

**PHASE I
ENVIRONMENTAL SITE ASSESSMENT
MCNALLY ROAD DEVELOPMENT PROJECT
VALLEY CENTER, CALIFORNIA**

PREPARED FOR:
Fallbrook Development Company
3262 Front Street
San Diego, California 92103

PREPARED BY:
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August 16, 2006
Project No. 105891001

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Mr. Richard Sager
Fallbrook Development Company
3262 Front Street
San Diego, California 92103

Subject: Phase I Environmental Site Assessment
McNally Road Development Project
Valley Center, California

Dear Mr. Sager:

In accordance with our proposal P-7313 dated May 24, 2006, Ninyo & Moore has performed a Phase I Environmental Site Assessment of the above-referenced site. The attached report presents our methodology, findings, opinions, and conclusions regarding the environmental conditions at the site.

We appreciate the opportunity to be of service to you on this project. Should you have any questions, please contact the undersigned at your convenience.

Sincerely,
NINYO & MOORE



Shannon L. Smith
Project Environmental Scientist



Stephan A. Beck, C.E.G., HG., R.E.A. II
Manager, Environmental Sciences Division

SLS/SB/kmf

Distribution: (3) Addressee

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EXECUTIVE SUMMARY

Ninyo & Moore was retained by the Fallbrook Development Company to perform a Phase I Environmental Site Assessment (ESA) of approximately 87 acres of agricultural property located along McNally Road in Valley Center, California. Historical research, document review, and site assessment activities were conducted between June 15 and August 4, 2006.

The site consists primarily of citrus and avocado groves, with several maintenance-related and residential structures located in its eastern portion. These structures include two single-family residences, one mobile home, and one agricultural/storage building. Based on a review of historical sources, the site has been used for agricultural purposes since the early 1970s.

We have performed a Phase I ESA, in conformance with the scope and limitations of the American Society for Testing and Materials Practice E 1527-00, of the agricultural property located along McNally Road in Valley Center, California, the property. Any exceptions to, or deletions from, this practice are described in Sections 1.4 and in the body of this report. This assessment has revealed the following evidence of recognized environmental conditions in connection with the property:

- A smudge pot storage area consisting of approximately 50-70 unused pots was observed on the southeastern portion of the site. According to the client, the smudge pots have not been used on the site since approximately the 1980s, and have been stored in the current location since that time. Evidence of staining on wooden pallets and on the ground surface was observed during the site reconnaissance. Based on the proximity of this area to a proposed building pad for a residential structure, it is recommended that the smudge pots be disposed off site in accordance with local, state, and federal regulations. Soil in this location should be characterized, prior to any grading activities, to evaluate impacts from oily fluids, and disposed off site in accordance with applicable regulations. Based on the extent of contamination in soil, if any, impacts to groundwater should also be evaluated.
- Two aboveground storage tanks (ASTs), formerly used to store dyed diesel fuel, were observed on the site. The ASTs and residual product inside, if any, should be disposed off site in accordance with applicable regulations. Impacts to soil observed during the tank removal, if any, should be evaluated further. Based on the extent of contamination in soil, if any, impacts to groundwater should also be evaluated.
- Empty containers and ASTs, formerly containing miscellaneous oils and herbicides, were observed to be scattered on various portions of the site. One, empty, unlabeled 55-gallon drum was observed to be surrounded with approximately three feet of oily staining on the ground surface at its base. Empty containers and unusable products should be removed and properly disposed off site in accordance with applicable regulations. Impacted soil should be characterized for potential contaminants of concern (e.g., oils and herbicides), prior to grading activities, to evaluate reuse or disposal options. Based on the extent of contamination in soil, if any, impacts to groundwater should also be evaluated.

- Based on the historical and current practice of applying pesticides and/or herbicides to soils on the site, the potential exists for residual pesticides, herbicides, and/or heavy metals to be present within the soil at the site. It is recommended that soil underneath and within a specified buffer zone (e.g., 50 feet) of the proposed building pad locations be characterized for these constituents. To reduce the potential for exposure to chemicals of potential concern, if present, additional assessment in the form of sampling shallow soil may be warranted for soil that will be located in children's play areas or in otherwise uncovered or unpaved portions of the site that will not continue to be used for agricultural purposes.
- Water with an odor similar to raw, untreated sewage was observed to be trickling from the vicinity of a residential structure on the site to lower elevations to the south. The functionality of the septic system servicing this area should be evaluated, and impacted soil removed, as necessary, prior to proceeding with residential development on the site.

1. INTRODUCTION

Ninyo & Moore conducted this Phase I Environmental Site Assessment (ESA) of approximately 87 acres of agricultural property located along McNally Road in Valley Center, California (hereinafter referred to as site or subject site) for Fallbrook Development Company, in general accordance with our proposal P-7313 dated May 24, 2006. The following sections describe the purpose, the involved parties, the scope of work, and the limitations and exceptions associated with the ESA.

1.1. Purpose

In accordance with the American Society for Testing and Materials (ASTM) Standards on Environmental Site Assessments for Commercial Real Estate Practice E 1527-00, the objective of the ESA is to document, to the extent feasible, recognized environmental conditions, which are defined by ASTM as “the presence or likely presence of any hazardous substance or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property.”

Based on conversations with the client, selected portions of the site are being considered for development of single-family homes, and the remainder of the site will continue to be used for agricultural purposes.

1.2. Involved Parties

Ms. Shannon Smith and Mr. Andrew Lashomb of Ninyo & Moore conducted the site reconnaissance on June 22, 2006, and performed regulatory inquiries and historical research. Mr. Stephan A. Beck of Ninyo & Moore performed project oversight and quality review.

1.3. Scope of Work

Ninyo & Moore's scope of work for this Phase I ESA included the activities listed below:

- Review of readily available maps, environmental reports, and other environmental documents pertaining to the site, as provided by the client.
- Conduct an interview with a property representative regarding the environmental status of the site.
- Perform a site reconnaissance to document areas of possibly contaminated surficial soil or surface water, improperly stored hazardous materials, possible sources of polychlorinated biphenyls (PCBs), and possible sources of contamination from activities at the site and adjacent properties.
- Review of readily available historical documents, including aerial photographs (site and vicinity), historical fire insurance rate maps (site and available adjacent properties), building department records (site only), and city directories (site and available adjacent properties), as necessary.
- Review federal, state, tribal, and local regulatory agency databases for the site and for properties located within a specified radius of the site. The purpose of this review is to evaluate the possible environmental impact to the site. Databases document locations of known hazardous waste sites, landfills, leaking underground storage tanks (USTs), permitted facilities that utilize underground storage tanks, and facilities that use, store, or dispose of hazardous materials.
- Review reasonably ascertainable local regulatory agency files for the site and/or nearby properties of potential environmental concern. Requests were made to the County Department of Environmental Health (DEH).

1.4. Limitations and Exceptions

The environmental services described in this report have been conducted in general accordance with current regulatory guidelines and the standard of care exercised by environmental consultants performing similar work in the project area. No warranty, expressed or implied, is made regarding the professional opinions presented in this report.

This document is intended to be used only in its entirety. No portion of the document, by itself, is designed to completely represent any aspect of the project described herein. Ninyo &

Moore should be contacted if the reader requires any additional information or has questions regarding the content, interpretations presented, or completeness of this document.

The findings, opinions, and conclusions are based on an analysis of the observed site conditions and the referenced literature. It should be understood that the conditions of a site could change with time as a result of natural processes or the activities of man at the subject site or nearby sites. In addition, changes to the applicable laws, regulations, codes, and standards of practice may occur due to government action or the broadening of knowledge. The findings of this report may, therefore, be invalidated over time, in part or in whole, by changes over which Ninyo & Moore has no control. Ninyo & Moore cannot warrant or guarantee that not finding indicators of any particular hazardous material means that this particular hazardous material or any other hazardous materials do not exist on the site. Additional research, including invasive testing, can reduce the uncertainty, but no techniques now commonly employed can eliminate the uncertainty altogether.

1.5. Special Terms and Conditions

This study did not include an evaluation of geotechnical conditions or potential geologic hazards. In addition, unless otherwise indicated in this report, this Phase I ESA does not include analysis of the following: asbestos-containing material, methane gas, radon, lead-based paint, lead in drinking water, wetlands, regulatory compliance, cultural and historic resources, industrial hygiene, health and safety, ecological resources, endangered species, indoor air quality, or high voltage power lines.

1.6. User Reliance

This report may be relied upon and is intended exclusively for use by the client. Any use or reuse of the findings, opinions, and/or conclusions of this report by parties other than the client is undertaken at said parties' sole risk.

2. GENERAL SITE CHARACTERISTICS

The following sections describe the location and the current uses of the site. The uses of adjacent properties are also described.

2.1. Site Location

The site consists of approximately 87 acres of agricultural property along McNally Road in Valley Center, California (Figure 1). According to the client and the parcel map obtained from the San Diego County Assessor's Office, the site has been assigned Assessor's Parcel Numbers (APNs) 128-271-10, -11, -17, -18, -31, -32, and 128-460-03.

2.2. Site Description

The site consists primarily of citrus and avocado groves, with several maintenance-related and residential structures located in its eastern portion (Figure 2). These structures include two single-family residences, one mobile home, and one agricultural/storage building.

2.3. Heating and Cooling Systems

According to the client, selected buildings on the site are equipped with portable electric heaters.

2.4. Sewage Disposal

Sewage disposal is provided to the site via a private septic system. According to Mr. Richard Sager of the Fallbrook Development Company (owner of the site), the septic tank is located on the eastern portion of the site, in the vicinity of the single-family residence and agricultural/storage building.

2.5. Potable Water

According to Mr. Sager, potable water is provided to the site through the Valley Center Municipal Water District.

2.6. Adjacent Properties

The site is surrounded by residential and agricultural properties.

3. PHYSICAL SETTING

The following sections include discussions of topographic, geologic, and hydrogeologic conditions in the vicinity of the site, based upon our document review and our visual reconnaissance of the site and adjacent areas.

3.1. Topography

Based on a review of the United States Geological Survey (USGS), Pala, California, 7.5-minute quadrangle map, site elevations range from approximately 1360 to 1800 feet above mean sea level. The highest elevations on the site are located on the central-western portion of the site, in the vicinity of a water storage tower operated by the Valley Central Municipal Water District (considered to be off site for the purposes of this assessment). The northern portion of the site slopes to the northeast, toward the lowest elevations on the site.

3.2. Site Geology

According to the California Department of Conservation, Geologic Map of the Pala Quadrangle, the eastern portion of the site is underlain by Cretaceous-age tonalite bedrock, which is described as “coarse-grained and massive.” The western portion of the site is underlain by, metagranitic rocks, mostly gneiss (California Department of Conservation, 2000).

3.3. Surface Waters

A pond is located on the central-western portion of the site (Figure 2). Please refer to Section 3.4 for further information regarding the pond. Other surficial water bodies were not observed on site during the site reconnaissance.

3.4. Groundwater

According to the State Water Resources Control Board (SWRCB) Geotracker website and the Water Quality Control Plan for the San Diego Basin by the California Regional Water Quality Control Board (RWQCB), the site is situated within the Bonsall Hydrologic Subarea of the Lower San Luis Hydrologic Area, within the San Luis Rey Hydrologic Unit. According to the Water Quality Control Plan, designated beneficial uses of groundwater in this hydrologic area include municipal, agricultural, and industrial supply uses.

According to Mr. Sager, the pond on the site was supplied by well water in the 1990s, but is no longer supplied with water. (Based on the site reconnaissance, the low level of water observed in the pond may be from rain accumulation.) Mr. Sager indicated that the groundwater well was located on an adjacent property and accessed via an easement which has since been abandoned. The depth of the well was reportedly 900 feet below ground surface; however, he was unaware of the depth to groundwater.

According to a review of historic well water depths, as made available by the California Department of Water Resources Water Data Library (DWR, 2006) and USGS Groundwater Site Inventory for California database (USGS, 2006), depth to water in the township and range of the site can range from approximately 7 to 58 feet below ground surface. However, site-specific groundwater information was not available via these sources. Groundwater levels can fluctuate due to seasonal variations, groundwater withdrawal or injection, and other factors.

3.5. Oil, Gas, and Geothermal Resources

The State of California Department of Conservation, Regional Wildcat Map for the site vicinity was reviewed to evaluate whether existing or abandoned wells are located on the site. In addition, according to the State of California, Department of Conservation, Oil, Gas, and Geothermal Fields map, the site is not located within an oil, gas, or geothermal field. Features of potential environmental concern on the site were not noted on these maps.

4. HISTORICAL USE INFORMATION

Ninyo & Moore conducted a historical record search for the subject site and surrounding area. Based on our review of historical sources, the site has been used for agricultural purposes since the early 1970s.

4.1. Historical Aerial Photographs

Historical aerial photographs dating from 1949 until 2005 were available and reviewed for the subject site. A listing of the photographs reviewed is presented in Table 1, followed by a summary of notable observations of the site.

Table 1 – Aerial Photographs Reviewed

Date	Photograph Identification	Scale	Source
1949	AXN-11F-20	unspecified	A
1953	AXN-10M-74	1" = 660'	A
1961	T-3-SDC	1" = 1,000'	A
1970	SDCO 10-44	1" = 2,000'	A
1973	SDPD 21-73	1" = 1,000'	A
1978	210 27A 15 SDCO	1" = 1,000'	A
1989	WAC-89CA 1-71	1" = 2,640'	A
1995	Aerial Foto Map Book, page 1050	1" = 2,000'	A
2006	N/A	variable	B
Sources: A – San Diego County, Department of Public Works B – Google Earth			

Based on a review of historical aerial photographs, the site was developed with two single-family residential structures, similar to their current configurations, prior to 1949. However, the majority of the site appeared to consist of undeveloped land with scattered native vegetation and boulders at that time. A cleared easement running generally northwest-southeast along the northern side of McNally Road was present from at least as early as 1949, and the growth of vegetation in this easement steadily increased over time. By 1953, an addition or

shed was constructed on the northeast side of the main residential structure, and portions of the site may have been used for dry (non-irrigated) farming or for vineyard-type purposes.

In 1961, the majority of the site remained undeveloped (non-agricultural); however, an additional, square, shed-like structure, no longer present on the site, was located approximately 600 feet south of McNally Road on a small dirt road running north-south through the central-southern portion of the site. Also by this time, the Valley Center Municipal Water District water tower with an access road was constructed, and a shallow canyon or depression in the ground surface appeared more distinct on the central portion of the site.

By 1973, the majority of the site had been terraced and planted for agricultural purposes. An additional, green, shed-like structure had also been constructed near the structure mentioned above as being located approximately 600 feet south of McNally Road. In 1978, the larger, agricultural/storage building was present in the vicinity of the residential structures on the eastern portion of the site, similar to its current configuration. By this time, the majority of the site was covered with groves. The pond currently located on the central portion of the site was present at least as early as 1989, at which time the distinction between the avocado groves on the northern/western portion of the site and the citrus groves on the southern/eastern portion of the site was more apparent. Since this time, the general land usage of the site appeared to remain relatively similar.

4.2. Sanborn Fire Insurance Maps

Based on the location of the site, Sanborn fire insurance rate maps were not anticipated to be available for the site, and were therefore not requested.

4.3. City Directories

Based on the nature of the site as an agricultural facility, and the location of the site in a relatively rural area, review of city directories was not anticipated to provide any additional or meaningful information to this Phase I ESA.

4.4. Building Permits

Based on the nature of the site as an agricultural property, building permits were not anticipated to be readily available or provide any additional or meaningful information to this Phase I ESA.

4.5. Historical Topographic Maps

Historical topographic maps were requested from Environmental Data Resources, Inc. (EDR) on June 29, 2006. Maps covering the subject site were available for 1947, 1950, 1968, 1968-1982, and 1968-1988. Structures generally corresponding to the locations of the current residential buildings and the shed-like structures observed in aerial photographs (no longer present on the site) are depicted on the maps. In addition, the water tower (labeled as “water tank”) is depicted on the maps dated 1968 and 1968-1982. Other items of potential environmental concern were not noted on the subject site in the historical topographic maps reviewed. Copies of the historical topographic maps for the site are provided in Appendix A.

4.6. Previous Environmental Reports/Documents

Ninyo & Moore was provided with a copy of a preliminary title report for the site, prepared by Fidelity National Title Company and dated July 14, 2005. The report indicates that Fallbrook Development Company holds title to the subject site. Easements to Raymond I. Morris and Mary O. Morris for a right-of-way, to Arthur J. Stehly and Georgianne J. Stehly for roads, sewer, water, gas, power, and telephone lines, and to San Diego Gas & Electric Company (SDG&E) for public utilities, are noted in the report. Easements to the Valley Center Municipal Water District for pipelines, transmission lines, distribution systems, roadway and ingress/egress, and other appurtenances, are also noted. The report also references a document titled “Agreement Re Water Use” recorded September 1983; however, the details of that document are not specified. Items of potential environmental concern related to hazardous materials and/or wastes were not discussed within the title report (Fidelity National Title Company, 2005). A copy of the title report is provided in Appendix B.

5. ENVIRONMENTAL DATABASE SEARCH

A computerized, environmental information database search was performed by Track Info Services, LLC on June 12, 2006. The search included federal, state, and local databases. A summary of the environmental databases searched, their corresponding search radii, and number of noted sites of potential environmental concern, is presented in the associated Environmental FirstSearch™ report in Appendix C. The review was conducted to evaluate whether the site or properties within the vicinity of the site have been documented as having experienced significant unauthorized releases of hazardous substances or other events with potentially adverse environmental effects. The figures in the FirstSearch™ report indicate approximate locations of properties that may pose environmental concerns.

The subject site was not listed on the databases reviewed. One mapped facility and one unmapped (non-geocoded) facility were listed as being located in the vicinity of the site. The first facility, described as Nick Stehly Farms at 13268 McNally Road, listed on the DEH Permits database as having a permit to use or store hazardous materials, and is depicted as being located on the site. However, based on documents requested and received from the DEH, this facility is known as the S&S or Stehly Ranch, operated by the Stehly family, and is actually located at 13268 McNally Road (off site).

The second facility, also listed on DEH Permits database, is listed as being located within the same zip code as the site and is described as the “Harms Property” on Muutama Road. According to maps utilized for this assessment, Muutama Road is located approximately 0.75 miles north of the site. Based on this information, records were not requested for this facility.

6. SITE RECONNAISSANCE

On June 22, 2006, Ms. Shannon Smith and Mr. Andrew Lashomb of Ninyo & Moore conducted a site reconnaissance, which involved a walking tour of readily accessible areas of the site and visual observations of adjoining properties. Select photographs taken during the site reconnaissance are included in Appendix D.

6.1. Physical Limitations

The interiors of the agricultural storage structure and the residences on the site were not accessible at the time of the site reconnaissance. In addition, the majority of the site was not physically inspected at close range due to steep terrain. At the time of the site reconnaissance, the weather was sunny with a temperature of approximately 85 degrees Fahrenheit.

6.2. Aboveground and Underground Storage Tanks

Multiple water tanks of various capacities were observed on various portions of the site. Evidence of USTs (i.e., fill pipes, vent pipes, and emergency power generators) was not observed on the site. The following descriptions of ASTs observed on site are provided. Approximate locations of the ASTs are shown on Figure 3.

- One, approximately 200-gallon dyed diesel AST was observed in the parking lot of the operations area of the site. Based on the presence of cobwebs and rusting of the tank, the AST appeared to have been out of use for some period of time. According to Mr. Richard Sager, this AST was formerly used to store fuel for grove trucks, and has not been used since approximately the 1980s. Evidence of staining or releases was not observed in the vicinity of this AST.
- A second, approximately 2,000-gallon dyed diesel AST was observed in a concrete block (secondary containment) enclosure adjacent to the pond on the central portion of the site. According to Mr. Sager, this tank was used to store fuel that powered a generator, when the pond was used to store well water in the 1990s. Evidence of staining or releases was not observed in the vicinity of this AST.
- Four, empty, approximately 2,000- to 3,000- gallon ASTs were observed on the central portion of the site (Figure 3). The ASTs were rusted, and one was labeled “weed oil.” According to Mr. Sager, these tanks were used to store fuel oil for the smudge pots, and have not been used for over fifteen years. Evidence of staining or releases was not observed in the vicinity of the empty ASTs.
- One, empty, approximately 500-gallon AST labeled “Omni Oil” was observed on the back of a truck on a dirt road within the citrus groves. Minor, scattered and surficial staining was observed on the ground surface beneath the truck.
- A propane gas AST was observed near the westernmost residence on the site. Evidence of staining or releases was not observed in the vicinity of the propane AST.

6.3. Use and Storage of Hazardous Substances and Petroleum Products

One, 55-gallon drum of glyphosate herbicide was observed on the ground surface adjacent to the agricultural storage barn on the site. Seven, five-gallon containers of transmission and drive train oil, and two, 5-gallon containers of tractor fluid, were observed on wooden pallets on the southeast side of the storage barn. Scattered, oily staining was observed on the pallets and ground surface beneath the oil/fluid containers. Seven propane gas canisters and an empty pesticide sprayer tank were also observed in this area.

6.4. Storage and Disposal of Wastes

A used smudge pot collection/storage area was observed on the southern portion of the site (Figures 2 and 3). Approximately 50-70 old, rusted smudge pots were observed to be stored on pallets and on the unpaved ground surface. Several of the accessible smudge pots contained oily product or a mixture of oily residue and rainwater, and several were observed to be stored on their sides. Dark, oily staining was observed on the pallets and on the ground surface beneath the pallets and under visible areas of the smudge pots. Interior areas of the smudge pot storage pile were generally inaccessible for inspection.

Seven additional smudge pots were observed on the central-southern portion of the site (Figure 3). These smudge pots appeared to be newer, with some product inside. Evidence of staining or releases was not observed in the vicinity of these smudge pots.

Several rusted 55-gallon drums were observed in the vicinity of the four empty ASTs mentioned in Section 6.2 (Figure 3). Two drums were labeled as formerly containing motor oil, with no staining observed on the ground surface beneath the drums. One, 55-gallon drum labeled "Valvoline" appeared to be approximately one-third full of product, and was stored on a wooden pallet. Staining was not observed on the ground surface beneath the pallet. One, empty, unlabeled 55-gallon drum was observed to be stored on the ground surface, with approximately three feet of dark, oily staining surrounding its base. The staining appeared to extend to depths greater than one inch beneath the ground surface.

Approximately twenty empty 55-gallon plastic drums of Glyphosate herbicide were observed to be stored on wooden pallets and on the ground surface on the southeast side of the agricultural storage barn. Evidence of staining or releases was not observed in the vicinity of these containers.

6.5. Polychlorinated Biphenyls (PCBs)

Three pole-mounted electrical transformers were observed on site near the Valley Center Municipal Water District water tank (Figure 2). A close inspection of the transformers was not possible due to the abundant vegetation and steep terrain. A visual evaluation of the electrical transformer did not indicate any signs of leakage. Based on the location of the transformers within San Diego County, the transformer is likely owned and operated by SDG&E. SDG&E states that it has not specified PCB transformers for distribution systems.

6.6. Wastewater Systems

Water with an odor similar to untreated sewage was observed to be trickling down a hill from the vicinity of the westernmost residential structure and infiltrating the ground surface (Figure 3). Some of the water appeared to originate from a pipe extending from what appeared to be the bathroom of this residence. However, other potential sources of the water may exist. Other wastewater systems, such as clarifiers, sumps, and pits were not observed on the site during the site reconnaissance.

6.7. Storm Water Systems

Surface runoff at the site is expected to infiltrate the ground surface and/or flow off site to lower elevations. Several, corrugated metal stormwater pipes that convey surface water from higher elevations on the southern side of McNally Road to lower elevations on the northern side of the road were observed.

6.8. Wells

A round, concrete and stone cistern or well was observed adjacent to McNally Road, on an access road, on the northern portion of the site (Figure 2). The structure was approximately four feet high and three feet in diameter. Metal and PVC piping was observed protruding from the ground adjacent to this structure; however, it is unknown whether the piping features and the structure are connected. The interior of the structure could not be accessed at the time of the site reconnaissance. Groundwater monitoring wells were not observed on the site during the site reconnaissance.

7. INTERVIEWS

Mr. Richard Sager of the Fallbrook Development Company, owner of the site, was interviewed regarding the environmental status of the site in writing via a customized questionnaire. According to Mr. Sager, the property was planted with avocados and lemons in approximately 1972-1973, and has been used for agricultural purposes since that time. The citrus and avocado groves are managed by an outside company, Sierra Pacific Farms, who is responsible for bringing chemicals, such as fertilizers, pesticides, and herbicides, to the site on an as-needed basis. Sierra Pacific Farms reportedly has a license from the County of San Diego Department of Agriculture to apply pesticides. The agricultural storage barn on the site, which was not accessible at the time of the site reconnaissance, reportedly stores equipment and irrigation supplies. Regarding herbicides, Mr. Sager indicated that Round-Up is sprayed by outside personnel who bring the herbicide to the site and are supervised by a licensed applicator. Mr. Sager reported that the avocado groves are sprayed with a pesticide known as Agri-mek, which was applied by a private applicator via helicopter most recently in early 2006. He stated that no herbicides or pesticides are stored on the site.

Regarding the smudge pots on the site, Mr. Sager indicated that they are not in use, and have not been used for at least 15 years. He stated that the smudge pots have been stored in their current location (on the southeastern portion of the site) since approximately the 1980s. He indicated that the sheds formerly located on the southern portion of the site were used for tool and sprinkler

part storage. He stated that there are no USTs located on the site, and he was not aware of environmental issues associated with the site or surrounding properties, such as spills, illegal dumping, or contamination. He was also not aware of any previous environmental assessments or sampling activities conducted at the site.

8. FINDINGS, OPINIONS AND CONCLUSIONS

Based upon the results of this Phase I ESA, the following findings, opinions, and conclusions are provided.

8.1. Findings and Opinions

The site consists primarily of citrus and avocado groves, with several maintenance-related and residential structures located in its eastern portion. These structures include two single-family residences, one mobile home, and one agricultural/storage building. Based on a review of historical sources, the site has been used for agricultural purposes since the early 1970s.

8.2. Conclusions

We have performed a Phase I ESA, in conformance with the scope and limitations of the American Society for Testing and Materials Practice E 1527-00, of the agricultural property located along McNally Road in Valley Center, California, the property. Any exceptions to, or deletions from, this practice are described in Sections 1.4 and in the body of this report. This assessment has revealed the following evidence of recognized environmental conditions in connection with the property:

- A smudge pot storage area consisting of approximately 50-70 unused pots was observed on the southeastern portion of the site. According to the client, the smudge pots have not been used on the site since approximately the 1980s, and have been stored in the current location since that time. Evidence of staining on wooden pallets and on the ground surface was observed during the site reconnaissance. Based on the proximity of this area to a proposed building pad for a residential structure, it is recommended that the smudge pots be disposed off site in accordance with local, state, and federal regulations. Soil in

this location should be characterized, prior to any grading activities, to evaluate impacts from oily fluids, and disposed off site in accordance with applicable regulations. Based on the extent of contamination in soil, if any, impacts to groundwater should also be evaluated.

- Two aboveground storage tanks (ASTs), formerly used to store dyed diesel fuel, were observed on the site. The ASTs and residual product inside, if any, should be disposed off site in accordance with applicable regulations. Impacts to soil observed during the tank removal, if any, should be evaluated further. Based on the extent of contamination in soil, if any, impacts to groundwater should also be evaluated.
- Empty containers and ASTs, formerly containing miscellaneous oils and herbicides, were observed to be scattered on various portions of the site. One, empty, unlabeled 55-gallon drum was observed to be surrounded with approximately three feet of oily staining on the ground surface at its base. Empty containers and unusable products should be removed and properly disposed off site in accordance with applicable regulations. Impacted soil should be characterized for potential contaminants of concern (e.g., oils and herbicides), prior to grading activities, to evaluate reuse or disposal options. Based on the extent of contamination in soil, if any, impacts to groundwater should also be evaluated.
- Based on the historical and current practice of applying pesticides and/or herbicides to soils on the site, the potential exists for residual pesticides, herbicides, and/or heavy metals to be present within the soil at the site. It is recommended that soil underneath and within a specified buffer zone (e.g., 50 feet) of the proposed building pad locations be characterized for these constituents. To reduce the potential for exposure to chemicals of potential concern, if present, additional assessment in the form of sampling shallow soil may be warranted for soil that will be located in children's play areas or in otherwise uncovered or unpaved portions of the site that will not continue to be used for agricultural purposes.
- Water with an odor similar to raw, untreated sewage was observed to be trickling from the vicinity of a residential structure on the site to lower elevations to the south. The functionality of the septic system servicing this area should be evaluated, and impacted soil removed, as necessary, prior to proceeding with residential development on the site.

10. QUALIFICATIONS STATEMENT AND SIGNATURE OF ENVIRONMENTAL PROFESSIONAL

Mr. Stephan A. Beck states that the Phase I ESA was performed under his supervision, and that he has reviewed and approved the report. Mr. Beck also states that Ninyo & Moore project personnel and subcontractors are properly qualified to do the work described herein.



Stephan A. Beck, C.E.G., HG, R.E.A. II
Manager, Environmental Sciences Division

9. SELECTED REFERENCES

California Department of Conservation, 2000, Geologic Map of the Pala 7.5' Quadrangle, San Diego County, California: A Digital Database.

California Department of Conservation, 2001, Oil, Gas, and Geothermal Fields Map.

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California State Water Resources Control Board, 2006, GeoTracker Website: www.geotracker.swrcb.ca.gov: accessed in July and August.

County of San Diego, Department of Public Works, (selected years), Historical Aerial Photographs of San Diego County.

Environmental Data Resources, Inc., 2006, Historical Topographic Map Report: dated June 29.

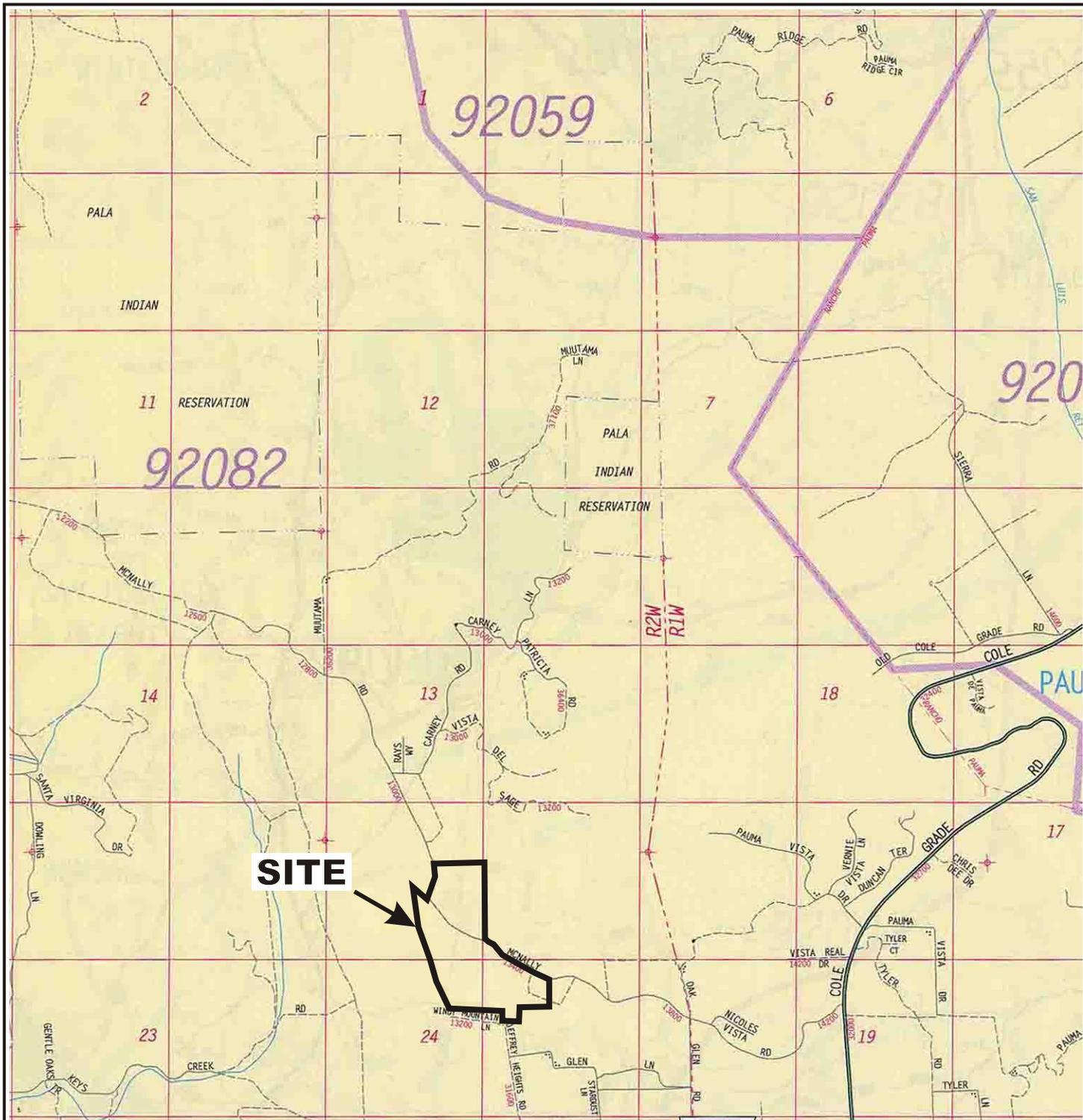
Fidelity National Title Company, 2005, Preliminary Report: dated July 14.

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Track Info Services, LLC, 2006, Environmental FirstSearch™ Report: dated June 12.

United States Geological Survey, 1968, Pala Quadrangle, California: 7.5-minute series (topographic), Scale 1:24,000: Photorevised 1988.

United States Geological Survey, 2006, Ground-Water Database for California, <http://waterdata.usgs.gov/ca/nwis/gw>: accessed in August.



REFERENCE: 2005 THOMAS GUIDE FOR SAN DIEGO COUNTY, STREET GUIDE AND DIRECTORY.



NOTE: ALL DIMENSIONS, DIRECTIONS AND LOCATIONS ARE APPROXIMATE.

Ninyo & Moore

SITE LOCATION MAP

FIGURE

PROJECT NO.

DATE

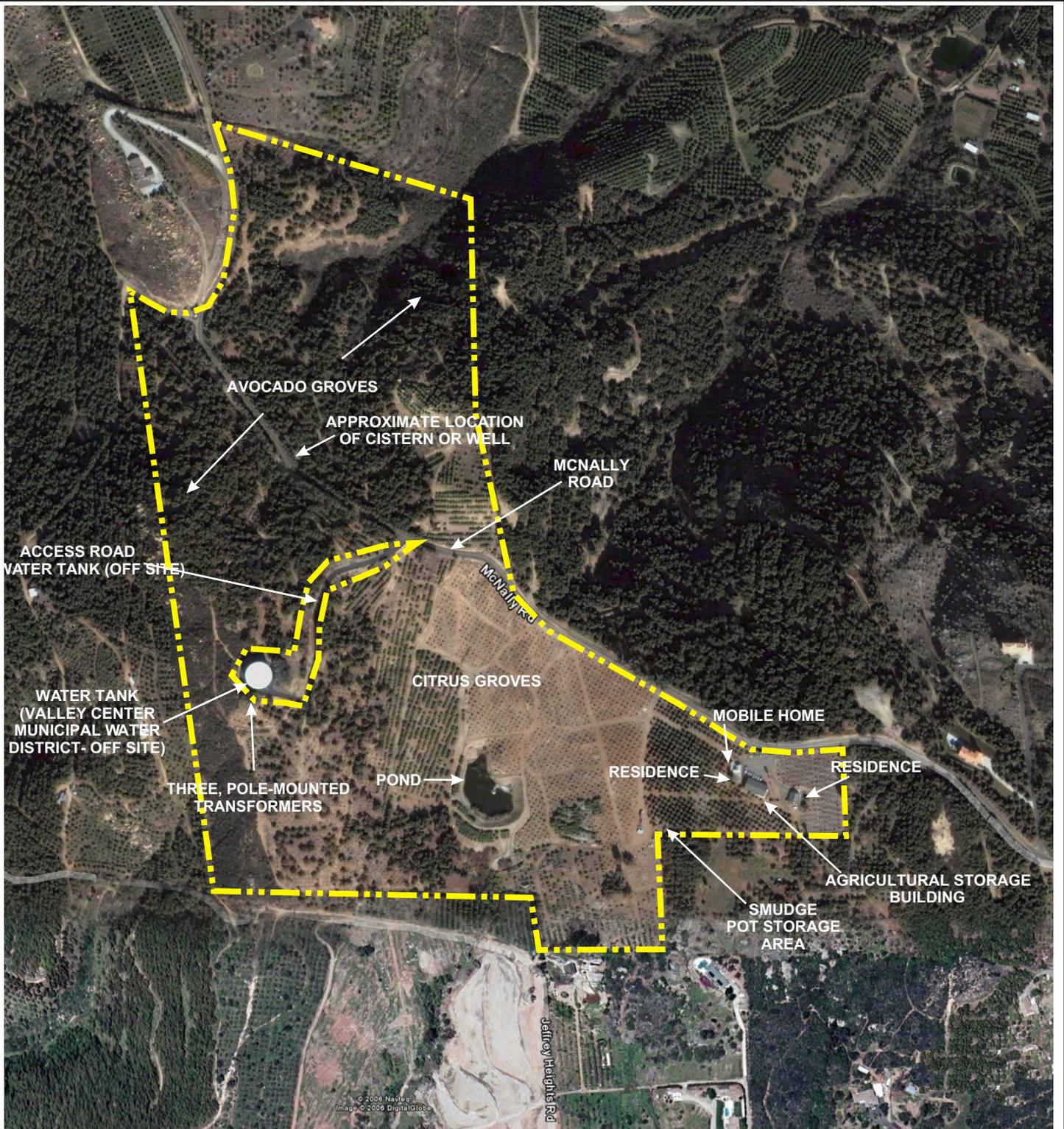
MCNALLY ROAD DEVELOPMENT PROJECT
VALLEY CENTER, CALIFORNIA

105891001

8/06

1

105891001 s1m fig 1



NOT TO SCALE

NOTE: ALL DIMENSIONS, DIRECTIONS AND LOCATIONS ARE APPROXIMATE.

REFERENCE: GOOGLE EARTH 2006.

Ninyo & Moore

SITE AND VICINITY MAP

FIGURE

PROJECT NO.

DATE

MCNALLY ROAD DEVELOPMENT PROJECT
VALLEY CENTER, CALIFORNIA

105891001

8/06

2

105891001 svr fig 2



NOT TO SCALE

AST = ABOVEGROUND STORAGE TANK

NOTE: ALL DIMENSIONS, DIRECTIONS AND LOCATIONS ARE APPROXIMATE.

REFERENCE: GOOGLE EARTH 2006.

Ninyo & Moore

FEATURES OF POTENTIAL ENVIRONMENTAL CONCERN

FIGURE

PROJECT NO.

DATE

MCNALLY ROAD DEVELOPMENT PROJECT
VALLEY CENTER, CALIFORNIA

3

105891001

8/06

105891001 svr fig 2

APPENDIX A
HISTORICAL TOPOGRAPHIC MAPS



EDR® Environmental
Data Resources Inc

EDR Historical Topographic Map Report

**McNally Road Development
13511 McNally Road
Valley Center, CA 92082**

Inquiry Number: 1706998.1

June 29, 2006

The Standard in Environmental Risk Management Information

440 Wheelers Farms Road
Milford, Connecticut 06461

Nationwide Customer Service

Telephone: 1-800-352-0050
Fax: 1-800-231-6802
Internet: www.edrnet.com

EDR Historical Topographic Map Report

Environmental Data Resources, Inc.'s (EDR) Historical Topographic Map Report is designed to assist professionals in evaluating potential liability on a target property resulting from past activities. EDR's Historical Topographic Map Report includes a search of a collection of public and private color historical topographic maps, dating back to the early 1900's.

Thank you for your business.

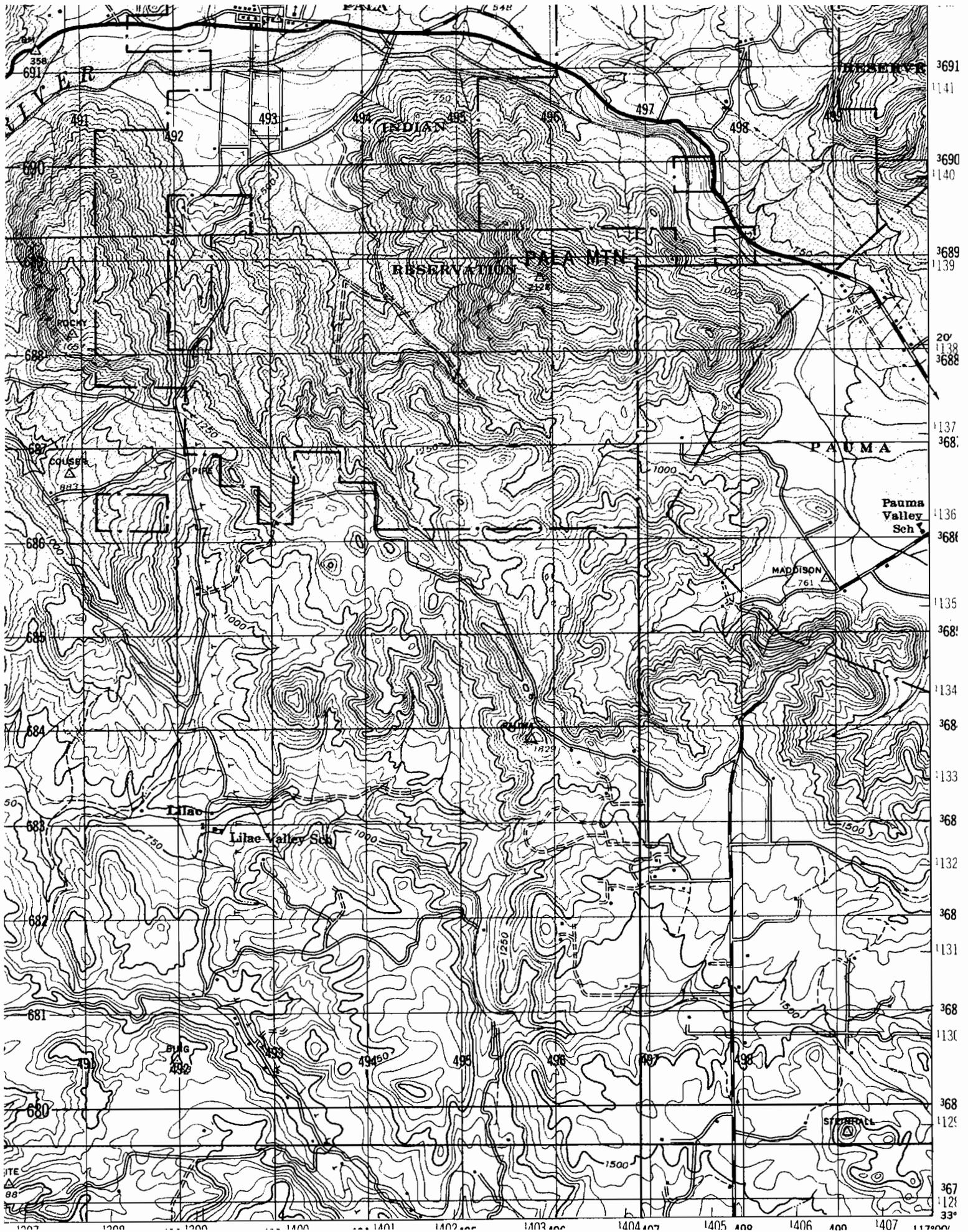
Please contact EDR at 1-800-352-0050
with any questions or comments.

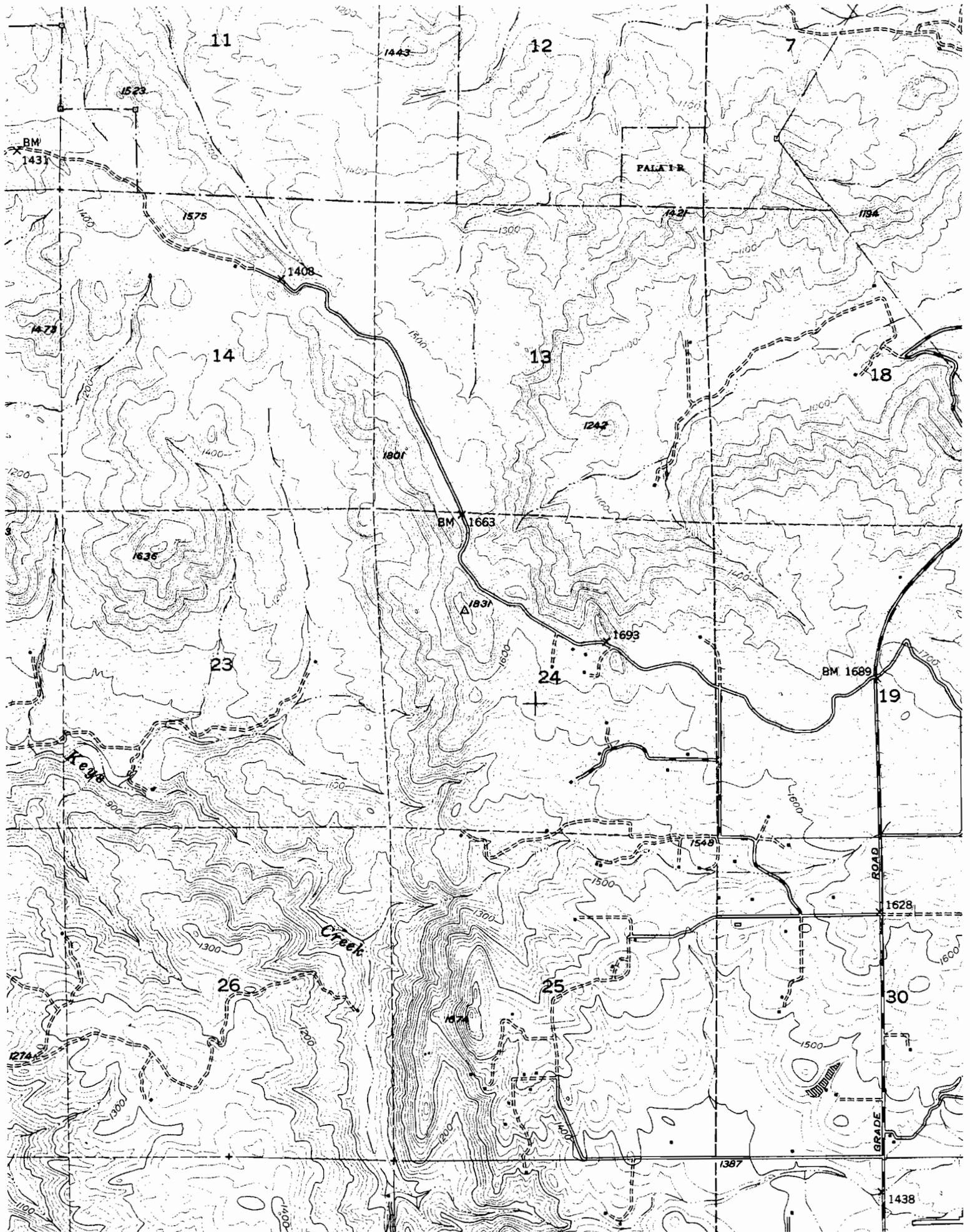
Disclaimer - Copyright and Trademark Notice

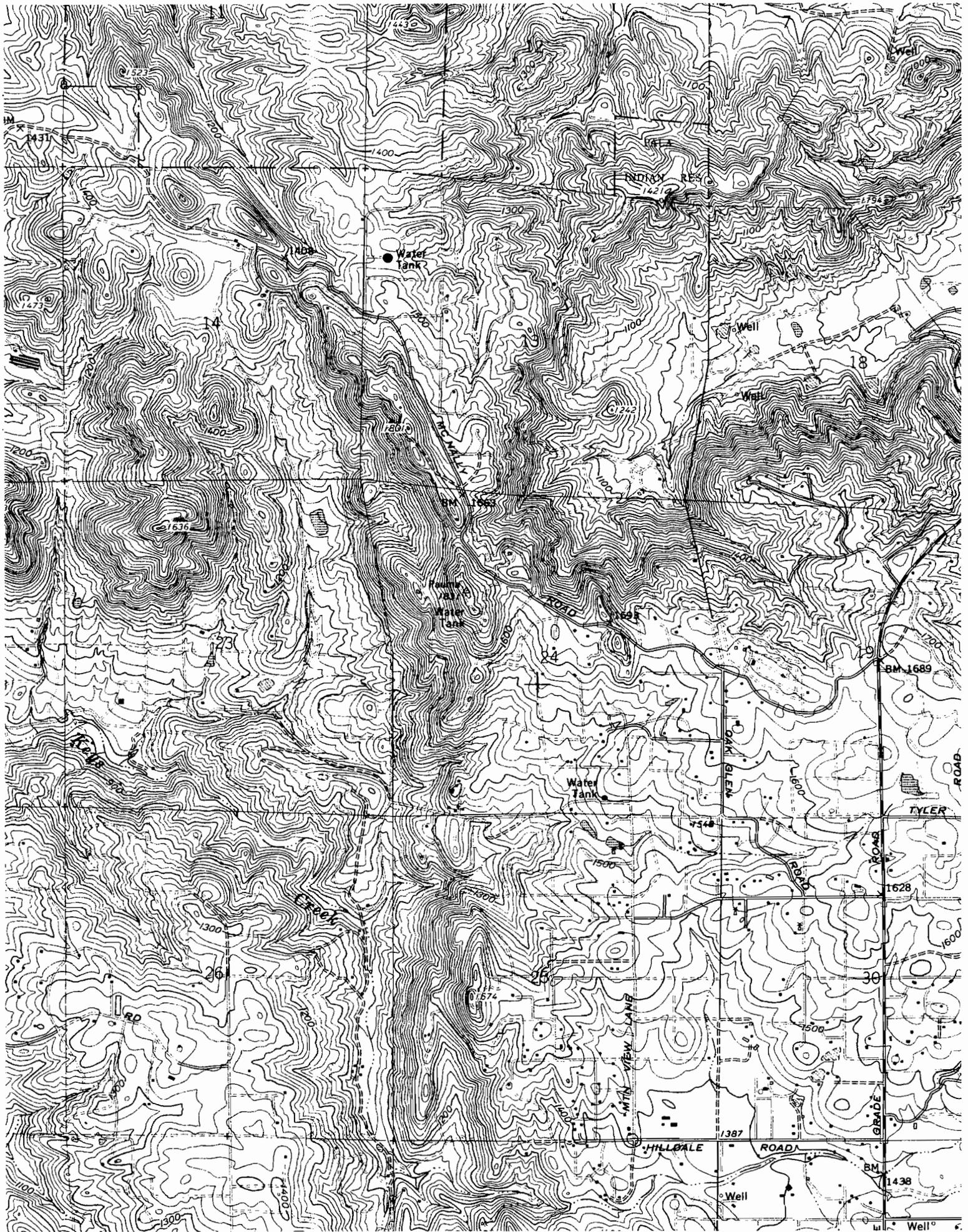
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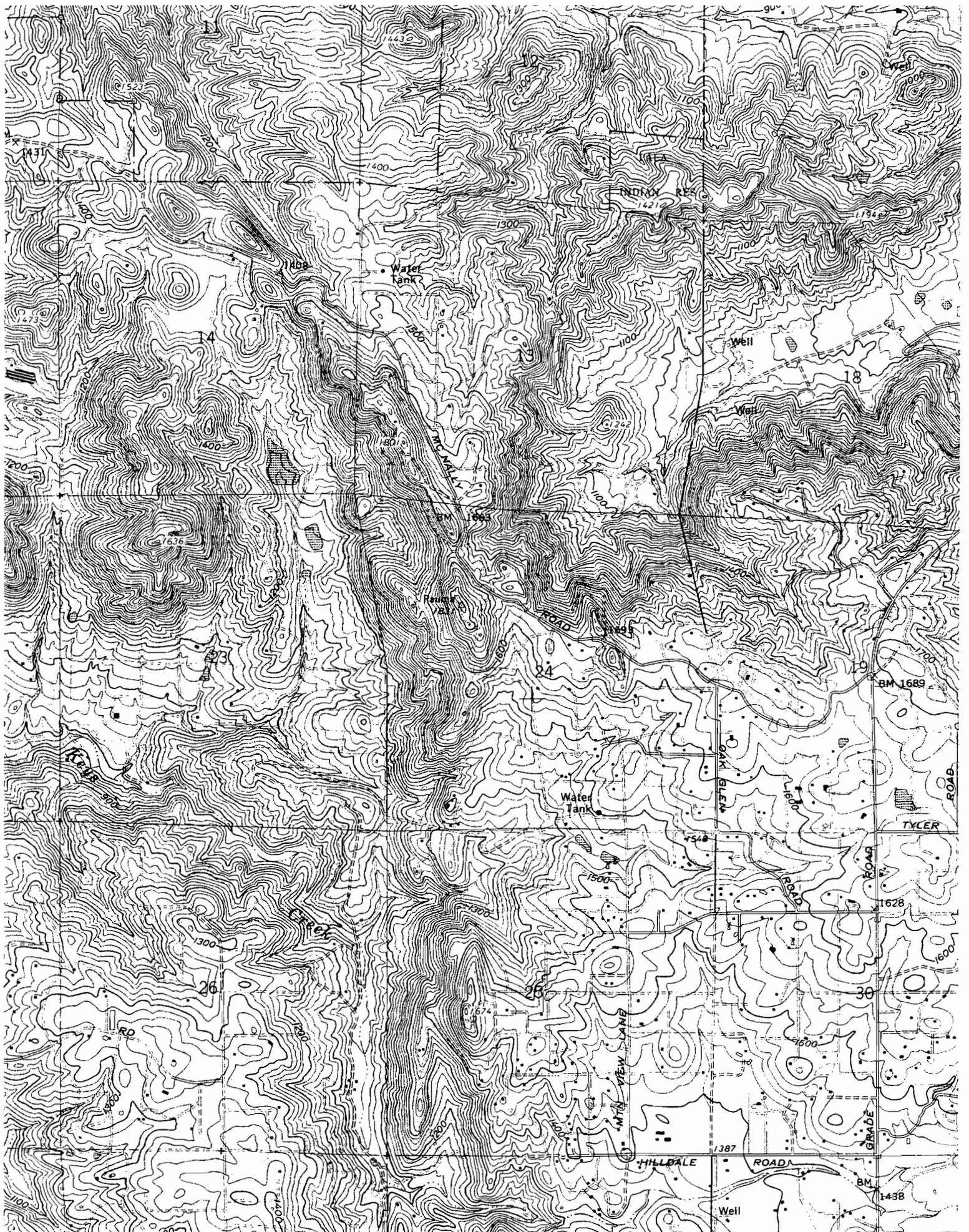
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APPENDIX B
PRELIMINARY TITLE REPORT



Fidelity National Title Company

2763 Camino Del Rio South • San Diego, CA 92108
(619) 295-7332 • FAX (619) 297-2213

July 25, 2005

Landmark Consulting
Attn: Charles LePla
9555 Genesee Ave #200
San Diego, CA 92121

Order No.: 05-2415492

We have enclosed 2 copies of the Preliminary Report for our Order Number **05-2415492**. Please call us immediately if you have any questions or concerns.

Sincerely,



Countersigned

Fidelity National Title Company



Fidelity National Title Company

PRELIMINARY REPORT

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

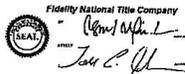
The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit A attached. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

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.

The Policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.

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

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



[Handwritten Signature]

Countersigned



Fidelity National Title Company

2763 Camino Del Rio South • San Diego, CA 92108
(619) 295-7332 • FAX (619) 297-2213

PRELIMINARY REPORT

TITLE OFFICER: John Mounier/Jeff White 619-725-2118

ORDER NO.: 05-2415492

TO: Landmark Consulting
9555 Genesee Ave #200
San Diego, CA 92121

LOAN NO.:

ATTN: Charles LePla

SHORT TERM RATE: No

PROPERTY ADDRESS: Vacant property on McNally Road, Valley Center, California

EFFECTIVE DATE: July 14, 2005, 07:30 A.M.

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

California Land Title Association Standard Coverage Policy - 1990

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A Fee

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Fallbrook Development Company, a Partnership as to Parcels 1 and 2; Fallbrook Development Company, a California General Partnership as to Parcel 3; and Fallbrook Development Company, a General Partnership, as to Parcels 4 and 5

3. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

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

JRW\JRW 07/25/2005

EXHIBIT "ONE"

Parcel 1:

All that portion of Section 24, Township 10 South, Range 2 West, San Bernardino Meridian, in the County of San Diego, State of California, according to the Official Plat thereof, described as follows:

The East Half of the Northwest Quarter of the Westerly 450.00 feet of the Southerly 800.00 feet (measured along the Southerly and Westerly lines) of the West Half of the Northeast Quarter; also the Easterly 660.00 feet of the Westerly 1110.00 feet of the Northerly 330.00 feet of the Southerly 580.00 feet (said dimensions being measured along the Southerly and Westerly lines) of said West Half of the Northeast Quarter; together with that portion of the North 200.00 feet of the Northwest Quarter of the Southeast Quarter, described as follows:

Beginning at a point in the Northerly line of said Northwest Quarter of the Southeast Quarter, distant thereon 1015.00 feet West from the Northeast corner thereof; thence South to a point in the South line of said North 200.00 feet of said Quarter Quarter; thence Westerly along said South line to a point in the Westerly line of said Quarter Quarter; thence Northerly along said Westerly line to the Northwest Quarter corner of said Northwest Quarter of the Southeast Quarter; thence East along said Northerly line 450.93 feet, more or less, to the Point of Beginning.

Excepting therefrom that portion described as follows:

Commencing at the Southwest corner of the Southeast Quarter of the Northwest Quarter of said Section 24; thence South $88^{\circ}54'00''$ East along the South line of said Southeast Quarter of the Northwest Quarter, 265.09 feet; thence North $21^{\circ}10'45''$ West 322.14 feet; thence North $03^{\circ}10'45''$ 402.09 feet to the True Point of Beginning; thence South $75^{\circ}31'25''$ East 127.7 feet; thence North $60^{\circ}19'00''$ East 100.00 feet; thence North $25^{\circ}49'00''$ East 50.50 feet; thence North $08^{\circ}26'00''$ West, 169.00 feet; thence North $42^{\circ}14'00''$ East 100.00 feet; thence North $24^{\circ}46'00''$ West 48.00 feet; thence Northerly and Easterly 200.74 feet along a tangent curve, concave to the East and having a radius of 85.00 feet; thence tangent to said curve South $73^{\circ}20'07''$ East 12.23 feet; thence Easterly 118.42 feet along a tangent curve, concave to the North and having a radius of 115.00 feet; thence radial to said curve South $42^{\circ}20'07''$ East 5.00 feet; thence Northeasterly 18.81 feet along a curve having a radius of 120.00 feet, and having the same center as last mentioned curve; thence North $38^{\circ}40'53''$ East tangent to said curve 67.99 feet to the center line of the County Road known as McNally Road; thence North $63^{\circ}43'35''$ West 176.68 feet along said center line of McNally Road; thence South $36^{\circ}09'55''$ West 226.90 feet; thence Southerly 196.79 feet along a tangent curve, concave to the Southeast and having a radius of 410.00 feet; thence tangent to said curve South $08^{\circ}39'55''$ West 113.52 feet; thence South $09^{\circ}17'55''$ West 27.98 feet; thence North $75^{\circ}31'25''$ West 212.96 feet; thence South $14^{\circ}20'35''$ West 160.00 feet, to a line which bears North $75^{\circ}31'25''$ West from the True Point of Beginning; thence South $75^{\circ}31'25''$ East 107.79 feet to the True Point of Beginning.

Also excepting therefrom that portion described as follows:

Beginning at the Northwest corner of the East Half of the Northwest Quarter; thence along the North line of said Section, South $83^{\circ}45'00''$ East 427.92 feet; thence South $15^{\circ}20'40''$ East 81.36 feet to the beginning of a tangent 520.00 foot radius curve, concave Northeasterly; thence Southeasterly along said curve through a central angle of $09^{\circ}50'30''$ an arc distance of 89.32 feet; thence South $25^{\circ}11'10''$ East 63.99 feet to the beginning of a tangent 180.00 foot radius curve, concave Westerly; thence Southerly along said curve through a central angle of $34^{\circ}20'00''$ an arc distance of 107.86 feet;

thence South $09^{\circ}08'50''$ West 117.04 feet to the beginning of a tangent 180.00 foot radius curve, concave Westerly; thence Southerly along said curve through a central angle of $20^{\circ}39'10''$ an arc distance of 64.88 feet; thence South $29^{\circ}48'00''$ West 151.46 feet to the beginning of a tangent 170.00 foot radius curve, concave Easterly; thence Southerly along said curve through a central angle of $23^{\circ}45'00''$ an arc distance of 70.47 feet; thence North $75^{\circ}12'00''$ West 283.04 feet to the West line of said East Half; thence along said West line North $09^{\circ}13'00''$ West 682.90 feet to the Point of Beginning.

And also excepting therefrom that portion described as follows:

Commencing at the Southwest corner of the Southeast Quarter of the Northwest Quarter of said Section 24; thence along the Southerly line of said Southeast Quarter of the Northwest Quarter; South $88^{\circ}54'00''$ East 265.09 feet; thence North $21^{\circ}10'45''$ West 322.14 feet; thence North $03^{\circ}10'45''$ East 402.09 feet to the Southerly line of the land described in Deed to Valley Center Municipal Water District, recorded May 7, 1956 in Book 6090, Page 190 of Official Records; thence along said Southerly line, North $76^{\circ}42'38''$ West 99.50 feet (Record North $75^{\circ}31'25''$ West 109.79 feet) to the most Westerly corner of said land and being the True Point of Beginning; thence along the boundary of said land, North $14^{\circ}20'35''$ East 160.00 feet; and South $75^{\circ}31'25''$ East 160.00 feet; thence leaving said boundary, North $41^{\circ}17'41''$ West 160.00 feet; thence South $84^{\circ}43'55''$ West 150.00 feet; thence South $28^{\circ}14'53''$ West 56.66 feet; thence South $27^{\circ}14'09''$ East 190.00 feet to the True Point of Beginning.

Parcel 2:

A portion of the East Half of the Northwest Quarter of Section 24, Township 10 South, Range 2 West, San Bernardino Meridian, in the County of San Diego, State of California, according to the Official Plat thereof described as follows:

Beginning at the Southwest corner of the Southeast Quarter of the Northwest Quarter of Section 24; thence South $88^{\circ}54'$ East along the South line of said Southeast Quarter of the Northeast Quarter, 265.09 feet; thence North $21^{\circ}10'45''$ West 322.14 feet; thence North $3^{\circ}10'45''$ East 402.09 feet; thence South $75^{\circ}31'25''$ East 127.71 feet to Point "A" of this description and being the True Point of Beginning; thence North $60^{\circ}19'$ East 100 feet; thence North $25^{\circ}49'$ East 48.00 feet; thence North $8^{\circ}26'$ West 169 feet; thence North $42^{\circ}14'$ East 100 feet; thence North $24^{\circ}46'$ West 48.00 feet; thence Northerly and Easterly 200.74 feet along a tangent curve, concave to the East and having a radius of 85.00 feet; thence tangent to said curve, South $73^{\circ}20'07''$ East 12.23 feet; thence Easterly 118.42 feet along a tangent curve, concave to the North and having a radius of 115 feet; thence radial to said curve, South $42^{\circ}20'07''$ East 5.00 feet; thence Northeasterly 18.81 feet along a curve having a radius of 120 feet, and having the same center as last mentioned curve to Point "B" of this description; thence North $38^{\circ}40'53''$ East tangent to said curve 67.99 feet to the center line of the County Road known as McNally Road; thence North $63^{\circ}43'35''$ West 176.68 feet along said center line of McNally Road; thence South $36^{\circ}09'55''$ West 226.90 feet; thence Southerly 196.79 feet along a tangent curve, concave to the Southeast and having a radius of 410 feet; thence tangent to said curve, South $8^{\circ}39'55''$ West 113.52 feet; thence South $9^{\circ}17'55''$ West 27.98 feet; thence South $5^{\circ}37'53''$ West 161.93 feet to the True Point of Beginning.

Parcel 3:

That portion of the Southeast Quarter of the Northwest Quarter of Section 24, Township 10 South, Range 2 West, San Bernardino Meridian, in the County of San Diego, State of California, according to the Official Plat thereof, described as follows:

Beginning at the Southwest corner of said Southeast Quarter of the Northwest Quarter; thence along the South line thereof, South $88^{\circ}54'$ East 265.09 feet; thence North $21^{\circ}10'45''$ West 322.14 feet; thence North $3^{\circ}10'45''$ East 402.09 feet to the Southerly line of the land conveyed to Valley Center Municipal Water District, by Deed recorded May

7, 1956 as Document No. 62698 of Official Records; thence along said Southerly line, North $76^{\circ}42'38''$ West 99.50 feet (Record North $75^{\circ}31'25''$ West 109.79 feet) to the most Westerly corner of said land of Valley Center Municipal Water District and the True Point of Beginning; thence along the boundary of said land, North $14^{\circ}20'35''$ East 160.00 feet and South $75^{\circ}31'25''$ East 160.00 feet; thence leaving said boundary, North $41^{\circ}17'41''$ West 160.00 feet; thence South $83^{\circ}43'55''$ West 150.00 feet; thence South $28^{\circ}14'53''$ West 56.66 feet; thence South $27^{\circ}14'09''$ East 190.00 feet to the True Point of Beginning.

Parcel 4:

That portion of the Southwest Quarter of the Northeast Quarter of Section 24, Township 10 South, Range 2 West, San Bernardino Meridian, in the County of San Diego, State of California, according to the Official Plat thereof, described as follows:

Commencing at the North Quarter corner of said Section 24; thence along the Westerly line of the Northeast Quarter of said Section 24, South $07^{\circ}09'00''$ East 1510.26 feet to an angle point in the boundary of land described in Deed to Melvin I. Gemberling, et al, recorded May 3, 1961 as File No. 76521 of Official Records, and being the True Point of Beginning; thence along the Southeasterly boundary of said land of Gemberling, et al, as follows: South $35^{\circ}47'10''$ East 72.28 feet to the beginning of a tangent 500.00 foot radius curve, concave Northeasterly; Southeasterly along the arc of said curve through a central angle of $24^{\circ}02'10''$ a distance of 209.75 feet; and tangent to said curve South $59^{\circ}49'20''$ East 337.49 feet to the Northerly line of that parcel of land secondly excepted in Deed to Leo E. Bain, et ux, recorded September 22, 1943 in Book 1570, Page 25 of Official Records; thence along said Northerly line North $88^{\circ}54'00''$ West (Deed - West) 443.23 feet to the Westerly line of the Northeast Quarter of said Section 24; thence along said Westerly line, North $07^{\circ}09'00''$ West 362.44 feet to the True Point of Beginning.

Parcel 5:

That portion of the Southwest Quarter of the Northeast Quarter of Section 24, Township 10 South, Range 2 West, San Bernardino Meridian, in the County of San Diego, State of California, according to the Official Plat thereof, described as follows:

Commencing at the most Easterly corner of Parcel 1 hereinabove described, being a point on the Northerly line of that parcel of land secondly excepted in Deed to Leo E. Bain, et ux, recorded September 22, 1943 in Book 1570, Page 25 of Official Records; thence along the boundary of said secondly excepted parcel as follows: South $88^{\circ}54'00''$ East (Deed - East) 6.77 feet to the Northeast corner of said parcel and South $07^{\circ}09'00''$ East (Deed - South) 4.13 feet to an angle point in the Southwesterly boundary of land described in Deed to Melvin I. Gemberling, et al, recorded May 3, 1961 as File No. 76521 of Official Records, and being the True Point of Beginning; thence along said Southwesterly boundary, South $59^{\circ}49'20''$ East 439.33 feet to the Northerly line of that parcel of land first excepted in said Deed to Bain, hereinabove referred to; thence along said Northerly line North $88^{\circ}54'00''$ West (Deed - West) 353.11 feet to the Easterly line of said secondly excepted parcel described in said Deed to Bain; thence along said Easterly line, North $07^{\circ}09'00''$ West (Deed - North) 215.87 feet to the True Point of Beginning.

Assessor's Parcel No: 128-271-10,11,17,18,31,32 and 128-460-03

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. **Property taxes**, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2005-2006.
2. **The lien of supplemental taxes**, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.
3. **Water rights, claims or title to water**, whether or not disclosed by the public records.
4. **Rights of the public** as to any portion of the land lying within the area commonly known as McNally Road.
5. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to:	Raymond I. Morris and Mary O. Morris
Purpose:	Right of way
Recorded:	June 10, 1938, Book 790, Page 153, of Official Records
Affects:	As shown in said document.

Reference is made to said document for full particulars.

Affects Parcel 1
6. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to:	San Diego Gas and Electric Company
Purpose:	Public utilities
Recorded:	January 14, 1947, Book 2316, Page 402, of Official Records
Affects:	As shown in said document.

Reference is made to said document for full particulars.

Affects Parcels 1 and 5
7. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to:	San Diego Gas and Electric Company
Purpose:	Public utilities
Recorded:	January 14, 1947, Book 2320, Page 223, of Official Records
Affects:	As shown in said document.

Reference is made to said document for full particulars.

Affects Parcel 1

8. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Valley Center Municipal Water District
 Purpose: Pipe line or pipe lines
 Recorded: May 7, 1956, Book 6089, Page 275, of Official Records
 Affects: As shown in said document.
- Reference is made to said document for full particulars.
- Affects Parcels 1 and 2
9. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Valley Center Municipal Water District
 Purpose: a line or lines of pipe of whatever nature, manholes, services and distribution system or systems, or connections, electrical power transmission lines and the poles or tower
 Recorded: October 13, 1964, Instrument/File No. 187129, of Official Records
 Affects: As shown in said document.
- Reference is made to said document for full particulars.
- Affects Parcels 1 and 2
10. Recital contained in Deeds from Leo E. Bain and Ethel F. Bain, husband and wife, recorded September 13, 1973 as File Nos. 73-257539 and 73-257540, both of Official Records, as follows:
- "Seller hereby as a consideration of this purchase relinquishes all right, title and interest in any easements, deeded or otherwise, in the parcel of land immediately adjacent hereto, and contiguous herewith that he might have either by claim or prescriptive right, or from any other source. This paragraph does not purport to recognize that any such easements exist but is only recitative in nature."
- Reference is made to said document for full particulars.
11. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Valley Center Municipal Water District
 Purpose: Pipeline or pipelines
 Recorded: March 11, 1975, Instrument/File No. 75-054881, of Official Records
 Affects: As shown in said document.
- Reference is made to said document for full particulars.
- Affects Parcel 2
12. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as reserved in a document.
- Reserved by: Valley Center Municipal Water District
 Purpose: Roadway and ingress and egress
 Recorded: March 11, 1975, Instrument/File No. 75-054881, of Official Records
 Affects: As shown in said document.

Reference is made to said document for full particulars.

Affects Parcel 2

13. **Matters** contained in that certain document entitled "Agreement Re Water Use" dated None shown, executed by and between Sager Management Corp., a Florida corporation, et al recorded September 2, 1983, Instrument No. 83-314542, of Official Records.

Reference is hereby made to said document for full particulars.

14. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Arthur J. Stehly and Georgianne J. Stehly, Trustees under Declaration of Trust dated July 5, 1979
 Purpose: Road, sewer, water, gas, power and telephone lines
 Recorded: May 23, 1997, Instrument/File No. 1997-0239571, of Official Records
 Affects: As shown in said document.

Reference is made to said document for full particulars.

Affects Parcel 1

15. A recital contained in an Easement Grant Deed, recorded May 23, 1997 as File No. 1997-0239572 of Official Records. Said recital reads as follows:

Grantee has the right to plant, fertilize, irrigate and otherwise maintain, and harvest from, trees on the subject easement, provided that the trees do not affect the use of the easement. Grantor guarantees that use of the subject easement by any party for road purposes shall be restricted to the northernmost and westernmost sections of the subject easement, subject to slope restrictions and San Diego County required road widths.

Reference is made to said document for full particulars.

Affects Parcel 1

16. **Easement(s)** for the purpose(s) shown below and rights incidental thereto as granted in a document;

Granted to: Valley Center Municipal Water District
 Purpose: pipelines and appurtenances thereto, ingress and egress
 Recorded: November 15, 2000, Instrument No. 2000-0620076, of Official Records
 Affects: As described in said document

Reference is made to said document for full particulars.

Affects portion of Parcel 1

17. This Company will require the following in order to insure title vested in, or a conveyance from, the entity named below.

Name of Partnership: Fallbrook Development Company

That a Statement of Partnership in recordable form, as provided by Corporations Code 15010.5, be submitted for review. The Statement must be signed, acknowledged and verified by two or more partners disclosing the following:

- (a) The name of the Partnership
- (b) The names of the partners, and
- (c) A recital that the named partners are all of the partners.

The Company reserves the right to make additional requirements or add additional items after review of the Statement.

END OF ITEMS

- Note 1.** The charge for a policy of title insurance, when issued through this title order, will be based on the Basic (not Short-Term) Title Insurance Rate.

- Note 2.** Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN:	128-271-18
Fiscal year	2004-2005
1st Installment:	\$700.34 PAID
2nd Installment:	\$700.34 PAID
Exemption:	\$None
Land:	\$27,982.00
Improvements:	\$54,973.00
Personal Property:	\$None
Code Area:	94058

Affects: A portion of Parcel 1

- Note 3.** Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN:	128-271-31
Fiscal year	2004-2005
1st Installment:	\$4,914.76 PAID
2nd Installment:	\$4,914.76 PAID
Exemption:	\$None
Land:	\$416,284.00
Improvements:	\$424,167.00
Personal Property:	\$None
Code Area:	94058

Affects: A portion of Parcel 1

Note 4. Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN: 128-460-03
 Fiscal year 2004-2005
 1st Installment: \$133.70 PAID
 2nd Installment: \$133.70 PAID
 Exemption: \$None
 Land: \$10,150.00
 Improvements: \$7,146.00
 Personal Property: \$None
 Code Area: 94075

Affects: A portion of Parcel 1

Note 5. Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN: 128-271-11
 Fiscal year 2004-2005
 1st Installment: \$96.22 PAID
 2nd Installment: \$96.22 PAID
 Exemption: \$None
 Land: \$10,137.00
 Improvements: \$2,328.00
 Personal Property: \$None
 Code Area: 94058

Affects: Parcel 2

Note 6. Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN: 128-271-32
 Fiscal year 2004-2005
 1st Installment: \$44.98 PAID
 2nd Installment: \$44.98 PAID
 Exemption: \$None
 Land: \$3,904.00
 Improvements: \$0.00
 Personal Property: \$None
 Code Area: 94058

Affects: Parcel 3

Note 7. Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

APN: 128-271-10
 Fiscal year 2004-2005
 1st Installment: \$385.18 PAID
 2nd Installment: \$385.18 PAID
 Exemption: \$None
 Land: \$63,405.00
 Improvements: \$3,652.00
 Personal Property: \$None
 Code Area: 94058

Affects: Parcel 4

- Note 8.** Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:
- | | |
|--------------------|---------------|
| APN: | 128-271-17 |
| Fiscal year | 2004-2005 |
| 1st Installment: | \$280.38 PAID |
| 2nd Installment: | \$280.38 PAID |
| Exemption: | \$None |
| Land: | \$48,769.00 |
| Improvements: | \$0.00 |
| Personal Property: | \$None |
| Code Area: | 94058 |
- Affects: Parcel 5
- Note 9.** If property taxes are posted paid less than 45 days from the issuance of the policy contemplated by this report, the Company will hold the amount of the tax, plus delinquency and penalty until verification of payment is received. If verification has not been received within 45 days of the issuance of the policy contemplated, the Company will pay the taxes due. If property taxes have been paid through an impound account and we are furnished written confirmation of same or you can provide a copy of the canceled check, this requirement may be waived.
- If a monthly payment for any deed of trust to be paid in full is made less than 30 days from the issuance of the policy contemplated by this report, the Company will hold an amount equal to that payment until verification of payment is received from the lender. If verification has not been received within 30 days of the issuance of the policy contemplated, the funds held will be forwarded to the lender. If a canceled check or other form of proof of payment can be furnished, this requirement may be waived.
- Note 10.** NOTE: The current owner does NOT qualify for the \$20.00 discount pursuant to the coordinated stipulated judgment entered in actions filed by both the Attorney General and private class action plaintiffs for the herein described property.
- Note 11.** Section 12413.1, California Insurance Code became effective January 1, 1990. This legislation deals with the disbursement of funds deposited with any title entity acting in an escrow or subescrow capacity. The law requires that all funds be deposited and collected by the title entity's escrow and/or subescrow account prior to disbursement of any funds. Some methods of funding may subject funds to a holding period which must expire before any funds may be disbursed. In order to avoid any such delays, all fundings should be done through wire transfer, certified check or checks drawn on California financial institutions.
- Note 12.** The charge where an order is cancelled after the issuance of the report of title, will be that amount which in the opinion of the Company is proper compensation for the services rendered or the purpose for which the report is used, but in no event shall said charge be less than the minimum amount required under Section 12404.1 of the Insurance Code of the State of California. If the report cannot be cancelled "no fee" pursuant to the provisions of said Insurance Code, then the minimum cancellation fee shall be that permitted by law.
- Note 13.** California Revenue and Taxation Code Section 18662, effective January 1, 1994 and by amendment effective January 1, 2003, provides that the buyer in all sales of California Real Estate may be required to withhold 3 and 1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained.

EXHIBIT A

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - land use
 - improvements on the land
 - land division
 - environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at policy date.
2. The right to take the land by condemning it, unless:
 - a notice of exercising the right appears in the public records on the Policy Date
 - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowledge of the taking

3. Title Risks:
 - that are created, allowed, or agreed to by you
 - that are known to you, but not to us, on the Policy Date-unless they appeared in the records
 - that result in no loss to you
 - that first affect your title after the Policy Date - this does not limit the labor and material coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - to any land outside the area specifically described and referred to in Item 3 of Schedule A or
 - in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

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

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in item 12 of Covered Title Risks.
4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990 EXCLUSIONS FROM COVERAGE

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:

- (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
- (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the insured claimant becoming an insured under this policy;
- (c) resulting in no loss or damage to the insured claimant;
- (d) attaching or created subsequent to Date of Policy; or
- (e) resulting in loss or damage which would not have been sustained if the insured claimant had value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

SCHEDULE B, PART I EXCEPTIONS FROM COVERAGE

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

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or 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 which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted in (a), (b), or (c) are shown by the public records.

**EXHIBIT A
(CONTINUED)**

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid

- value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises from the transaction evidenced by the insured mortgage and is based upon usury or any consumer protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or related to the land which is contracted for and commenced subsequent to Date of Policy and in whole or in part by proceeds of the indebtedness secured by the insured mortgage at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgage insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

**AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE**

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

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;

- (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
- (c) resulting in no loss or damage to the insured claimant;
- (d) attaching or created subsequent to Date of Policy, or
- (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above ALTA policy forms, dated 10-17-92, may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

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

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

**EXHIBIT A
(CONTINUED)**

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. building
 - b. zoning
 - c. Land use
 - d. improvements on Land
 - e. Land division
 - f. environmental protection
 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
 3. The right to take the Land by condemning it, unless:
 - a. notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without knowing of the taking.
 4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - b. that result in no loss to You; or
 - c. that first occur after the Policy Date - this does not limit the coverage described in Covered Risks 7, 8, d, 22, 23, 24 or 25.
 5. Failure to pay value for Your Title.
 6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule B and
 - b. in streets, alleys, or waterways that touch the Land.
- This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16 and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 14:	1.00% of Policy Amount or \$ 2,500.00 (Whichever is less)	\$ 10,000.00
Covered Risk 15:	1.00% of Policy Amount or \$ 5,000.00 (Whichever is less)	\$ 25,000.00
Covered Risk 16:	1.00% Of Policy Amount or \$ 5,000.00 (Whichever is less)	\$ 25,000.00
Covered Risk 18:	1.00% Of Policy Amount or \$ 2,500.00 (Whichever is less)	\$ 5,000.00

**ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)
EXCLUSIONS FROM COVERAGE**

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

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

Notice

You may be entitled to receive a \$20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount.

Effective through November 1, 2014

Fidelity National Financial Group of Companies' Privacy Statement

July 1, 2001

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
- From your transactions with, or from the services being performed by, us, our affiliates, or others;
- From our internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right to Access Your Personal Information and Ability to Correct Errors or Request Changes or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Multiple Products or Services

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

APPENDIX C
ENVIRONMENTAL DATABASE REPORT

TRACK ► INFO SERVICES, LLC

Environmental FirstSearch™ Report

TARGET PROPERTY:

13511 MCNALLY ROAD

VALLEY CENTER CA 92082

Job Number: 105891001

PREPARED FOR:

Ninyo and Moore

5710 Ruffin Road

San Diego, CA 92123

06-12-06



Tel: (866) 664-9981

Fax: (818) 249-4227

**Environmental FirstSearch
Search Summary Report**

**Target Site: 13511 MCNALLY ROAD
VALLEY CENTER CA 92082**

FirstSearch Summary

Database	Sel	Updated	Radius	Site	1/8	1/4	1/2	1/2>	ZIP	TOTALS
NPL	Y	04-10-06	1.00	0	0	0	0	0	0	0
CERCLIS	Y	03-08-06	0.50	0	0	0	0	-	0	0
NFRAP	Y	03-08-06	0.12	0	0	-	-	-	0	0
RCRA TSD	Y	02-16-06	0.50	0	0	0	0	-	0	0
RCRA COR	Y	02-16-06	1.00	0	0	0	0	0	0	0
RCRA GEN	Y	02-16-06	0.25	0	0	0	-	-	0	0
RCRA NLR	Y	02-16-06	0.12	0	0	-	-	-	0	0
ERNS	Y	12-31-05	0.12	0	0	-	-	-	0	0
NPDES	Y	03-26-06	0.25	0	0	0	-	-	0	0
TRIS	Y	12-01-05	0.25	0	0	0	-	-	0	0
State Sites	Y	05-04-05	1.00	0	0	0	0	0	0	0
Spills-1990	Y	07-01-03	0.12	0	0	-	-	-	0	0
Spills-1980	Y	NA	0.12	0	0	-	-	-	0	0
SWL	Y	03-27-06	0.50	0	0	0	0	-	0	0
Permits	Y	02-11-04	0.25	1	0	0	-	-	1	2
Other	Y	09-06-05	0.25	0	0	0	-	-	0	0
REG UST/AST	Y	04-04-06	0.25	0	0	0	-	-	0	0
Leaking UST	Y	03-29-06	0.50	0	0	0	0	-	0	0
Nuclear Permits	Y	04-30-99	0.50	0	0	0	0	-	0	0
Releases(Air/Water)	Y	12-31-05	0.12	0	0	-	-	-	0	0
HMIRS	Y	03-15-05	0.12	0	0	-	-	-	0	0
NCDB	Y	08-30-04	0.25	0	0	0	-	-	0	0
PADS	Y	12-27-05	0.25	0	0	0	-	-	0	0
Federal Other	Y	05-21-06	0.25	0	0	0	-	-	0	0
Brownfield	Y	03-27-06	0.25	0	0	0	-	-	0	0
Receptors	Y	01-01-95	0.12	0	0	-	-	-	0	0
- TOTALS -				1	0	0	0	0	1	2

Notice of Disclaimer

Due to the limitations, constraints, inaccuracies and incompleteness of government information and computer mapping data currently available to TRACK Info Services, certain conventions have been utilized in preparing the locations of all federal, state and local agency sites residing in TRACK Info Services's databases. All EPA NPL and state landfill sites are depicted by a rectangle approximating their location and size. The boundaries of the rectangles represent the eastern and western most longitudes; the northern and southern most latitudes. As such, the mapped areas may exceed the actual areas and do not represent the actual boundaries of these properties. All other sites are depicted by a point representing their approximate address location and make no attempt to represent the actual areas of the associated property. Actual boundaries and locations of individual properties can be found in the files residing at the agency responsible for such information.

Waiver of Liability

Although TRACK Info Services uses its best efforts to research the actual location of each site, TRACK Info Services does not and can not warrant the accuracy of these sites with regard to exact location and size. All authorized users of TRACK Info Services's services proceeding are signifying an understanding of TRACK Info Services's searching and mapping conventions, and agree to waive any and all liability claims associated with search and map results showing incomplete and or inaccurate site locations.

**Environmental FirstSearch
Site Information Report**

Request Date: 06-12-06
Requestor Name: Shannon Smith
Standard: ASTM

Search Type: AREA
Job Number: 105891001
Filtered Report

**TARGET ADDRESS: 13511 MCNALLY ROAD
 VALLEY CENTER CA 92082**

Demographics

Sites: 2	Non-Geocoded: 1	Population: NA
Radon: NA		

Site Location

	<u>Degrees (Decimal)</u>	<u>Degrees (Min/Sec)</u>		<u>UTMs</u>
Longitude:	-117.044499	-117:2:40	Easting:	495856.998
Latitude:	33.297379	33:17:51	Northing:	3684063.936
			Zone:	11

Comment

Comment:105891001

Additional Requests/Services

Adjacent ZIP Codes: 0 Mile(s)					Services:																																			
<table border="1"> <thead> <tr> <th>ZIP Code</th> <th>City Name</th> <th>ST</th> <th>Dist/Dir</th> <th>Sel</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>					ZIP Code	City Name	ST	Dist/Dir	Sel						<table border="1"> <thead> <tr> <th></th> <th>Requested?</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Sanborns</td> <td>No</td> <td></td> </tr> <tr> <td>Aerial Photographs</td> <td>No</td> <td></td> </tr> <tr> <td>Historical Topos</td> <td>No</td> <td></td> </tr> <tr> <td>City Directories</td> <td>No</td> <td></td> </tr> <tr> <td>Title Search</td> <td>No</td> <td></td> </tr> <tr> <td>Municipal Reports</td> <td>No</td> <td></td> </tr> <tr> <td>Online Topos</td> <td>No</td> <td></td> </tr> </tbody> </table>			Requested?	Date	Sanborns	No		Aerial Photographs	No		Historical Topos	No		City Directories	No		Title Search	No		Municipal Reports	No		Online Topos	No	
ZIP Code	City Name	ST	Dist/Dir	Sel																																				
	Requested?	Date																																						
Sanborns	No																																							
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Historical Topos	No																																							
City Directories	No																																							
Title Search	No																																							
Municipal Reports	No																																							
Online Topos	No																																							

***Environmental FirstSearch
Sites Summary Report***

TARGET SITE: 13511 MCNALLY ROAD
VALLEY CENTER CA 92082

JOB: 105891001
105891001

TOTAL: 2 **GEOCODED:** 1 **NON GEOCODED:** 1 **SELECTED:** 0

Page No.	DB Type	Site Name/ID/Status	Address	Dist/Dir	Map ID
1	PERMITS	NICK STEHLY FARMS HE17H35835	13268 MCNALLY RD VALLEY CENTER CA 92082	0.00 --	1

***Environmental FirstSearch
Sites Summary Report***

TARGET SITE: 13511 MCNALLY ROAD
VALLEY CENTER CA 92082

JOB: 105891001
105891001

TOTAL: 2 **GEOCODED:** 1 **NON GEOCODED:** 1 **SELECTED:** 0

Page No.	DB Type	Site Name/ID/Status	Address	Dist/Dir	Map ID
3	PERMITS	HARMS PROPERTY HE17H38817	MUTAMA RD VALLEY CENTER CA 92082	NON GC	

***Environmental FirstSearch
Site Detail Report***

TARGET SITE: 13511 MCNALLY ROAD
VALLEY CENTER CA 92082

JOB: 105891001
105891001

PERMITS SITE

SEARCH ID: 2

DIST/DIR: NON GC

MAP ID:

NAME: HARMS PROPERTY
ADDRESS: MUUTAMA RD
VALLEY CENTER CA 92082
SAN DIEGO

REV: 08/06/01
ID1: HE17H38817
ID2:
STATUS:
PHONE: () -

CONTACT:

DETAILS NOT AVAILABLE

Environmental FirstSearch Database Descriptions

NPL: *EPA* NATIONAL PRIORITY LIST - Database of confirmed, proposed or deleted Superfund sites.

CERCLIS: *EPA* COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY INFORMATION SYSTEM - Database of current and potential Superfund sites currently or previously under investigation.

NFRAP: *EPA* COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY INFORMATION SYSTEM ARCHIVED SITES - database of Archive designated CERCLA sites that, to the best of EPA's knowledge, assessment has been completed and has determined no further steps will be taken to list this site on the National Priorities List (NPL). This decision does not necessarily mean that there is no hazard associated with a given site; it only means that, based upon available information, the location is not judged to be a potential NPL site.

RCRA TSD: *EPA* RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM TREATMENT, STORAGE, and DISPOSAL FACILITIES. - Database of facilities licensed to store, treat and dispose of hazardous waste materials.

RCRA COR: *EPA* RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM SITES - Database of RCRA facilities with reported violations and subject to corrective actions.

RCRA GEN: *EPA* RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM SITES - Database of facilities that generate or transport hazardous waste or meet other RCRA requirements. LGN - Large Quantity Generators SGN - Small Quantity Generators VGN - Conditionally Exempt Generator. Included are RAATS (RCRA Administrative Action Tracking System) and CMEL (Compliance Monitoring & Enforcement List) facilities.

RCRA NLR: *EPA* RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM SITES - Database of facilities not currently classified by the EPA but are still included in the RCRIS database. Reasons for non classification: Failure to report in a timely matter. No longer in business. No longer in business at the listed address. No longer generating hazardous waste materials in quantities which require reporting.

ERNS: *EPA/NRC* EMERGENCY RESPONSE NOTIFICATION SYSTEM - Database of emergency response actions. Data since January 2001 has been received from the National Response System database as the EPA no longer maintains this data.

NPDES: *EPA* THE NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM - Database of permitted facilities receiving and discharging effluents to and from a natural source where treatment of the effluent is monitored.

TRIS: *EPA* TOXIC RELEASE INVENTORY SYSTEM - Database of all facilities that have had or may be prone to toxic material releases.

STATE SITES: *CA EPA* SMBRPD / CAL SITES- The California Department of Toxic Substances Control (DTSC) has developed an electronic database system with information about sites that are known to be contaminated with hazardous substances as well as information on uncharacterized properties where further studies may reveal problems. The Site Mitigation and Brownfields Reuse Program Database (SMBRPD), also known as CalSites, is used primarily by DTSC's staff as an informational tool to evaluate and track activities at properties that may have been affected by the release of hazardous substances. The SMBRPD displays information in six categories. The categories are: 1. CalSites Properties (CS) 2. School Property Evaluation Program Properties (SCH) 3. Voluntary Cleanup Program Properties (VCP) 4. Unconfirmed Properties Needing Further Evaluation (RFE) Please Note: FirstSearch Reports list the above sites as DB Type (STATE). 5. Unconfirmed Properties Referred to Another Local or State Agency (REF) 6. Properties where a No Further Action Determination has been made (NFA) Please Note: FirstSearch Reports list the above sites as DB Type (OTHER). Each Category contains information on properties based upon the type of work taking place at the site. For example, the CalSites database is now one of the six categories within SMPBRD and contains only confirmed sites considered as posing the greatest threat to the public and/or the potential public school sites will be found within the School Property Evaluation Program, and those properties undergoing voluntary investigation and/or cleanup are in the Voluntary Cleanup Program. CORTESE LIST- Pursuant to Government Code Section 65962.5, the Hazardous Waste and Substances Sites List has been compiled by Cal/EPA, Hazardous Materials Data Management Program. The CAL EPA Dept. of Toxic Substances Control compiles information from subsets of the following databases to make up the CORTESE list: 1. The Dept. of Toxic Substances Control; contaminated or potentially contaminated hazardous waste sites listed in the CAL Sites database. Formerly known as ASPIS are included (CAL SITES formerly known as ASPIS). 2. The California State Water Resources Control Board; listing of Leaking Underground Storage Tanks are included (LTANK) 3. The California Integrated Waste Management Board; Sanitary Landfills which have evidence of groundwater contamination or known migration of hazardous materials (formerly WB-LF, now AB 3750). Note: Track Info Services collects each of the above data sets individually and lists them separately in the following First Search categories in order to provide more current and comprehensive information: CAL SITES: SPL, LTANK: LUST, WB-LF: SWL

SPILLS-1990: *CA EPA* SLIC REGIONS 1 - 9- The California Regional Water Quality Control Boards maintain report of sites that have records of spills, leaks, investigation, and cleanups.

SWL: *CA IWMB/SWRCB/COUNTY* SWIS SOLID WASTE INFORMATION SYSTEM- The California Integrated Waste Management Board maintains a database on solid waste facilities, operations, and disposal sites throughout the state of California. The types of facilities found in this database include landfills, transfer stations, material recovery facilities, composting sites, transformation facilities, waste tire sites, and closed disposal sites. For more information on individual sites call the number listed in the source field. Please Note: This database contains poor site location information for many sites in the First Search reports; therefore, it may not be possible to locate or plot some sites in First Search reports. WMUDS- The State Water Resources Control Board maintained the Waste Management Unit Database System (WMUDS). It is no longer updated. It tracked management units for several regulatory programs related to waste management and its potential impact on groundwater. Two of these programs (SWAT & TPCA) are no longer on-going regulatory programs as described below. Chapter 15 (SC15) is still an on-going regulatory program and information is updated periodically but not to the WMUDS database. The WMUDS System contains information from the following agency databases: Facility, Waste Management Unit (WMU), Waste Discharger System (WDS), SWAT, Chapter 15, TPCA, RCRA, Inspections, Violations, and Enforcement's. Note: This database contains poor site location information for many sites in the First Search reports; therefore, it may not be possible to locate or plot some sites in First Search reports. ORANGE COUNTY LANDFILLS LIST- A list maintained by the Orange County Health Department.

PERMITS: CA COUNTY SAN DIEGO COUNTY HE17 PERMITS- The HE17/58 database tracks establishments issued permits and the status of their permits in relation to compliance with federal, state, and local regulations that the County oversees. It tracks if a site is a hazardous waste generator, TSD, gas station, has underground tanks, violations, or unauthorized releases. For more information on a specific file call the HazMat Duty Specialist at the phone number listed in the source information field.**SAN BERNARDINO COUNTY HAZARDOUS MATERIALS PERMITS-** Handlers and Generators Permit Information Maintained by the Hazardous Materials Division.

OTHER: CA EPA/COUNTY SMBRPD / CAL SITES- The California Department of Toxic Substances Control (DTSC) has developed an electronic database system with information about sites that are known to be contaminated with hazardous substances as well as information on uncharacterized properties where further studies may reveal problems. The Site Mitigation and Brownfields Reuse Program Database (SMBRPD), also known as CalSites, is used primarily by DTSC's staff as an informational tool to evaluate and track activities at properties that may have been affected by the release of hazardous substances. The SMBRPD displays information in six categories. The categories are: 1. CalSites Properties (CS) 2. School Property Evaluation Program Properties (SCH) 3. Voluntary Cleanup Program Properties (VCP) 4. Unconfirmed Properties Needing Further Evaluation (RFE) Please Note: FirstSearch Reports list the above sites as DB Type (STATE). 5. Unconfirmed Properties Referred to Another Local or State Agency (REF) 6. Properties where a No Further Action Determination has been made (NFA) Please Note: FirstSearch Reports list the above sites as DB Type (OTHER). Each Category contains information on properties based upon the type of work taking place at the site. For example, the CalSites database is now one of the six categories within SMPBRD and contains only confirmed sites considered as posing the greatest threat to the public and/or the potential public school sites will be found within the School Property Evaluation Program, and those properties undergoing voluntary investigation and/or cleanup are in the Voluntary Cleanup Program. **LA COUNTY SITE MITIGATION COMPLAINT CONTROL LOG-** The County of Los Angeles Public Health Investigation Compliant Control Log. **ORANGE COUNTY INDUSTRIAL SITE CLEANUPS-** List maintained by the Orange County Environmental Health Agency. **RIVERSIDE COUNTY WASTE GENERATORS-** A list of facilities in Riverside County which generate hazardous waste. **SACRAMENTO COUNTY MASTER HAZMAT LIST-** Master list of facilities within Sacramento County with potentially hazardous materials. **SACRAMENTO COUNTY TOXIC SITE CLEANUPS-** A list of sites where unauthorized releases of potentially hazardous materials have occurred.

REG UST/AST: CA EPA/COUNTY/CITY ABOVEGROUND STORAGE TANKS LISTING- The Above Ground Petroleum Storage Act became State Law effective January 1, 1990. In general, the law requires owners or operators of AST's with petroleum products to file a storage statement and pay a fee by July 1, 1990 and every two years thereafter, take specific action to prevent spills, and in certain instances implement a groundwater monitoring program. This law does not apply to that portion of a tank facility associated with the production oil and regulated by the State Division of Oil and Gas of the Dept. of Conservation. **SWEEPS / FIDS STATE REGISTERED UNDEGROUND STORAGE TANKS-** Until 1994 the State Water Resources Control Board maintained a database of registered underground storage tanks statewide referred to as the SWEEPS System. The SWEEPS UST information was integrated with the CAL EPA's Facility Index System database (FIDS) which is a master index of information from numerous California agency environmental databases. That was last updated in 1994. Track Info Services included the UST information from the FIDS database in its First Search reports for historical purposes to help its clients identify where tanks may possibly have existed. For more information on specific sites from individual paper files archived at the State Water Resources Control Board call the number listed with the source information. **INDIAN LANDS UNDERGROUND STORAGE TANKS LIST-** A listing of underground storage tanks currently on Indian Lands under federal jurisdiction. California Indian Land USTS are administered by US EPA Region 9. **CUPA DATABASES & SOURCES-** Definition of a CUPA: A Certified Unified Program Agency (CUPA) is a local agency that has been certified by the CAL EPA to implement six state environmental programs within the local agency's jurisdiction. These can be a county, city, or JPA (Joint Powers Authority). This program was established under the amendments to the California Health and Safety Code made by SB 1082 in 1994. A Participating Agency (PA) is a local agency that has been designated by the local CUPA to administer one or more Unified Programs within their jurisdiction on behalf of the CUPA. A Designated Agency (DA) is an agency that has not been certified by the CUPA but is the responsible local agency that would implement the six unified programs until they are certified. Please Note: Track Info Services, LLC collects and maintains information regarding Underground Storage Tanks from

majority of the CUPAS and Participating Agencies in the State of California. These agencies typically do not maintain nor release such information on a uniform or consistent schedule; therefore, currency of the data may vary. Please look at the details on a specific site with a UST record in the First Search Report to determine the actual currency date of the record as provided by the relevant agency. Numerous efforts are made on a regular basis to obtain updated records.

LEAKING UST: CA SWRCB/COUNTY LUSTIS- The State Water Resources Control Board maintains a database of sites with confirmed or unconfirmed leaking underground storage tanks. Information for this database is collected from the states regional boards quarterly and integrated with this database. **SAN DIEGO COUNTY LEAKING TANKS-** The San Diego County Department of Environmental Health maintains a database of sites with confirmed or unconfirmed leaking underground storage tanks within its HE17/58 database. For more information on a specific file call the HazMat Duty Specialist at phone number listed in the source information field.

RECEPTORS: US DOC SENSITIVE RECEPTORS - 2002 Census Bureau's TIGER (Topologically Integrated Geographic Encoding and Referencing System) database of schools and hospitals. List of schools and hospitals that may house individuals deemed sensitive to environmental discharges due to their fragile immune systems.

NUCLEAR PERMITS: EPA/NRC PERMITTED NUCLEAR FACILITIES THE RADINFO DATABASE - Database of basic information about facilities that are permitted and regulated for their use and handling of radioactive materials.

RELEASES(AIR/WATER): EPA/NRC AIR AND SURFACE WATER RELEASES - A subset of the ERNS National Response System database which have impacted only the air or surface water.

HMIRS: US DOT HAZARDOUS MATERIALS INCIDENT RESPONSE SYSTEM - Database of information regarding materials, packaging, and a description of events for tracked incidents.

NCDB: EPA NATIONAL COMPLIANCE DATA BASE SYSTEM - Database of regional compliance and enforcement activity and manages the Pesticides and Toxic Substances Compliance and Enforcement program at a national level. The system tracks all compliance monitoring and enforcement activities from the time an inspector conducts and inspection until the time the inspector closes or the case settles the enforcement action. NCDB is the national repository of the 10 regional and Headquarters FIFRA/TSCA Tracking System (FTTS). Data collected in the regional FTTS is transferred to NCDB to support the need for monitoring national performance of regional programs.

OTHER: EPA SECTION SEVEN TRACKING SYSTEM (SSTS) – database of registration and production data for facilities which manufacture pesticides. **AEROMETRIC INFORMATION RETRIEVAL SYSTEM (AIRS) –** database of detailed information pertaining to sites which submit air emissions reports. Developed under the Clean Air Act, this database also maintains data on compliance status and enforcement actions.

PADS: EPA DATABASE OF PCB HANDLERS - Database of PolyChlorinatedBiPhenol generators, transporters, storers and/or disposers that are required to register with the EPA. This database indicates the type of handler and registration number. Also included is the PCB Transformer Registration Database.

RADON: *NTIS* NATIONAL RADON DATABASE - EPA radon data from 1990-1991 national radon project collected for a variety of zip codes across the United States.

Environmental FirstSearch Database Sources

NPL: *EPA* Environmental Protection Agency

Updated quarterly

CERCLIS: *EPA* Environmental Protection Agency

Updated quarterly

NFRAP: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA TSD: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA COR: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA GEN: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA NLR: *EPA* Environmental Protection Agency

Updated quarterly

ERNS: *EPA/NRC* Environmental Protection Agency

Updated semi-annually

NPDES: *EPA* Environmental Protection Agency

Updated quarterly

TRIS: *EPA* Environmental Protection Agency.

Updated quarterly

STATE SITES: *CA EPA* The CAL EPA, Depart. Of Toxic Substances Control
Phone: (916) 323-3400

Updated quarterly/when available

SPILLS-1990: CA EPA The California State Water Resources Control Board

Updated when available

SWL: CA IWMB/SWRCB/COUNTY The California Integrated Waste Management Board

Phone:(916) 255-2331

The State Water Resources Control Board

Phone:(916) 227-4365

Orange County Health Department

Updated quarterly/when available

PERMITS: CA COUNTY The San Diego County Depart. Of Environmental Health

Phone:(619) 338-2211

San Bernardino County Fire Department

Updated quarterly/when available

OTHER: CA EPA/COUNTY The CAL EPA, Depart. Of Toxic Substances Control

Phone: (916) 323-3400

The Los Angeles County Hazardous Materials Division

Phone: (323) 890-7806

Orange County Environmental Health Agency

Phone: (714) 834-3536

Riverside County Department of Environmental Health, Hazardous Materials Management Division

Phone:(951) 358-5055

Sacramento County Environmental Management Department

Updated quarterly/when available

REG UST/AST: CA EPA/COUNTY/CITY The State Water Resources Control Board

Phone:(916) 227-4364

CAL EPA Department of Toxic Substances Control

Phone:(916)227-4404

US EPA Region 9 Underground Storage Tank Program

Phone: (415) 972-3372

ALAMEDA COUNTY CUPAS:

* County of Alameda Department of Environmental Health

* Cities of Berkeley, Fremont, Hayward, Livermore / Pleasanton, Newark, Oakland, San Leandro, Union

ALPINE COUNTY CUPA:

* Health Department (Only updated by agency sporadically)

AMADOR COUNTY CUPA:

* County of Amador Environmental Health Department

BUTTE COUNTY CUPA

* County of Butte Environmental Health Division (Only updated by agency biannually)

CALAVERAS COUNTY CUPA:

* County of Calaveras Environmental Health Department

COLUSA COUNTY CUPA:

* Environmental Health Dept.

CONTRA COSTA COUNTY CUPA:

* Hazardous Materials Program

DEL NORTE COUNTY CUPA:

* Department of Health and Social Services

EL DORADO COUNTY CUPAS:

* County of El Dorado Environmental Health - Solid Waste Div (Only updated by agency annually)

* County of El Dorado EMD Tahoe Division (Only updated by agency annually)

FRESNO COUNTY CUPA:

- * Haz. Mat and Solid Waste Programs

GLENN COUNTY CUPA:

- * Air Pollution Control District

HUMBOLDT COUNTY CUPA:

- * Environmental Health Division

IMPERIAL COUNTY CUPA:

- * Department of Planning and Building

INYO COUNTY CUPA:

- * Environmental Health Department

KERN COUNTY CUPA:

- * County of Kern Environmental Health Department

- * City of Bakersfield Fire Department

KINGS COUNTY CUPA:

- * Environmental Health Services

LAKE COUNTY CUPA:

- * Division of Environmental Health

LASSEN COUNTY CUPA:

- * Department of Agriculture

LOS ANGELES COUNTY CUPAS:

- * County of Los Angeles Fire Department CUPA Data as maintained by the Los Angeles County Department of Public Works

- * County of Los Angeles Environmental Programs Division

- * Cities of Burbank, El Segundo, Glendale, Long Beach/Signal Hill, Los Angeles, Pasadena, Santa Fe Springs, Santa Monica, Torrance, Vernon

MADERA COUNTY CUPA:

- * Environmental Health Department

MARIN COUNTY CUPA:

- * County of Marin Office of Waste Management

- * City of San Rafael Fire Department

MARIPOSA COUNTY CUPA:

- * Health Department

MENDOCINO COUNTY CUPA:

- * Environmental Health Department

MERCED COUNTY CUPA:

- * Division of Environmental Health

MODOC COUNTY CUPA:

- * Department of Agriculture

MONO COUNTY CUPA:

- * Health Department

MONTEREY COUNTY CUPA:

- * Environmental Health Division

NAPA COUNTY CUPA:

- * Hazardous Materials Section

NEVADA COUNTY CUPA:

- * Environmental Health Department

ORANGE COUNTY CUPAS:

- * County of Orange Environmental Health Department

- * Cities of Anaheim, Fullerton, Orange, Santa Ana

- * County of Orange Environmental Health Department

PLACER COUNTY CUPAS:

- * County of Placer Division of Environmental Health Field Office

- * Tahoe City

- * City of Roseville Roseville Fire Department

PLUMAS COUNTY CUPA:

- * Environmental Health Department

RIVERSIDE COUNTY CUPA:

- * Environmental Health Department

SACRAMENTO COUNTY CUPA:

- * County Environmental Mgmt Dept, Haz. Mat. Div.

SAN BENITO COUNTY CUPA:

* City of Hollister Environmental Service Department
 SAN BERNARDINO COUNTY CUPAS:
 * County of San Bernardino Fire Department, Haz. Mat. Div.
 * City of Hesperia Hesperia Fire Prevention Department
 *City of Victorville Victorville Fire Department
 SAN DIEGO COUNTY CUPA:
 * The San Diego County Dept. of Environmental Health HE 17/58
 SAN FRANCISCO COUNTY CUPA:
 * Department of Public Health
 SAN JOAQUIN COUNTY CUPA:
 * Environmental Health Division
 SAN LUIS OBISPO COUNTY CUPAS:
 * County of San Luis Obispo Environmental Health Division
 * City of San Luis Obispo City Fire Department
 SAN MATEO COUNTY CUPA:
 * Environmental Health Department
 SANTA BARBARA COUNTY CUPA:
 * County Fire Dept Protective Services Division
 SANTA CLARA COUNTY CUPAS:
 * County of Santa Clara Hazardous Materials Compliance Division
 * Santa Clara County Central Fire Protection District (Covers Campbell, Cupertino, Los Gatos, & Morgan Hill)
 * Cities of Gilroy, Milpitas, Mountain View, Palo Alto, San Jose Fire, Santa Clara, Sunnyvale
 SANTA CRUZ COUNTY CUPA:
 * Environmental Health Department
 SHASTA COUNTY CUPA:
 * Environmental Health Department
 SIERRA COUNTY CUPA:
 * Health Department
 SISKIYOU COUNTY CUPA:
 * Environmental Health Department
 SONOMA COUNTY CUPAS:
 * County of Sonoma Department Of Environmental Health
 * Cities of Healdsburg / Sebastopol, Petaluma, Santa Rosa
 STANISLAUS COUNTY CUPA:
 * Department of Environmental Resources Haz. Mat. Division
 SUTTER COUNTY CUPA:
 * Department of Agriculture
 TEHAMA COUNTY CUPA:
 * Department of Environmental Health
 TRINITY COUNTY CUPA:
 * Department of Health
 TULARE COUNTY CUPA:
 * Environmental Health Department
 TUOLUMNE COUNTY CUPA:
 * Environmental Health
 VENTURA COUNTY CUPAS:
 * County of Ventura Environmental Health Division
 * Cities of Oxnard, Ventura
 YOLO COUNTY CUPA:
 * Environmental Health Department
 YUBA COUNTY CUPA:

Updated quarterly/annually/when available

LEAKING UST: CA SWRCB/COUNTY The California State Water Resources Control Board
 Phone:(916) 227-4416
 San Diego County Department of Environmental Health

Updated quarterly/when available

RECEPTORS: US DOC US Department of Commerce, Census Bureau

Updated periodically

NUCLEAR PERMITS: EPA/NRC Nuclear Regulatory Commission

Updated periodically

RELEASES(AIR/WATER): EPA/NRC Environmental Protection Agency

Updated semi-annually

HMIRS: US DOT US Department of Transportation

Updated quarterly

NCDB: EPA Environmental Protection Agency

Updated quarterly

OTHER: EPA Environmental Protection Agency

Updated quarterly

PADS: EPA Environmental Protection Agency

Updated quarterly

RADON: NTIS Environmental Protection Agency, National Technical Information Services

Updated periodically

Environmental FirstSearch
Street Name Report for Streets within .25 Mile(s) of Target Property

TARGET SITE: 13511 MCNALLY ROAD
VALLEY CENTER CA 92082

JOB: 105891001
105891001

Street Name	Dist/Dir	Street Name	Dist/Dir
Carney Rd	0.10 NE		
Glen Ln	0.16 SE		
Jeffrey Heights Rd	0.00 --		
McNally Rd	0.00 --		
Muutama Rd	0.11 NW		
Rays Way	0.10 NE		
Stardust Ln	0.19 SE		
Windy Mountain Ln	0.00 --		



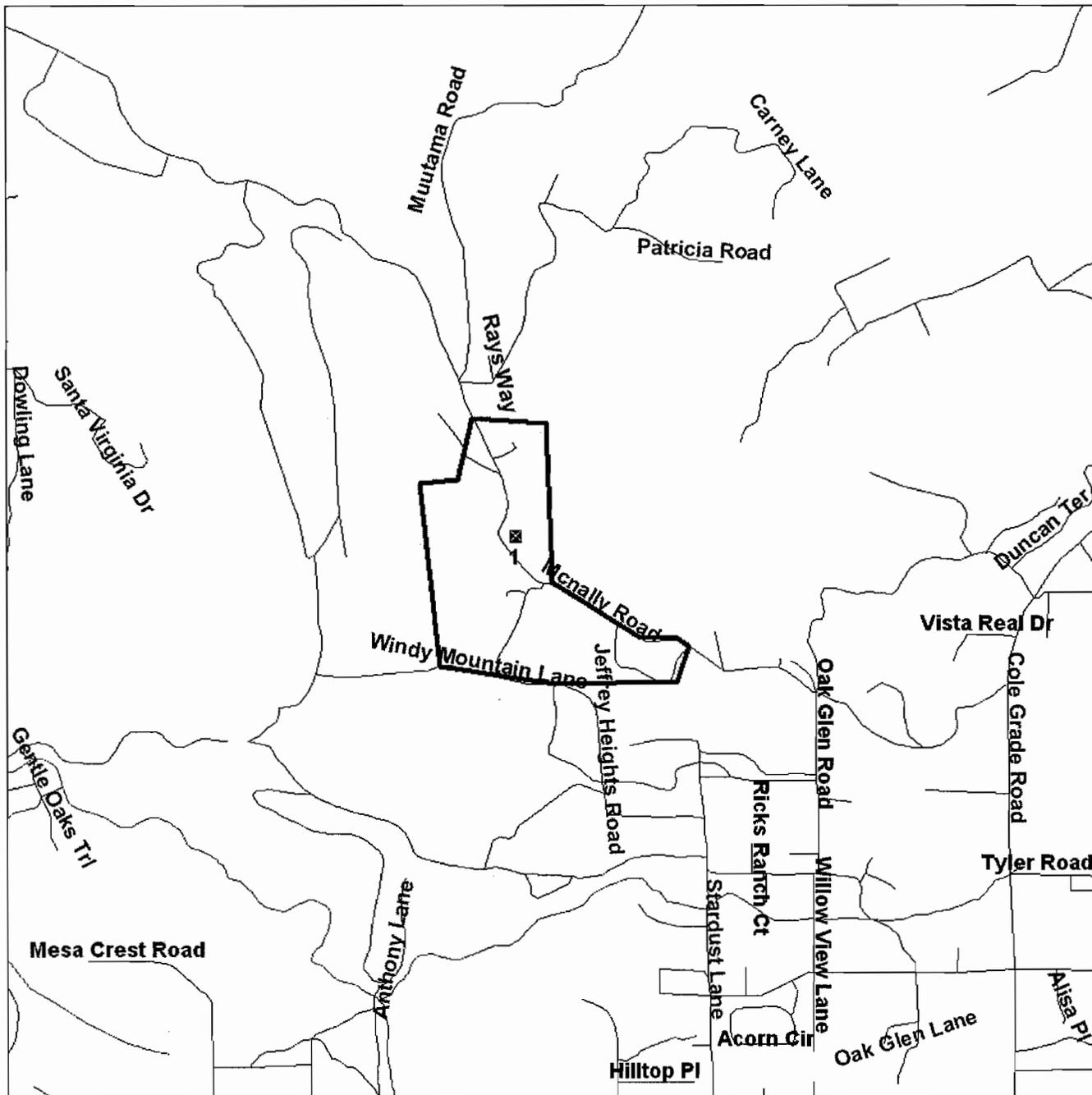
Environmental FirstSearch

1 Mile Radius from Area

Single Map:

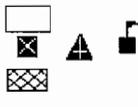


13511 MCNALLY ROAD, VALLEY CENTER CA 92082



Source: U.S. Census TIGER Files

- Area Polygon
- Identified Site, Multiple Sites, Receptor
- NPL, Brownfield, Solid Waste Landfill (SWL) or Hazardous Waste
- Railroads



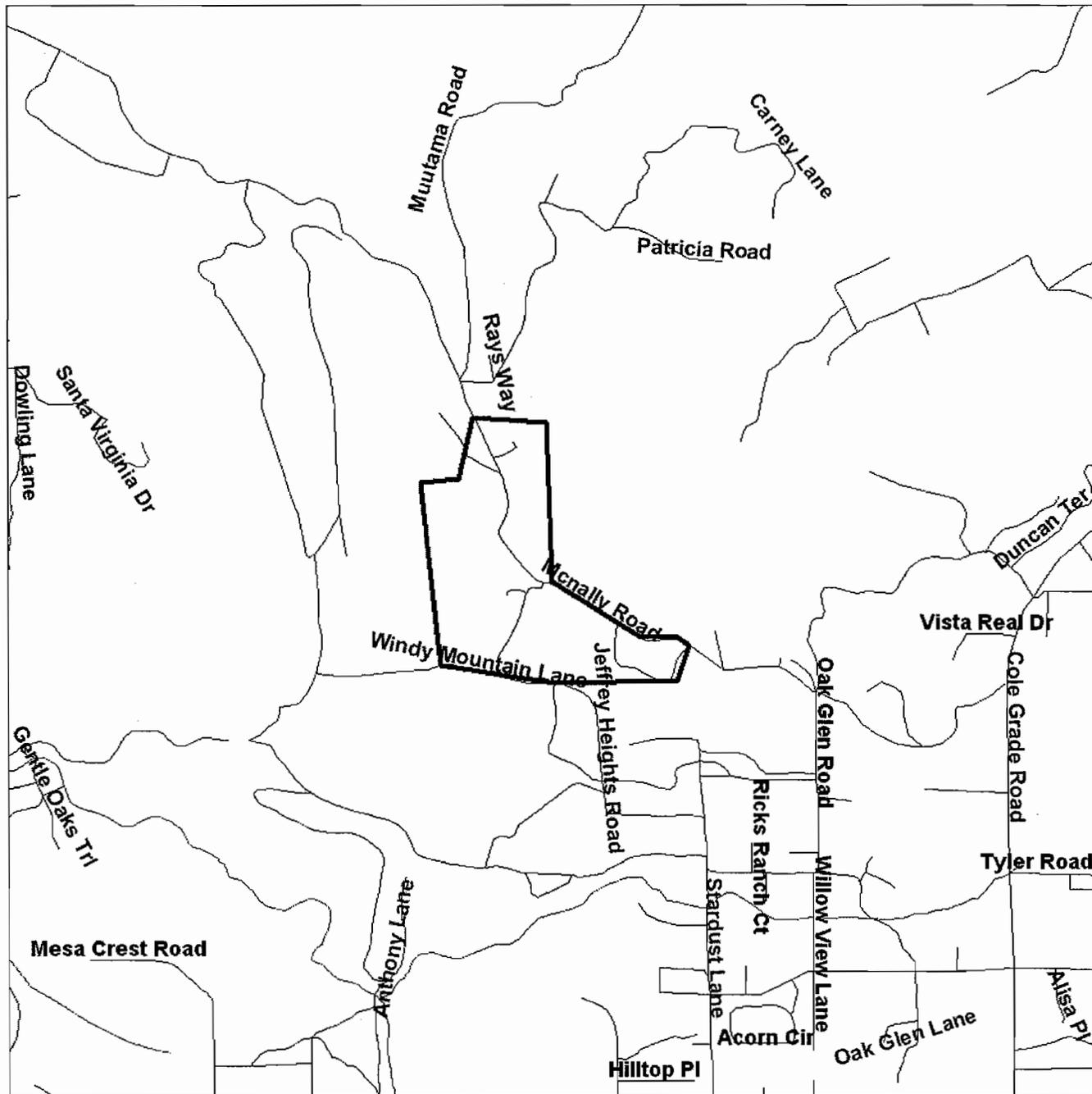


Environmental FirstSearch

1 Mile Radius from Area
ASTM: NPL, RCRACOR, STATE

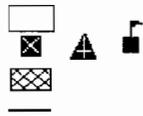


13511 MCNALLY ROAD, VALLEY CENTER CA 92082



Source: U.S. Census TIGER Files

- Area Polygon
- Identified Site, Multiple Sites, Receptor
- NPL, Brownfield, Solid Waste Landfill (SWL) or Hazardous Waste
- Railroads





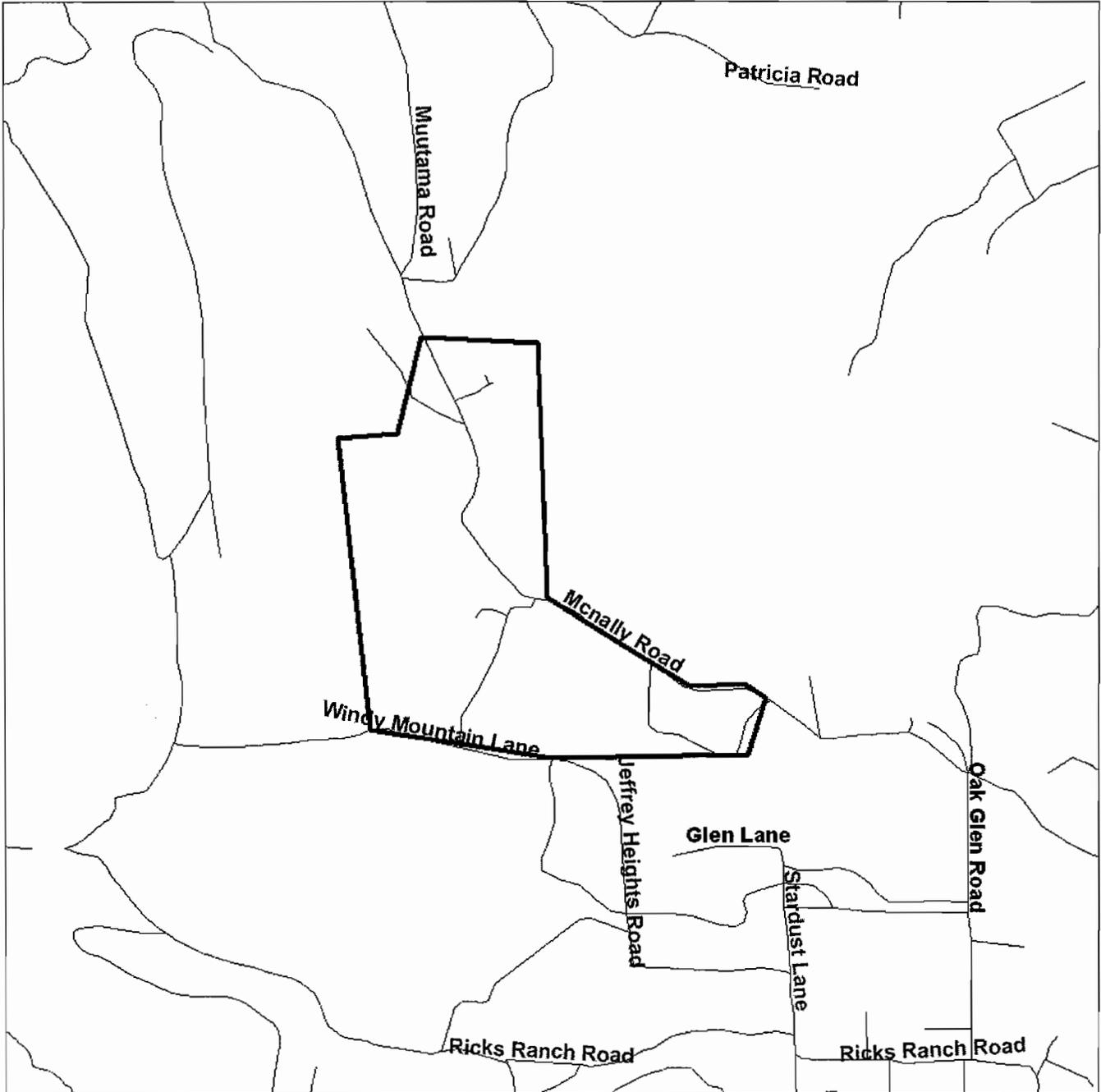
Environmental FirstSearch

.5 Mile Radius from Area

ASTM: CERCLIS, RCRATSD, LUST, SWL, NUCLEAR

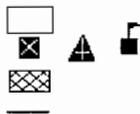


13511 MCNALLY ROAD, VALLEY CENTER CA 92082



Source: U.S. Census TIGER Files

- Area Polygon
- Identified Site, Multiple Sites, Receptor
- NPL, Brownfield, Solid Waste Landfill (SWL) or Hazardous Waste
- Railroads





Environmental FirstSearch

.25 Mile Radius from Area
ASTM: Multiple Databases



13511 MCNALLY ROAD, VALLEY CENTER CA 92082



Source: U.S. Census TIGER Files

- Area Polygon
- Identified Site, Multiple Sites, Receptor
- NPL, Brownfield, Solid Waste Landfill (SWL) or Hazardous Waste
- Railroads



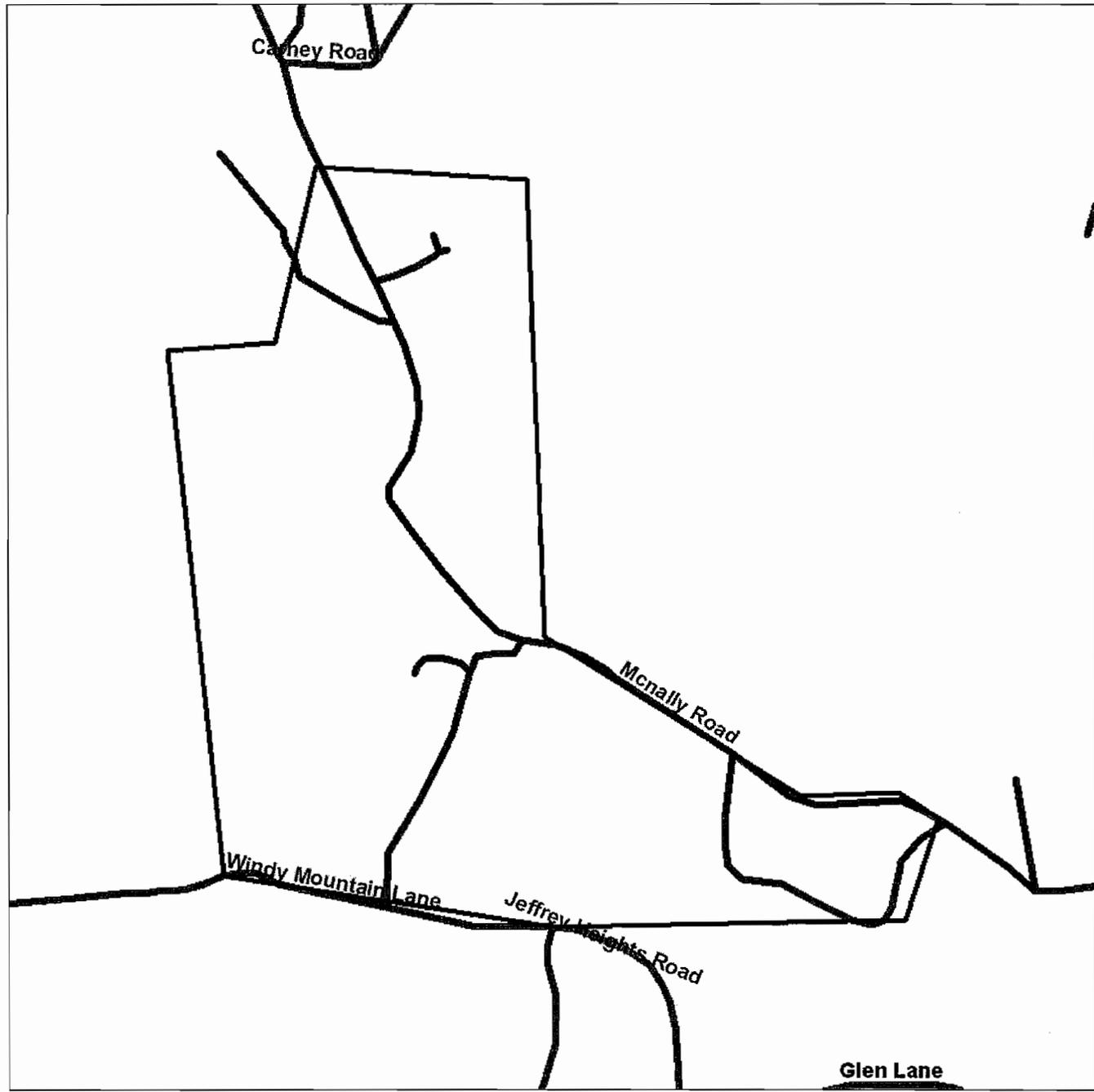


Environmental FirstSearch

.12 Mile Radius from Area
ASTM: Multiple Databases



13511 MCNALLY ROAD, VALLEY CENTER CA 92082



Source: U.S. Census TIGER Files

- Area Polygon 
- Identified Site, Multiple Sites, Receptor   
- NPL, Brownfield, Solid Waste Landfill (SWL) or Hazardous Waste 
- Railroads 

APPENDIX D
PHOTOGRAPHIC DOCUMENTATION



Photograph No. 1: General view of the site, facing east.



Photograph No. 2: View of the residential structure on the site, facing southeast.



Photograph No. 3: View of the second residential structure and mobile home on the site, facing west.



Photograph No. 4: View of the agricultural storage building, facing south.



Photograph No. 5: View of the pond on the central portion of the site, facing northwest.



Photograph No. 6: View of the Valley Center Municipal Water District water tank (off-site), facing west.



Photograph No. 7: View of a diesel AST near the main entrance to the site, facing north.



Photograph No. 8: View of the diesel AST near the pond, facing northwest.



Photograph No. 9: View of the empty containers of herbicide on the southeast side of the agricultural storage building, facing north.



Photograph No. 10: View of the smudge pot storage area on the southern portion of the site, facing south.



Photograph No. 11: View of miscellaneous empty ASTs and 55-gallon drums, facing east.



Photograph No. 12: View of water trickling from a residential structure on the site, facing south.



Photograph No. 13: View of a well or cistern located off McNally Road on an access road, facing southwest.