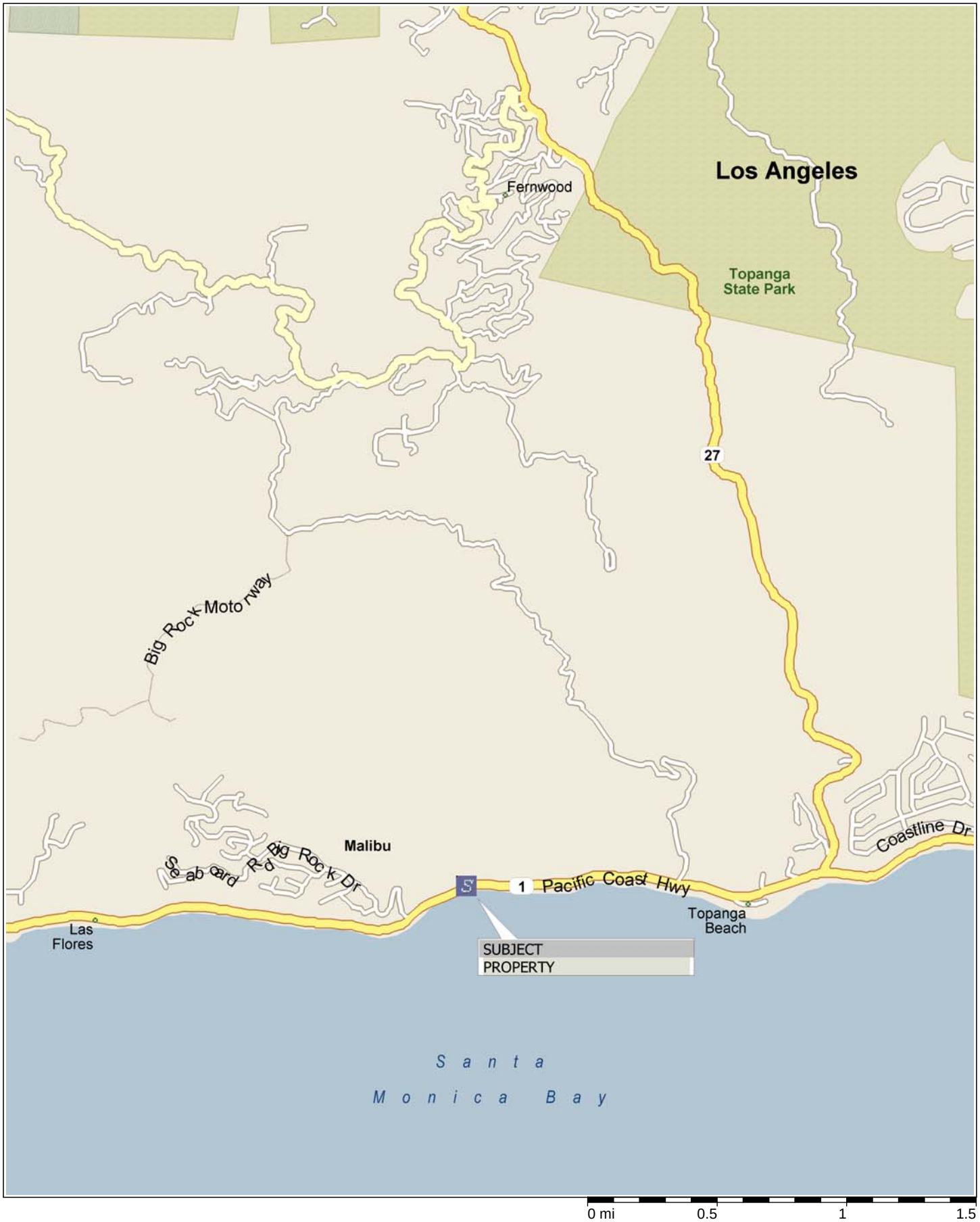
VICINITY MAP



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SUBJECT PROPERTY

OWNER OF RECORD

Title to the subject parcel is currently vested in:

Las Tunas Beach LLC
c/o Norman Haynie

LOCATION

The subject property is located on the ocean front side of Pacific Coast Highway, approximately one mile west of Tuna Canyon Road, and two lots west of a residence with an address of 19562 Pacific Coast Highway. The subject lot has an approximate address of:

19580 Pacific Coast Highway, Malibu, CA 90265.

Los Angeles County Thomas Guide page 630-B6.
Census Tract No. 8005.01

LEGAL DESCRIPTION

The lengthy metes and bounds legal description can be found in the Preliminary Report by Lawyers Title in the Addenda section of this report. The subject's legal description is on Page 4, as Parcel 3 (APN 4449-007-016).

LAND DESCRIPTION

Shape:	Trapezoid (two sides are parallel).
Size:	+/- 50.0/49.86 x 89.0/82.5 ft. = 3,720 sf
Topography:	No building pad - steep cliff down to the beach level.
Drainage:	Typical for beachfront lots.
Flood Hazard:	The subject parcel is located within the beachfront flood hazard zone. There is also typical wave damage to the beachfront during heavy surf at time of winter storms.
Earthquake Zone:	The subject parcel is located on or near the Malibu Coast Fault, an extension of the Santa Monica Fault which ruptured during the 1994 Northridge Earthquake. It is not located within an Alquist-Priolo earthquake Special Study Zone.

2007

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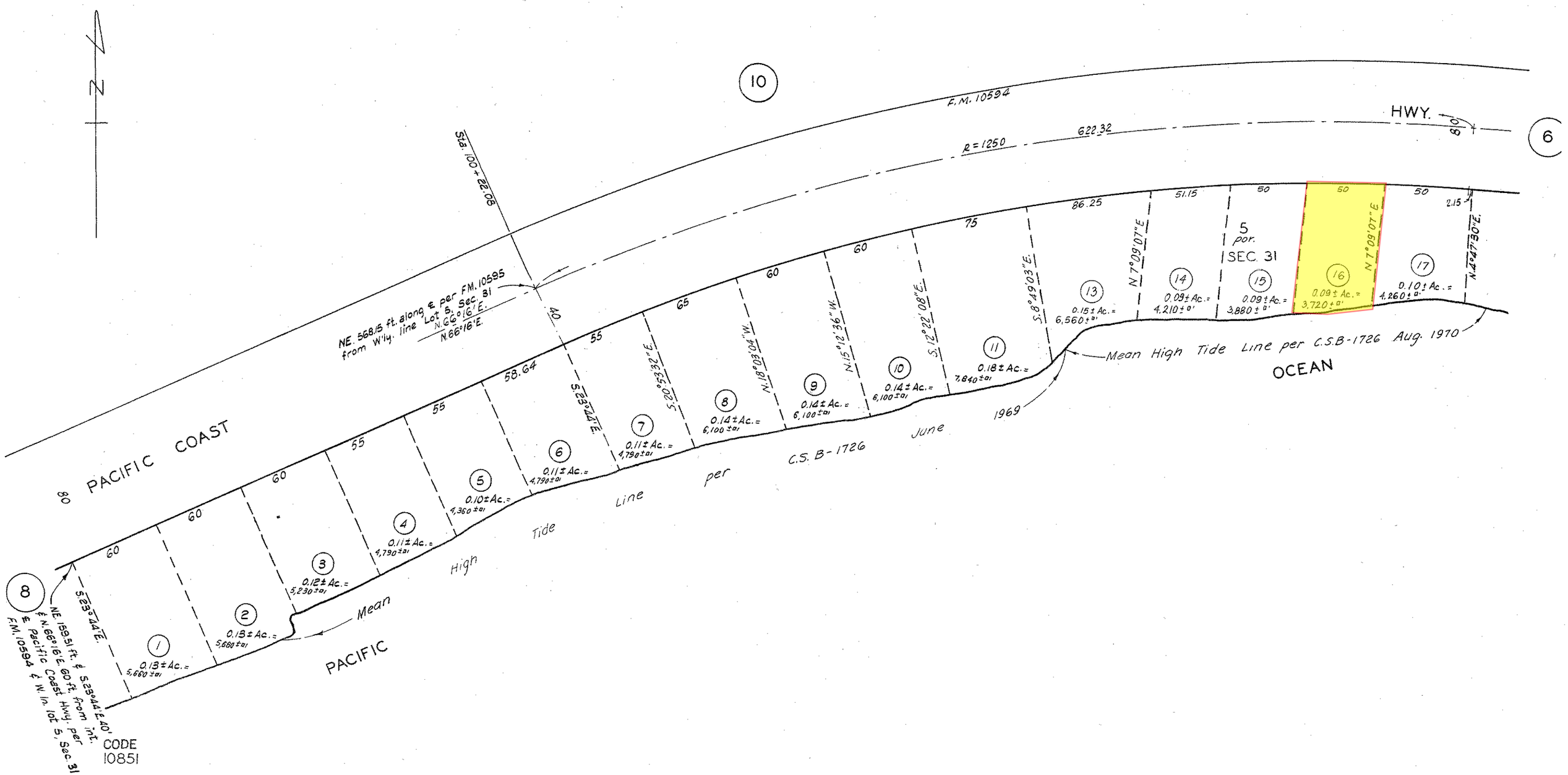


FOR PREV. ASSM'T SEE:
4450 - 48

T. 1S., R. 16 W.

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

SOILS AND GEOLOGY

No soils report was reviewed by your appraiser. No evidence of toxic soils contamination was observed by your appraiser during the property inspection on June 5, 2012. This appraisal is based on the assumption that the subject lot is not adversely affected by toxic soils contamination.

The subject property is within the Big Rock landslide area which has disrupted Pacific Coast Highway since 1978. According to a report prepared by Geoplan, Inc. on April 10, 2003, Project No. 312370, this Big Rock slide has not advanced seaward because of the buttressing effect of stable bedrock beneath Pacific Coast Highway. Also, there has been substantial draining of the percolated flood waters that saturated the hills above the highway, thus causing the slide. This draining has been ongoing since the early 1980s and appears to have stabilized the slide above the subject property. The Geoplan, Inc. report concludes that ".....Comprehensive geotechnical investigations and analyses are necessary but existing geologic data form a rational basis capable of supporting the conclusion that each of the five [subject] lots may be developed residentially despite the proximity of the active landslide. The proposed residential development of the subject lots is feasible provided such development is designed and implemented in conformance with the current building ordinance and the recommendations of the project consultants. Implementation of the development within this framework will not be affected by hazardous landslides, settlement or slippage nor will the proposed development affect adjacent properties adversely."

A subsequent report by Stratum Geotechnical Consultants dated July 7, 2006 addresses the landslide fronting the subject property: "..... Based on geologic and geotechnical data obtained from the referenced reports, the following preliminary engineering analyses is provided for preliminary planning: The existing and active landslide represents the primary geotechnical risk for development of the subject site. Based on the existing geologic data as provided in the referenced reports, the noted landslide toes out below Pacific Coast Highway, proximal to the northerly property line of the subject site. As described in these reports, the landslide geometry is maintained by a change in the subsurface bedrock formations below the subject site. Thus, provided the bedrock below the subject site is as competent as previously described, the landslide movement, while significantly affecting the highway, has not and likely would not affect the subject site....."

This appraisal is being based in part on these professional geologic conclusions that the subject lot is geologically stable for residential development.

ASSESSOR'S DATA

Assessor's Parcel No.:	4449-007-016
Assessed Value Land:	$68,265
Assessed Value Improvements:	--
Assessed Value - Total:	$68,265
Actual Taxes:	$1,287.07*

***NOTE:** There are unpaid delinquent taxes due in the amount of $3,499.66 as of June 7, 2012; plus $37.96 per month interest until paid in full. If a purchase agreement is executed, this amount should be credited to the buyer if the taxes remain unpaid and become the buyer's responsibility.

EASEMENTS AND ENCROACHMENTS

Review of a copy of a policy of title insurance No. 111085107 by Lawyers Title dated May 7, 2012, reveal several easement encumbrances on the property. Most are utility line easements along Pacific Coast Highway that have no adverse effects upon the marketability of the subject property.

IMPLIED DEDICATION

Implied dedication is the public's right to use the property based on historical prescriptive use. Field inspection and review of aerial photographs of the subject property reveal little likelihood of any prior use of the property for public recreation purposes. The property is fenced and inaccessible from Pacific Coast Highway. Therefore, there appears to be no implied dedication factor impacting the value of the subject property.

UTILITY AVAILABILITY

Natural gas, water and electricity are at the site. There are no sewers in the area. Private septic tanks are required for sewage disposal.

ACCESS AND STREET IMPROVEMENTS

The subject property has paved public road access from Pacific Coast Highway, a fully improved right of way dedicated to a width of 80 feet in front of the subject lot. There are two lanes of traffic in each direction. There is no street parking allowed in front of the subject.

ZONING/GENERAL PLAN

The subject property falls under two jurisdictions – the City's zoning ordinance/general plan, and the Coastal Commission's Local Coastal Plan/Land Use Plan.

ZONING/GENERAL PLAN (Cont'd.)

On January 24, 2011, the City Council initiated a comprehensive update to the City Zoning Code. The update will affect Title 17 (Zoning) of the Malibu Municipal Code (M.M.C.) and the Local Coastal Program (LCP) Local Implementation Plan (LIP). On June 13, 2011, the City entered into a contract with Lisa Wise Consulting, Inc. who agreed to a project timeline of one year to complete Phase I of the update, which is an administrative draft of the updated M.M.C. Title 17. The Phase II scope of work would complete necessary updates to the LIP, finalize a public review draft of M.M.C. Title 17 and the LIP, provide support for supplemental tasks, and move the update through the public review process to the City Council for adoption and the California Coastal Commission for certification. Phase II would begin once additional funding becomes available.

For now, the City's controlling zoning code and Local Coastal Program Land Use Plan are in effect as adopted September 13, 2002. The subject has a consistent zoning and LUP designation of SF-M, Single Family Medium Density, that allows residential development equal to four lots per acre, or one lot per 1/4 acre. Minimum lot width is 80 ft. and minimum lot depth is 120 ft. The subject lot size is smaller at 3,720 sq. ft. and is considered legal, non-conforming to the current ordinance. The subject lot can still legally be developed.

SIGNIFICANT ECOLOGICAL AREAS

No part of the subject lot is located within a designated significant ecological area. However, Pacific Coast Highway is a designated Scenic Road. These are roads that provide views of areas of outstanding scenic quality, containing striking views of natural vegetation, geology, and other unique natural features, including the ocean. For parcels like the subject on the ocean side of Pacific Coast Highway, any new development would require 20% of the lot frontage to be maintained as one contiguous view corridor, except on lots with a width of 50 feet or less, which are allowed to split the 20% requirement and have 10% of the lot width on each side of the house, or five-foot sideyards as contiguous view corridors.

IMPROVEMENT DESCRIPTION

The subject property is unimproved vacant land.

OCCUPANCY

There are no tenants on the subject property, nor does the owner reside on the property.

HIGHEST AND BEST USE

The Appraisal Institute defines highest and best use as follows:

"The most profitable, likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future.

However, elements affecting value that depend on events or a combination of occurrence that, although in the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent on an uncertain act of another person, the intention cannot be considered.

That use of the land that may reasonably be expected to produce the greatest net return to land over a given period of time. That legal use that will yield to land the highest present value, sometimes called optimum use."

In estimating highest and best use, there are essentially four stages of analysis. They are:

1) **Legally Permissible:** What uses are permitted by zoning and deed restrictions on the site in question?

2) **Physically Possible:** What uses of the site in question are physically possible?

3) **Financially Feasible:** Which permissible and possible use will produce a net return to the owner of the site?

4) **Maximally Productive:** Among the feasible uses which use will produce the highest net return or the highest present worth?

The highest and best use of the land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the vacant site.

The following tests must be met in estimating the highest and best use. The use must be probable, not speculative or conjectural. There must be profitable demand for such use and it must return to the land the highest net return for the longest period of time. These tests have been applied to the vacant subject property.

HIGHEST AND BEST USE (Cont'd.)

Legally Permissible Use:
Legal restrictions as they apply to the subject property are primarily the public restriction of zoning under the City of Malibu and the California Coastal Commission. The subject zoning and Land Use Plan designations are SF-M, Single Family Medium Density, City of Malibu, which allows one residential unit on the subject lot.

Physically Possible Use:
The first constraints imposed on the possible use of the subject site are the existing physical characteristics of the site itself. The subject lot has good frontage along Pacific Coast Highway of 50.0 feet, with approximately 49.86 ft. of beach frontage. The site has no building pad, but only a steep, short cliff to the beach level. The physical factors of the subject property are suitable for beachfront residential development.

Financially Feasible/Maximally Productive Use:
Although there are few sales of small beachfront lots like the subject, there is evidence of continued construction on a few vacant lots and on existing residences undergoing extensive additions and remodeling. The uniqueness of beachfront lots increases demand for this product type. New single residential development is a market supported financially feasible use of the property at the present time.

Conclusion:
In the final analysis, a determination must be made, based on the above considerations, as to which legal, possible, and maximally feasible use is the highest and best use. In this case, for the reasons listed above, the highest and best use of the subject parcel is to pursue development of a single beachfront residence.

PROPERTY HISTORY

The owner of the subject property has held title since September 2002. The property is not currently listed for sale, nor has it been in the recent past.

OWNER CONTACTS

To set up an inspection appointment of the subject property, a phone message was left with the owner’s secretary on June 4, 2012 to please return my call. There was no response. Another message was left with this same secretary on the morning of June 5 to invite the owner to accompany me on the property inspection at 2:00pm that day. There was no response. After the inspection, the owner did call and share some details about the property that were informative for this appraisal. No reinspection of the property was required.

VALUATION

In this appraisal assignment, I am utilizing the Direct Comparison Market Data Approach for the "as is" fee simple valuation of the subject property. The Income Approach is not appropriate since vacant land parcels do not sell for their income generating potential. The Cost Approach is not utilized due to the vacant land status of the subject property.

MARKET DATA APPROACH

The Appraisal Methodology

This approach to value consists primarily of selecting similar type properties which have sold in the subject neighborhood or subject area within a reasonably close period of time to the date of valuation; comparing these properties to the subject; making necessary adjustments for differences as reflected from the body of data; and reconciling all value indications into a conclusion of value for the subject. The sale items utilized in this analysis are summarized on the following table. Factors of comparison include location; date of sale; lot size; pad area; lot depth; length of beach frontage; beach depth; zoning; highest and best use; degree of entitlements; and terms of sale. The appropriate unit rates are the Price Per Front Foot of beach frontage and the Total Price.

Comparative Analysis

Location: The subject has a wet beach location on Las Tunas Beach. All four items also are wet beaches on Las Tunas, Big Rock and Las Flores beaches.

Date of Sale: All of the items sold within the past 14 months and need no adjustments.

Lot Size: The market reflects that smaller lots sell for lower Total Prices than larger lots. Except for Item 3, the subject lot size of 3,720 sf is slightly larger than the remaining three items which need upward adjustments of their Total Prices.

Pad Area: The subject has no building pad. Items 3 and 4 have some pad area and require downward adjustments of the unit rates.

Lot Depth: The subject has an approximate average depth of 85.7 feet. Item 2 is much smaller at 60.4 feet and indicates upward adjustments.

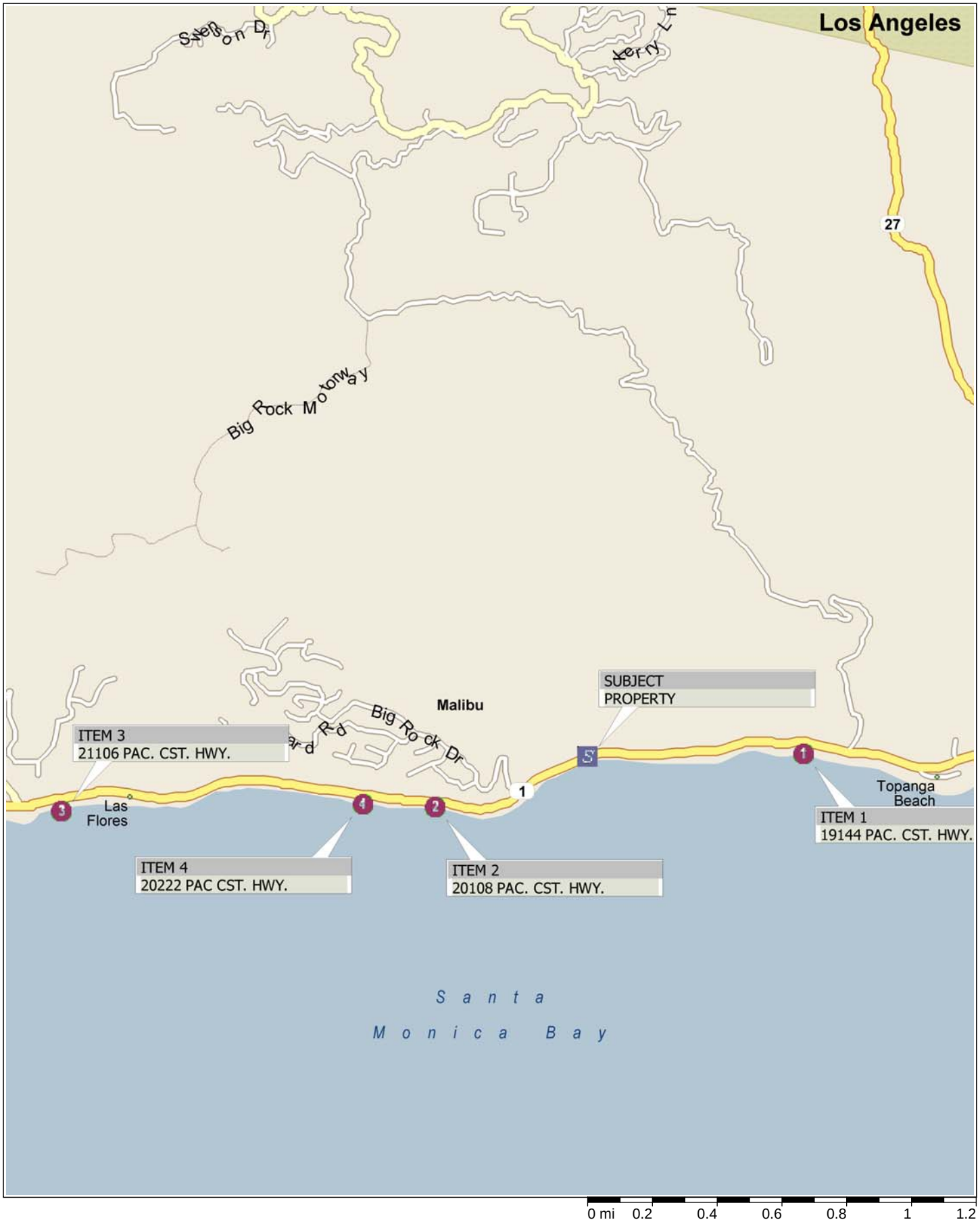
Beach Frontage: The data reflect that narrow beach frontage has a lower Total Price but a higher Price Per Front Foot due to the principle of reverse economy of scale.

LAND SALES SUMMARY

ITEM NO. & LOCATION	DATE	LOT SIZE DEPTH	BEACH FRONTAGE BEACH DEPTH	ZONING	H & B USE	PRICE TOTAL	PRICE PFF	COMMENTS
NO. 1 19144 PACIFIC CST. HWY. MALIBU - LAS TUNAS BEACH APN: 4449-004-020	10/7/2011 SALE	2,360 sf 81.1 ft.	30.0 +/- ft. SANDY & ROCKY SHALLOW	SFM	SFR	$1,025,000	$34,167	51% DOWN. LISTED AT $1,295,000 AND $1,195,000. 307 DAYS ON MARKET. VACANT LOT. COASTAL COMMISSION AND CITY PLANNING APPROVAL FOR 1,400 SF RESIDENCE.
NO. 2 20108 PACIFIC CST. HWY. MALIBU - BIG ROCK BEACH APN: 4450-002-042	5/1/2012 SALE	3,480 sf 60.4 ft.	56.82 ft. SANDY SHALLOW	SFM	SFR	$500,000	$8,800	ALL CASH. DISTRESSED SALE. LISTING PRICE STARTED AT $1,750,000. 543 DAYS ON MARKET. VACANT LOT WITH EXPOSED DRAINAGE PIPE WITH CONCRETE RIP-RAP WALL. NO ENTITLEMENTS.
NO. 3 21106 PACIFIC CST. HWY. MALIBU - LAS FLORES BEACH APN: 4450-010-023	4/7/2011 SALE	3,950 sf 89.8 ft.	37.19 ft. SANDY SHALLOW	MFBF	SFR	$696,000	$18,715	ALL CASH. SOLD BY TRUSTEE AFTER FORECLOSURE. LISTED AT $1,229,900. 198 DAYS ON MARKET. VACANT LOT. NO ENTITLEMENTS.
NO. 4 20222 PACIFIC CST. HWY. MALIBU - BIG ROCK BEACH APN: 4450-003-012	6/2012 LIST	2,881 sf 86.4 ft.	33.41 ft. SANDY SHALLOW	MFBF	SFR	$795,000	$23,795	FIVE MONTHS ON MARKET SINCE FORECLOSURE ON 1/26/2012. VACANT LOT. NO ENTITLEMENTS.
SUBJECT 19580+/- PACIFIC CST. HWY. MALIBU - LAS TUNAS BEACH APN: 4449-007-016	6/2012 VALUE	3,720 sf 85.7 ft.	49.86 ft. ROCKY SHALLOW	SFM	SFR			NO ENTITLEMENTS.

SOURCE: THOMAS W. ERICKSON, MAI; SURVEY, JUNE 2012

MARKET DATA MAP



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MARKET DATA APPROACH (Cont'd.)

Comparative Analysis (Cont'd.)

Beach Frontage (Cont'd.) Item 1 demonstrates this principle with the narrowest frontage of 30 feet but the highest Price Per Front Foot of $34,167. Conversely, Item 2 has the widest frontage of 56.82 feet and the lowest unit rate of $8,800 Per Front Foot. Appropriate adjustments must be made to the unit rates.

Zoning: Although Items 3 and 4 have multiple residential zoning, their lot sizes are too small to allow more than one residence. Therefore, all four items are considered similar to the subject in this factor of comparison.

Highest and Best Use: All of the items have the same highest and best use as the subject – a single beachfront residence.

Entitlements: The subject has no building entitlements. Item 1 has approved plans and permits and is superior to the subject, requiring downward adjustments of the unit rates.

Drainage Easement: The subject property has no drainage easement. Item 2 has an exposed drainage pipe with concrete rip-rap wall, most likely associated with a drainage easement. Upward adjustments are applied to the unit rates.

Terms and Conditions of Sale: The three sale items have all cash or financed cash equivalent prices. No adjustments are indicated. However, Item 2 is a distressed sale. The original asking price was $1,750,000. After 543 days on market, an offer was accepted at $500,000 after dropping the list price to $475,000 – a 73% decrease. This is not market dynamics but seller frustration. An upward adjustment is required to the unit rates of Item 2.

ITEM 1 is the October 2011 sale of a vacant 2,360 sf lot located on Las Tunas Beach one-half mile east of the subject. The sale price of $1,025,000 equates to $34,167 Per Front Foot of beach. Beach frontage is approximately 30.0 feet and the wet-beach depth is shallow and sandy/rocky. Zoning is SF-M allowing one residence. There were approved plans and permits included in the price. Highest and best use is a single family residence. There is no drainage easement on this property. Terms of sale are 51% down. Marketing time was 307 days.

Compared to the subject on a Price Per Front Foot basis:

MARKET DATA APPROACH (Cont'd.)

ITEM 1 (Cont'd.) A downward adjustment is required for the much narrower beach frontage that tends to increase the unit rate due to the principle of reverse economy of scale. A downward adjustment is applied for the superior factor of building entitlements included in the sale price. Overall comparison to the subject is Superior at $34,167 Per Front Foot.

Compared to the subject on a Total Price basis:
An upward adjustment is applied for the much smaller lot size of 2,360 sf compared to the subject's larger 3,720 sf size. An upward adjustment is required for the inferior factor of the narrow lot width of 30 ft. A downward adjustment is applied for the superior factor of building entitlements. Overall comparison to the subject is Superior at $1,025,000 due mostly to the building entitlements.

ITEM 2 is the May 2012 sale of a vacant 3,480 sf lot located on Big Rock Beach one-half mile west of the subject. The sale price of $500,000 equates to $8,800 Per Front Foot of beach. Beach frontage is approximately 56.82 feet and the wet-beach depth is shallow and sandy. There is no building pad on this site. Zoning is SF-M allowing one residence. There were no building entitlements with this sale. Highest and best use is a single family residence. There is an existing drainage pipe along the westerly sideyard, most likely with a drainage easement. Terms of sale are all cash. Marketing time was 543 days. This is a distressed sale with the most recent list price 73% lower than the original list price.

Compared to the subject on a Price Per Front Foot basis:
Upward adjustments are applied for the inferior factors of a shorter lot depth of 60.4 ft. which limits the future house size, and for the distressed conditions of sale. Overall comparison to the subject is Inferior at $8,800 Per Front Foot.

Compared to the subject on a Total Price basis:
Upward adjustments are applied for the inferior factors of a shorter lot depth of 60.4 ft. which limits the future house size, for the existence of the drainage pipe and easement, and for the distressed conditions of sale. An upward adjustment is also applied for the smaller lot size of 3,480 sf compared to the subject's larger 3,720 sf size. Overall comparison to the subject is Inferior at $500,000.

MARKET DATA APPROACH (Cont'd.)

ITEM 3 is the April 2011 sale of a vacant 3,950 sf lot located on Las Flores Beach two miles west of the subject. The sale price of $696,000 equates to $18,715 Per Front Foot of beach. Beach frontage is approximately 37.19 feet and the wet-beach depth is shallow and sandy. Zoning is MFBF allowing only one residence since the lot is substandard in size. There were no building entitlements with this sale. There is a small building pad on this lot. Highest and best use is a single family residence. There is no drainage easement. Terms of sale are all cash. Marketing time was 198 days.

Compared to the subject on a Price Per Front Foot basis:
A downward adjustment is required for the much narrower beach frontage that tends to increase the unit rate due to the principle of reverse economy of scale. A downward adjustment is applied for the small building pad, a superior factor compared to the subject. Overall comparison to the subject is Superior at $18,715 Per Front Foot.

Compared to the subject on a Total Price basis:
An upward adjustment is required for the inferior factor of the narrow lot width of 37.19 ft. A downward adjustment is applied for the superior factor of the small building pad. Overall comparison to the subject balances to be Similar at $696,000.

ITEM 4 is the current listing of a vacant 2,881 sf lot located on Big Rock Beach one mile west of the subject. The list price of $795,000 equates to $23,795 Per Front Foot of beach. Beach frontage is approximately 33.41 feet and the wet-beach depth is shallow and sandy. Zoning is MFBF allowing only one residence since the lot is substandard in size. There are no building entitlements with this listing. There is a small building pad. Highest and best use is a single family residence. There is no drainage easement on this property.

Compared to the subject on a Price Per Front Foot basis:
A downward adjustment is required due to the listing status. A downward adjustment is required for the much narrower beach frontage that tends to increase the unit rate due to the principle of reverse economy of scale. A downward adjustment is applied for the small building pad, a superior factor compared to the subject. Overall comparison to the subject is Superior at $23,795 Per Front Foot.

Compared to the subject on a Total Price basis:

MARKET DATA APPROACH (Cont'd.)

ITEM 4 (Cont'd.) A downward adjustment is required due to the listing status. An upward adjustment is applied for the much smaller lot size of 2,881 sf compared to the subject's larger 3,720 sf size. An upward adjustment is required for the inferior factor of the narrow lot width of 33.41 ft. A downward adjustment is applied for the superior factor of the small building pad. Overall comparison to the subject is Superior at $795,000 due to the listing status and the building pad.

Price Per Front Foot Analysis

Based on these comparisons, the following qualitative analysis is indicated for each of the four comparable items:

Item	Price Per Front Ft.	Comparison to Subject Lot
1	$34,167	Superior
2	$8,800	Inferior
3	$18,715	Superior
4	$23,795	Superior

The unit rates range from $8,800 to $34,167 Per Front Foot. The low end of the range at $8,800 is associated with a distressed sale with a relatively wide beach frontage of 56.82 feet. Both of these factors lower the unit rate. A much higher unit rate is appropriate for the subject lot.

The highest unit rate is associated with Item 1 that sold with building entitlements. This lot has a narrow beach frontage of 30.0 feet which tends to increase the unit rate due to the principle of reverse economy of scale. A much lower unit rate than $34,167 Per Front Foot is appropriate for the subject.

The other two unit rates of $18,715 and $23,795 are more similar to the subject than the two extremes. The lowest Superior rate is $18,715. The appropriate unit rate for the subject is lower than this amount, and higher than the Inferior rate of $8,800. A rate slightly above the $13,757 mid-point of these two sales is appropriate for the subject.

Based on these comparisons, the market indicates that the appropriate unit rate for the 49.86 foot beach frontage subject lot is $13,500 Per Front Foot. This equates to a value indication of:

SIX HUNDRED SEVENTY THREE THOUSAND DOLLARS

$673,000

MARKET DATA APPROACH (Cont'd.)

Total Price Analysis

Based on these comparisons, the following qualitative analysis is indicated for each of the four comparable items:

Item	Total Price	Comparison to Subject Lot
1	$1,025,000	Superior
2	$500,000	Inferior
3	$696,000	Similar
4	$795,000	Superior

The prices range from $500,000 to $1,025,000. The low end of the range at $500,000 is associated with a distressed sale of a much smaller lot with a short lot depth. These factors lower the Total Price. A much higher value is appropriate for the subject lot.

The highest price is associated with Item 1 that sold with building entitlements. This lot has no drainage easement encumbrance like the subject. Both factors increase the Total Price. A much lower value than $1,025,000 is appropriate for the subject.

Two items are Superior to the subject and one is Similar. The lowest Superior price is $795,000. The appropriate value for the subject is lower than this amount. The one Similar price is at $696,000. The appropriate value for the subject is near this amount.

Based on these comparisons, I conclude that the current market value of the 3,720 sf subject lot, based on this Total Price analysis, is:

SIX HUNDRED NINETY FIVE THOUSAND DOLLARS

$695,000

RECONCILIATION AND FINAL VALUE CONCLUSION

The indicated values for the subject lot according to the two utilized approaches are as follows:

PRICE PER FRONT FOOT: $673,000

TOTAL PRICE: $695,000

RECONCILIATION AND FINAL VALUE CONCLUSION (Cont'd.)

Both analyses utilize the same body of data and are given equal consideration. Therefore, my final value conclusion for the 3,720 sf subject lot, as of the date of this appraisal, is:

SIX HUNDRED SEVENTY FIVE THOUSAND DOLLARS

$675,000

EXPOSURE TIME

Exposure time is defined as the length of time the property interest being appraised would have been offered on the market ***prior*** to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Sales of small beach front parcels have the following list prices, sale prices and exposure times:

Location		Price	Days on Market
19144 P.C.H.	List	$1,295,000	307
	Sale	$1,025,000	
20108 P.C.H.	List	$1,750,000	543
	Sale	$500,000	
21106 P.C.H.	List	$1,229,900	198
	Sale	$696,000	

The value estimate for the subject is within the range of sale items with reported marketing times. Exposure times range from 198 days to 543 days (6.6 to 18 months). Based on this evidence, the appropriate exposure time for the subject at the appraised value is estimated at 6 to 9 months.

PHOTOGRAPHS OF SUBJECT APN 4449-007-016

View of the subject parcel in the middle of the photo at left looking easterly.

View of the subject parcel in the middle of the photo at right looking westerly. PCH at right.

View of the subject's rocky beach.

Street scene looking westerly along Pacific Coast Hwy. with subject property out of photo at left.

Ocean view from the subject property looking easterly.

Ocean view from the subject property looking westerly.

Lawyers Title Company
7530 N. Glenoaks Blvd.
Burbank, CA 91504
Phone: (818) 767-2000
Fax: (818) 504-4937

DAVID GIBSON ESCROW
6351 Owensmouth #101-A
Woodland Hills, CA 91367

Attn: DAVE GIBSON

Title Officer: Ralph J. Mason, Jr.--So
email: tu08@ltic.com
Phone No.: (818) 252-6040
Fax No.: (818) 252-3732
File No.: 111085107

Your Reference No: 22714-G

Property Address: Vacant Land, City of Malibu, California

UPDATED PRELIMINARY REPORT

Dated as of MAY 7,2012 at 7:30 a.m.

In response to the application for a policy of title insurance referenced herein, Lawyers Title - LA 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 herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the 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. Limitation on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

The policy(s) of title insurance to be issued hereunder will be policy(s) of **Commonwealth Land Title Insurance Company.**

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Attachment One 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.

SCHEDULE A

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

CLTA Standard Owners
ALTA Loan 2006

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

A FEE

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

Grey Granite LLC, a limited liability company formed under the laws of the State of California as to Parcel 1;

Horizon View, LLC, a limited liability company formed under the laws of the State of California as to Parcel 2;

Las Tunas Beach LLC, a limited liability company formed under the laws of the State of California as to Parcel 3;

Lechuza Villas West, L.L.C., a Delaware Limited Liability Company as to Parcels 4 and 5

The land referred to herein is situated in the County of Los Angeles, State of California, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

EXHIBIT "A"

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

PARCEL 1:

THE WESTERLY 51.15 FEET, MEASURED ALONG THE NORTHERLY LINE, OF THAT PORTION OF THE GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1210 FEET, AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062867

ASSESSOR'S PARCEL NUMBER: 4449-007-014

PARCEL 2:

THE EASTERLY 50 FEET OF THE WESTERLY 101.15 FEET, SAID DISTANCE BEING MEASURED ALONG THE NORTHERLY LINE, OF THAT PORTION OF GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1,210 FEET, AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE

OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062868

ASSESSOR'S PARCEL NUMBER: 4449-007-015

PARCEL 3:

THE EASTERLY 50.00 FEET OF THE WESTERLY 151.15 FEET SAID DISTANCES BEING MEASURED ALONG THE NORTHERLY LINE OF THAT PORTION OF GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1210 FEET AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062869

ASSESSOR'S PARCEL NUMBER: 4449-007-016

PARCEL 4:

THAT PORTION OF GOVERNMENT LOT 5 IN SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE OCTOBER 5, 1896, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY DISTANT EASTERLY THEREON 401.25 FEET FROM THE WESTERLY END OF THAT CERTAIN CURVE IN SAID SOUTHERLY LINE WHICH IS CONCAVE SOUTHERLY AND HAS A RADIUS OF 1,210 FEET AND WHICH IS TANGENT AT SAID WESTERLY END WITH A LINE BEARING SOUTH 66° 16' 00" WEST FROM A POINT DISTANT SOUTH 23° 44' 00" EAST 40 FEET FROM THE ENGINEER'S CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS OF SAID COUNTY; THENCE CONTINUING ALONG SAID CURVE, A DISTANCE OF 201.15 FEET TO THE END OF SAID CURVE; THENCE SOUTH 85° 12' 30" EAST 2.15 FEET TANGENT TO THE LAST MENTIONED CURVE; THENCE SOUTH 4° 47' 30" WEST TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH A LINE THAT BEARS SOUTH 7° 09' 07" WEST, FROM THE POINT OF BEGINNING; THENCE NORTH 7° 09' 07" EAST, A DISTANCE OF 112 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THE WESTERLY 151.15 FEET MEASURED ALONG THE NORTHERLY LINE OF THE ABOVE DESCRIBED LAND, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062870

ASSESSOR'S PARCEL NUMBER: 4449-007-017

PARCEL 5:

THAT PORTION OF LOT 5 SECTION 31, TOWNSHIP 1 SOUTH, RANGE 16 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF SAID LAND ON FILE IN THE BUREAU OF LAND MANAGEMENT, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE PACIFIC COAST HIGHWAY, AS SAID SOUTHERLY LINE WAS ESTABLISHED ON JANUARY 1, 1945, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY WHICH BEARS SOUTH 23° 44' 00" EAST 40 FEET, FROM ENGINEERS CENTER LINE STATION 100 PLUS 22.08 AT THE EASTERLY EXTREMITY OF THAT CERTAIN CENTER LINE COURSE OF SAID HIGHWAY DESCRIBED AS "NORTH 66° 16' 00" EAST 670.60 FEET" IN THE DEED FROM SOUTHERN COUNTIES LAND COMPANY, TO THE STATE OF CALIFORNIA, RECORDED IN BOOK 11716 PAGE 337, OFFICIAL RECORDS; THENCE EASTERLY ALONG A CURVE CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 1,210 FEET BEING ALSO TANGENT TO THE SOUTHERLY LINE OF SAID PACIFIC COAST HIGHWAY, A DISTANCE OF 315 FEET TO A POINT TO WHICH A RADIAL LINE OF SAID CURVE BEARS NORTH 8° 49' 03" WEST, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID CURVE A DISTANCE OF 86.25 FEET; THENCE SOUTH 7° 09' 07" WEST 115 FEET, MORE OR LESS, TO A POINT IN THE ORDINARY HIGH TIDE LINE OF THE PACIFIC OCEAN, AS FOUND BY SURVEY ON APRIL 17, 1947; THENCE WESTERLY ALONG SAID TIDE LINE TO THE INTERSECTION OF SAID TIDE LINE WITH THE ABOVE MENTIONED RADIAL LINE WHICH BEARS SOUTH 8° 49' 03" EAST FROM THE TRUE POINT OF BEGINNING; THENCE ALONG SAID RADIAL LINE NORTH 8° 49' 03" WEST 119 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING, AS SHOWN IN THE CERTIFICATE OF COMPLIANCE RECORDED SEPTEMBER 25, 1978 AS INSTRUMENT NO. 78-1062866

ASSESSOR'S PARCEL NUMBER: 4449-007-013

SCHEDULE B – Section A

The following exceptions will appear in policies when providing standard coverage as outlined below:

1. (a) Taxes or assessments that 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; (b) proceedings by a public agency that may result in taxes or assessments, or notices 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 that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and 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.

6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

SCHEDULE B – Section B

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

A. Property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, to be levied for the fiscal year 2012 – 2013 which are a lien not yet payable.

B. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-013
Fiscal Year:	2011-2012
1st Installment:	$896.38, DELINQUENT (Due after December 10)
Penalty:	$89.63
2nd Installment:	$896.37, DELINQUENT (Due after April 10)
Penalty and Cost:	$99.63
Homeowners Exemption:	$NONE
Code Area:	0010851

C. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-011
Fiscal Year:	2011-2012
1st Installment:	$643.77, DELINQUENT (Due after December 10)
Penalty:	$64.37
2nd Installment:	$643.76, DELINQUENT (Due after April 10)
Penalty and Cost:	$74.37
Homeowners Exemption:	$NONE
Code Area:	0010851

D. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-016
Fiscal Year:	2011-2012
1st Installment:	$643.54, DELINQUENT (Due after December 10)
Penalty:	$64.35
2nd Installment:	$643.53, DELINQUENT (Due after April 10)
Penalty and Cost:	$74.35
Homeowners Exemption:	$NONE
Code Area:	0010851

E. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.:	4449-007-017
Fiscal Year:	2011-2012
1st Installment:	$657.27, DELINQUENT (Due after December 10)
Penalty:	$65.72
2nd Installment:	$657.27, DELINQUENT (Due after April 10)
Penalty and Cost:	$75.72
Homeowners Exemption:	$NONE
Code Area:	0010851

F. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is $4,327.49.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is $4,379.72.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is $4,431.95.

Said matter affects Parcel 5

G. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is $3,159.13.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is $3,197.12.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is $3,235.11.

Said matter affects Parcel 1

H. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is $3,052.75.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is $3,089.45.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is $3,126.15.

Said matter affects Parcel 2

I. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is $3,157.99.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is $3,195.96.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is $3,233.93.

Said matter affects Parcel 3

J. Said property has been declared Tax-Defaulted for non-payment of delinquent taxes for the fiscal

year 2009 - 2010.

Amount to redeem by September 30, 2011 for the above-stated year (and subsequent years, if any) is $3,224.74.

Amount to redeem by October 31, 2011 for the above-stated year (and subsequent years, if any) is $3,263.52.

Amount to redeem by November 31, 2011 for the above-stated year (and subsequent years, if any) is $3,302.30.

Said matter affects Parcel 4

K. Supplemental or escaped assessments of property taxes, if any, assessed pursuant to the Revenue and Taxation Code of the State of California.

1. The right to extend and maintain drainage structures Southerly of the Southerly line of the State Highway, as granted to the State of California by Deed recorded in Book 11716, Page 337, Official Records, and as reserved by said State in document recorded in Book 14700, Page 145 Official Records

2. An easement for the purpose shown below and rights incidental thereto as set forth in a document
   Purpose: Drainage
   Recorded: in Book 19843, Page 249 Official Records
   Affects: said land more particularly described therein.

3. An easement for the purpose shown below and rights incidental thereto as set forth in a document
   Purpose: Water pipes
   Recorded: March 22, 1948 as Instrument No. 1209 in Book 26748, Page 62 Official Records
   Affects: said land more particularly described therein.

4. An easement for the purpose shown below and rights incidental thereto as set forth in a document
   Purpose: Water pipes and utilities
   Recorded: August 20, 1948 as Instrument No. 441 in Book 27982, Page 132 Official Records
   Affects: said land more particularly described therein.

5. An easement for the purpose shown below and rights incidental thereto as set forth in a document
   Purpose: Water pipes and utilities
   Recorded: August 1, 1951 as Instrument No. 369 in Book 36889, Page 74 Official Records
   Affects: said land more particularly described therein.

6. An easement for the purpose shown below and rights incidental thereto as set forth in a document
   Purpose: Water pipes and utilities
   Recorded: August 20, 1948 as Instrument No. 1500 in Book 28060, Page 279 Official Records
   Affects: said land more particularly described therein.

7. An easement for the purpose shown below and rights incidental thereto as set forth in a document

   Purpose: Water pipes and utilities
   Recorded: September 12, 1962 as Instrument No. 2598 Official Records
   Affects: said land more particularly described therein.

8. The matters contained in a document entitled **"Grant of Easement"** recorded January 10, 1989 as Instrument No. 89-48041 Official Records.

Reference is made to said document for full particulars.

9. The matters contained in a document entitled **"Revocable License Agreement"** recorded July 12, 1989 as Instrument No. 89-1110075 Official Records.

   Reference is made to said document for full particulars.

10. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby.

Amount:	$1,700,000.00
Dated:	October 27, 2005
Trustor:	Lechuza Villas West, L.L.C. a Delaware limited liability company
Trustee:	East West Investment Inc., a California Corporation
Beneficiary:	East West Bank
Recorded:	October 31, 2005 as Instrument No. 05-2619565 Official Records
Loan No.:	28626

11. Any adverse claim based upon the assertion that some portion of said land is tide or submerged lands, or has been created by artificial means or has accreted to such portion so created.

12. Rights and easements for navigation and fishery which may exist over that portion of said land lying beneath the waters of the river or stream above-mentioned.

13. Any rights in favor of the public which may exist on said land if said land or portions thereof are or were at any time used by the public.

14. Any adverse claim based upon the assertion that any portion of said land was not tideland subject to disposition by the State of California, or that any portion thereof has become submerged land by reason or erosion or has become upland by reason of accretion.

15. Rights and easements for commerce, navigation and fishery.

16. Any easements not disclosed by those public records which impart constructive notice and which are not visible and apparent from an inspection of the surface of said land.

17. Any rights, interests or claims of parties in possession of the land not shown by the public records.

END OF SCHEDULE B EXCEPTIONS

PLEASE REFER TO THE "NOTES AND REQUIREMENTS SECTION" WHICH FOLLOWS FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION

REQUIREMENTS SECTION:

Req. No. 1: The Company will require a statement of information from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon.

Parties: Buyers and/or Sellers

Req. No. 2: The Company will require that it be provided with the following with respect to the California limited liability company named below:
A. A copy of its operating agreement and any amendments thereto;
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Lechuza West LLC

Req. No. 3: The Company will require that it be provided with the following with respect to the California limited liability company named below:
A. A copy of its operating agreement and any amendments thereto;
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Las Tunas Beach LLC

Req. No. 4: The Company will require that it be provided with the following with respect to the California limited liability company named below:
A. A copy of its operating agreement and any amendments thereto;
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Grey Granite LLC

Req. No. 5: The Company will require that it be provided with the following with respect to the California limited liability company named below:
A. A copy of its operating agreement and any amendments thereto;
B. A certified copy of its articles of organization (LLC-1), any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles or organization (LLC-10); and
C. A copy of the current Statement of Information form (LLC-12) filed with the Secretary of State.

Limited Liability Company: Horizon View LLC

Req. No. 6: The Company will require that a full copy of any unrecorded lease referred to in Schedule A be furnished to this Company, together will all supplements, assignments and amendments, before issuing any policy of title insurance.

INFORMATIONAL NOTES SECTION

Note No. 1: The information on the attached plat is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy, report or guarantee to which it may be attached.

Note No. 2: The current owner does NOT qualify for the $20.00 discount pursuant to the coordinated stipulated judgments entered in actions filed by both the Attorney General and private class action plaintiffs for the herein described property.

Note No. 3: California insurance code section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds deposited with the company by wire transfer may be disbursed upon receipt. Funds deposited with the company via cashier's check or teller's check drawn on a California based bank may be disbursed on the next business day after the day of deposit. If funds are deposited with the company by other methods, recording and/or disbursement may be delayed. All escrow and sub-escrow funds received by the company will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the company in a financial institution selected by the company. The company may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with such financial institution, and the company shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by the company. Those benefits may include, without limitation, credits allowed by such financial institution on loans to the company or its parent company and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. Such benefits shall be deemed additional compensation of the company for its services in connection with the escrow or sub-escrow.

WIRING INSTRUCTIONS FOR THIS OFFICE ARE:

Union Bank
1980 Saturn Street, V03-012
Monterey Park, CA 91755
(800) 849-6466
ABA # 122000496
CREDIT TO: Lawyers Title - LA
ACCOUNT #: 9101081371

RE: 111085107

PLEASE INDICATE Lawyers Title - LA TITLE ORDER NUMBER

Note No. 4: Lawyers Title is a division of Commonwealth Land Title Insurance Company. The insurer in policies of title insurance, when issued in this transaction, will be Commonwealth Land Title Insurance Company.

Note No. 5: THIS COMPANY REQUIRES CURRENT BENEFICIARY DEMANDS PRIOR TO CLOSING. If the demand is expired and a current demand cannot be obtained, our requirements will be as follows:

(a) If this Company accepts a verbal update on the demand, we may hold an amount equal to one monthly mortgage payment. This hold will be in addition to the verbal hold the lender may have stipulated.

(b) If this Company cannot obtain a verbal update on the demand, we will either pay off the expired demand, or wait for the amended demand, at our discretion.

(c) All payoff figures are verified at closing. If the customer's last payment was made within 15 days of closing, our Payoff Department may hold one month's payment to insure check has cleared the bank (unless a copy of the cancelled check is provided, in which case there will be no hold).

Note No. 6: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	$892.35 (Defaulted)
2nd Installment:	$892.34 (Defaulted)
Exemption:	$0.00
Code Area:	0010851
Assessment No.:	**4449-007-013**

Note No. 7: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	$640.57 (Defaulted)
2nd Installment:	$650.56 (Defaulted)
Exemption:	$0.00
Code Area:	0010851
Assessment No.:	**4449-007-014**

Note No. 8: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	$619.14 (Defaulted)
2nd Installment:	$619.12 (Defaulted)
Exemption:	$0.00
Code Area:	0010851
Assessment No.:	**4449-007-015**

Note No. 9: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	$640.34 (Defaulted)
2nd Installment:	$640.33 (Defaulted)
Exemption:	$0.00
Code Area:	0018051
Assessment No.:	**4449-007-016**

Note No. 10: Either one or both installments of the property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, for the fiscal year shown below **have not been paid** (please refer to Schedule B for amounts to redeem). For proration purposes **only**, the amounts are:

Fiscal year	2010
1st Installment:	$654.03 (Defaulted)
2nd Installment:	$654.03 (Defaulted)
Exemption:	$0.00
Code Area:	0018051
Assessment No.:	**4449-007-017**

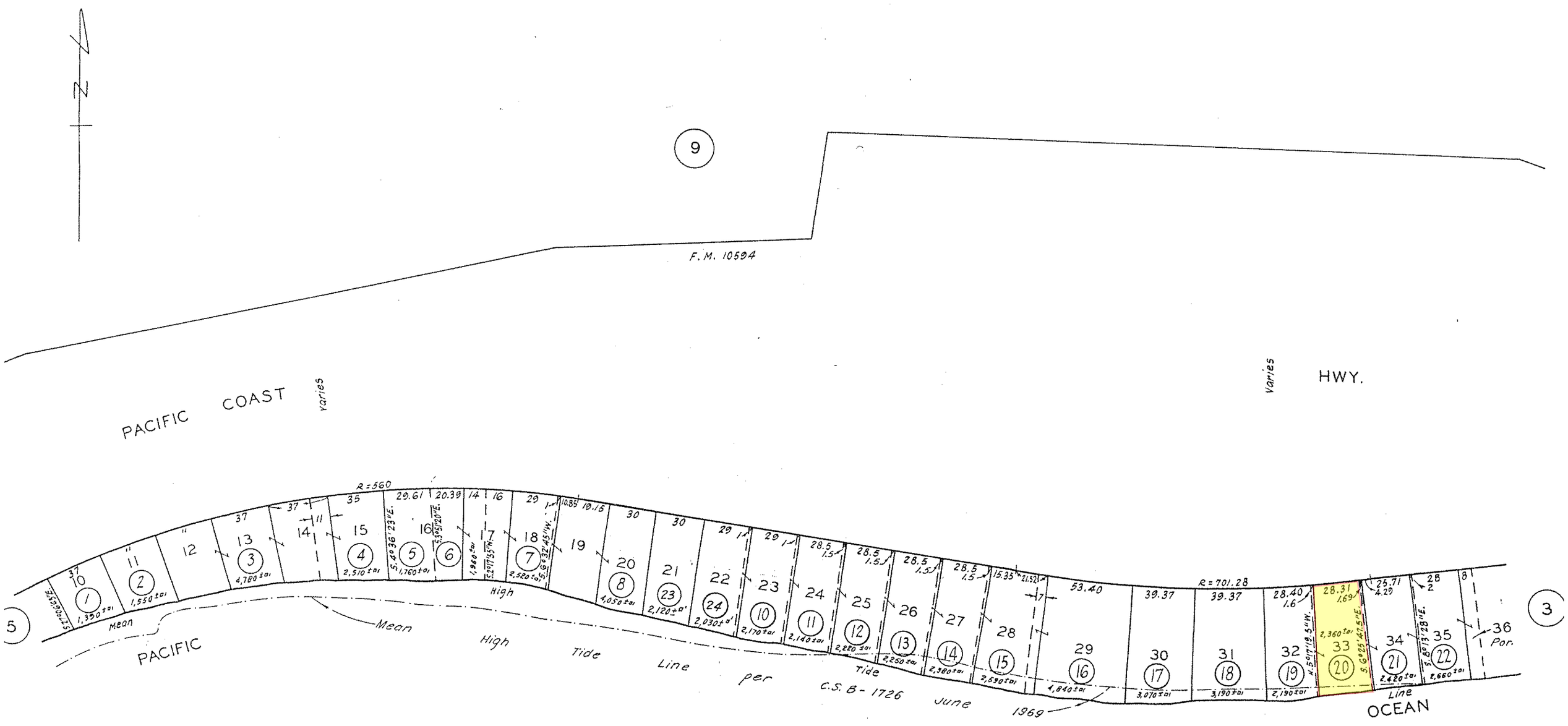
Processor: msp
Date Typed: May 11, 2012

LOCATION:	19144 Pacific Coast Highway, Malibu
THOMAS MAP PAGE:	630-C6 Los Angeles County
ASSESSOR'S PARCEL NO.:	4449-004-020
BUYER:	Eisenberg Investments LLC
SELLER:	19144 PCH LLC
LAND DATA:	***Size:*** 28.22/30 x 81.1 ft. 2,360 sq. ft. ***Present Use:*** Vacant lot ***Zoning:*** SF-M ***Improvements:*** None ***Building Pad:*** Some; partly man-made ***Beach Type:*** Wet - sandy & rocky
SALE PRICE:	$1,025,000 **TERMS:** 51% down
UNIT PRICE:	$34,167 Per Front Foot
RECORDING DATA:	October 7, 2011 **Doc. No.** 1367666
SOURCE:	Coldwell Banker-Malibu Colony listing sheet; CLAW MLS sales sheet; and NDCdata recording sheet.
COMMENTS:	Listed at $1,295,000 and $1,195,000. 307 days on market. Price includes Malibu and Coastal Commission building permits.

ALE 1" = 60'

1992

85110405-05L
910606



CODE
10851

FOR PREV. ASSM'T SEE:
4450 - 28, 29 & 30

LICENSED SURVEYOR'S MAP L.S. 26-43-44

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

LOCATION: 20108 Pacific Coast Highway, Malibu

THOMAS MAP PAGE: 629-J6 Los Angeles County

ASSESSOR'S PARCEL NO.: 4450-002-042

BUYER: Parvez Gondal
SELLER: Floyd B. Fichman

LAND DATA:

Size: 58.36/56.82 x 60.4 ft.
3,480 sq. ft.
Present Use: Vacant lot
Zoning: SF-M
Improvements: Drainage pipe with rip-rap concrete and stone wall
Building Pad: None
Beach Type: Wet - sandy & rocky

SALE PRICE: $500,000 **TERMS:** Cash

UNIT PRICE: $8,800 Per Front Foot

RECORDING DATA: May 1, 2012 **Doc. No.** 639773

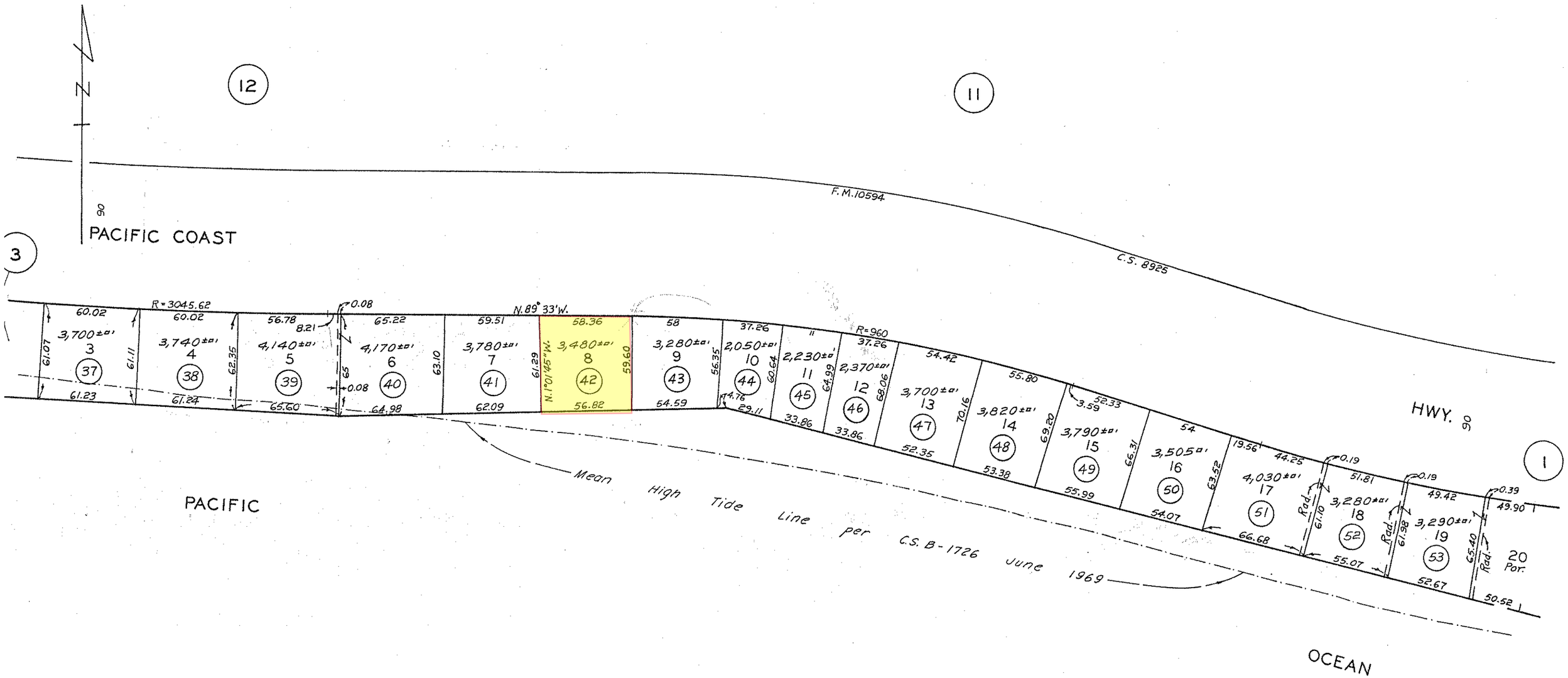
SOURCE: Rodeo Realty listing sheet; CLAW MLS sales sheet; NDCdata recording sheet; and Grant Deed document.

COMMENTS: Listed at $1,750,000 on Oct. 1, 2010. Then reduced to $475,000. Distressed sale at $500,000. 543 days on market.

4450 | 2

SCALE 1" = 60'

1992



CODE
10851

TRACT NO. 24026

M.B.625 - 73 - 75

NO. 1255 FOR PREV. ASSM'T SEE:
4450 - 46 & 47

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

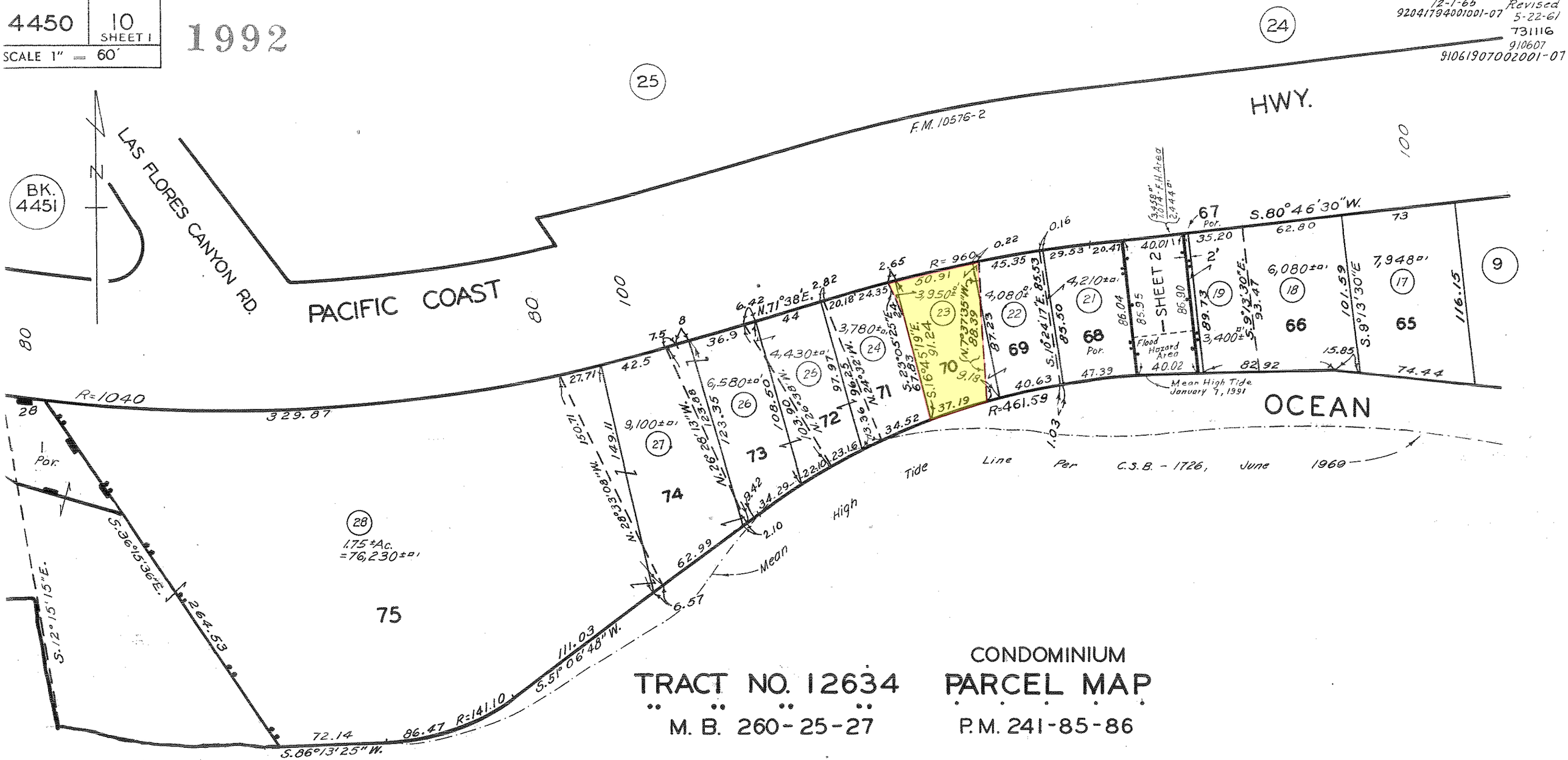
LOCATION:	21106 Pacific Coast Highway, Malibu
THOMAS MAP PAGE:	629-G6 Los Angeles County
ASSESSOR'S PARCEL NO.:	4450-010-023
BUYER:	Peter Doerken Charitable Remainder Trust
SELLER:	CWALT Inc. Trust
LAND DATA:	***Size:*** 53.78/37.19 x 89.8 ft. 3,950 sq. ft. ***Present Use:*** Vacant lot ***Zoning:*** MFBF ***Improvements:*** Burned-out house foundation ***Building Pad:*** Some, below street grade ***Beach Type:*** Wet - sandy
SALE PRICE:	$696,000 **TERMS:** Cash
UNIT PRICE:	$18,715 Per Front Foot
RECORDING DATA:	April 7, 2011 **Doc. No.** 510815
SOURCE:	Prudential California Realty listing sheet; CLAW MLS sales sheet; and NDCdata recording sheet.
COMMENTS:	Listed at $1,229,900 on Aug. 9, 2010. Then reduced to $850,000. Sold by trustee after 6/22/10 foreclosure. 198 days on market.

4450 | 10 SHEET 1

SCALE 1" = 60'

1992

12-1-65 92041794001001-07 Revised 5-22-61 731116 910607 91061907002001-07



CONDOMINIUM

TRACT NO. 12634 PARCEL MAP

M. B. 260-25-27 P.M. 241-85-86

PACIFIC

LAND OF MATTHEW KELLER IN THE RANCHO TOPANGA MALIBU SEQUIT

R. F. 534

CODE 10865

FOR PREV. ASSM'T. SEE: 4450 - 9

ASSESSOR'S MAP COUNTY OF LOS ANGELES, CALIF.

LOCATION: 20222 Pacific Coast Highway, Malibu

THOMAS MAP PAGE: 629-J6 Los Angeles County

ASSESSOR'S PARCEL NO.: 4450-003-012

BUYER: N.A.
SELLER: FASAK Investments LLC

LAND DATA:

Size:	33.34/33.41 x 86.4 ft. 2,881 sq. ft.
Present Use:	Vacant lot
Zoning:	MFBF
Improvements:	Burned-out house foundation
Building Pad:	Some, below street grade
Beach Type:	Wet - sandy

LIST PRICE: $795,000 **TERMS:** N.A.

UNIT PRICE: $23,795 Per Front Foot

LISTING DATE: January 26, 2012 **Doc. No**. N.A.

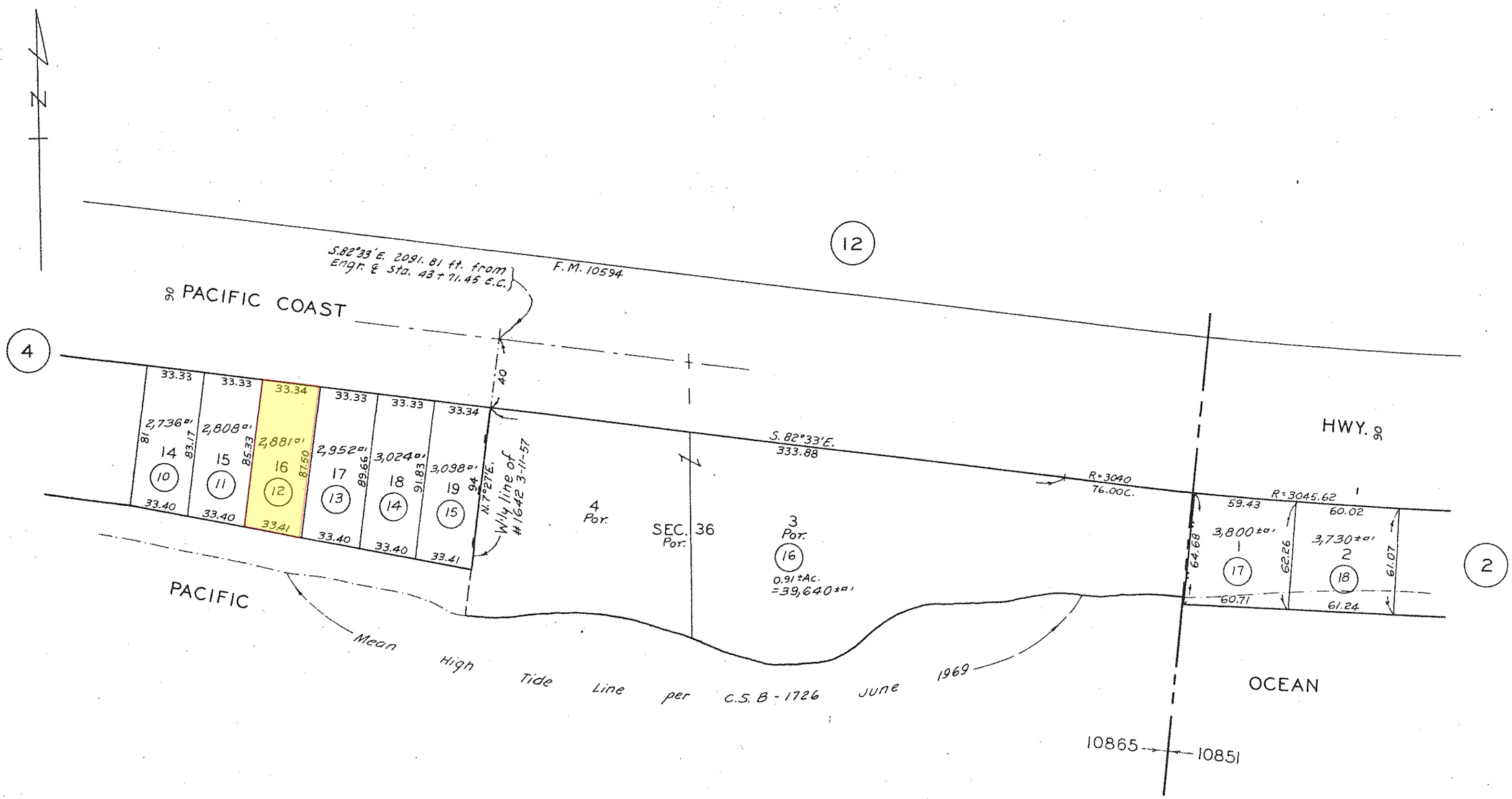
SOURCE: Steven Brothers, listing broker with Century 21 Allstars; and CLAW MLS listing sheet.

COMMENTS: Listed the day after foreclosure.

4450 | 3

SCALE 1" = 60'

1992



CODE
10865
10851

T.1S., R.17W.

TRACT NO. 24025 M.B. 625 - 70 - 72

TRACT NO. 24026 M.B. 625 - 73 - 75

FOR PREV. ASSM'T SEE:
4450 - 46

ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

QUALIFICATIONS OF

THOMAS W. ERICKSON, MAI
CERTIFIED GENERAL APPRAISER
CA License No. AG002373
909-B 19th St., Santa Monica, CA 90403
(310)453-1978 Email:*ThomasWErickson@gmail.com*

EXPERIENCE

Self employed, 1979 - Present. Owner of a firm providing varied real estate analyses, including appraisals and market studies.

Assignments completed by Mr. Erickson include the appraisal of garden offices and medical offices throughout Los Angeles County; leasehold and leased fee valuation studies; the appraisal of branch offices for financial institutions; the appraisal of citrus groves in Riverside County; the appraisal of two health clubs; the appraisal of a city equity club in Newport Beach; the appraisal of specialty shopping centers; the appraisal of residential care facilities; the appraisal of inclusionary housing with restricted rents in the City of Santa Monica; the appraisal of numerous parcels in the foothills of Los Angeles County from Ventura to Claremont for potential acquisition by numerous conservation groups; the appraisal of a church seminary; the appraisal of numerous improved properties for the Los Angeles Unified School District as sites for proposed elementary schools; the appraisal of a conference center near Lake Arrowhead; appraisals of motels, fraternities and churches; numerous valuation assignments on commercial, industrial and apartment projects; and appraisals on over 80 mobilehome parks; and the appraisal of conservation easements and trail easements.

Robert M. Lea Associates, 1976 - 1979. Responsible for various real estate analyses and studies, with emphasis on narrative appraisal assignments dealing with all major real estate categories.

Downey Savings and Loan, 1976. Class III appraiser specializing in commercial and residential income assignments.

Brentwood Savings and Loan, 1975 - 1976. Class III appraiser with full responsibility for appraisal of all special purpose, commercial and residential income properties generated in the Long Beach branch office.

Advance Mortgage Corporation, 1974 - 1975. Mr. Erickson's main task was the writing of narrative appraisal reports on multi-million dollar condominium projects for submission to the Federal National Mortgage Association.

State Mutual Savings and Loan, 1971 - 1974. Class I, II and III appraiser with experience in all types of real property. As a Class II and Class III appraiser, Mr. Erickson was designated the responsibility of training all new appraiser-trainees for the association.

EDUCATION

Bachelor of Arts degree, 1971, University of California, Los Angeles, majoring in both Economics and Anthropology.

100 credit hours of Continuing Education, awarded June 2007 by the Appraisal Institute.

Successfully completed the following twelve appraisal courses:

UCLA
- Intermediate Real Estate Appraisal
- Advanced Real Estate Appraisal

SOCIETY OF REAL ESTATE APPRAISERS
- Course 101, Introduction to Appraising Real Property
- Course 201, Principles of Income Property Appraising

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS
- Course II, Urban Properties
- Course VI, Investment Analysis
- Rural Valuation

APPRAISAL INSTITUTE
- Standards of Professional Practice - Part A; Sept. 1995
- Standards of Professional Practice - Part B; Sept. 1995
- Course 410, National USPAP Update; November 2003
- Course 420, Business Practices and Ethics; November 2003
- Valuation of Conservation Easements; September 2008

PROFESSIONAL ORGANIZATIONS

***** Member of the Appraisal Institute. Awarded the MAI designation by the American Institute of Real Estate Appraisers, November 1979, Certificate No. 5997; Appraisal Institute Southern California Chapter 5 involvement included coordinator and moderator of the Operating Expense Seminar at the Disneyland Hotel in August 1996; 1988 Chairman, Seminar Committee; 1987 Co-Chairman, Seminar Committee; 1986 External Affairs Committee; 1983 Co-Chairman, News 5; 1982 Chairman, Scholarship Committee.

***** Member-Class A, Foundation of Real Estate Appraisers.
***** Member of the Combined L.A./Westside Multiple Listing Service.
***** Member of AIR Commercial Real Estate Association.

***** State of California, Licensed and Certified Appraiser. Awarded the highest level of licensure by the State of California, Office of Real Estate Appraisers, as a **General Real Estate Appraiser;** Identification No. **AG002373;** valid until March 4, 2014.

EXPERT WITNESS

Qualified as an Expert Witness before Municipal Court, City of Los Angeles; before the United States Bankruptcy Court; before the United States District Court, Central District of California; before Superior Court, County of Los Angeles; and before the tax appeals board, County of Los Angeles.

PARTIAL LIST OF CLIENTS

Public, Quasi-Public and Non-Profit

City of Claremont
City of Santa Monica
City of Monrovia
Catalina Conservancy
California State Coastal Conservancy
The Trust For Public Land
Altadena Foothills Conservancy
Arroyos and Foothills Conservancy
Ventura Hillsides Conservancy
City of Los Angeles
City of San Dimas
City of Glendora
City of Pasadena
American Land Conservancy
Mountains Restoration Trust
The Nature Conservancy
Bolsa Chica Land Trust
Mountains Recreation and Conservation Authority
San Gabriel & Lower L.A. Rivers & Mountains Conservancy
Puente Hills Landfill Native Habitat Preservation Authority
Baldwin Hills Regional Conservation Authority
Regents of the University of California
State of California, Dept. of Managed Health Care

Corporate

First Federal Bank of California
Smith-Emery Company
Southern Pacific Land Company
City of Hope
CA Dept. of Managed Health Care
Whittier Trust
Farmers & Merchants Bank
East-West Federal Bank
Bank of America Trust
Auerbach Realty Company
Sanwa Bank Trust
Jonathan Club
ProLogis
Wells Fargo Bank RETECH
Probiz Bank
Provident Savings Bank
China Trust Bank of Calif.
United National Bank
American International Bank
Preferred Bank
Kaiser Permanente
Boeing Corporation
American National Bank of Chicago
Catellus Management
Citizens Bank

Attorneys

Keesal, Young & Logan; Long Beach; (Paul Waldau)
Jeffer, Mangels & Butler; Los Angeles; (Neil Erickson)
Coldwell Banker Legal; Los Angeles; (Michael Hull)
Donovan Leisure Newton & Irvine; Los Angeles (Jonathan Plissner)
Barton, Klugman & Oetting; Newport Beach (Craig C. Alexander)
Gibson, Dunn & Crutcher; Irvine (Gordon A. Schaller)
Arter & Hadden; Los Angeles (Edwin W. Duncan)
Latham & Watkins; Los Angeles (Denise R. Goldberg)
Rutan & Tucker; Costa Mesa (Robert Braun)