

1 RDMD/SA/CRE-07-028  
2 City of Laguna Niguel  
3 City Hall Site

5 **PURCHASE AND SALE AGREEMENT**

7 THIS IS A PURCHASE AND SALE AGREEMENT (“Agreement”), made \_\_\_\_\_  
8 2008, by and between the COUNTY OF ORANGE, a political subdivision of the State of California,  
9 hereinafter referred to a “COUNTY”, and the CITY OF LAGUNA NIGUEL, a municipal corporation duly  
10 organized under the Constitution and laws of the State of California, hereinafter referred to a “CITY”,  
11 without regard to number and gender.

13 **RECITALS**

- 15 A. COUNTY owns the real property consisting of approximately 4.144 ± acres, located at the southwest  
16 corner of Crown Valley Parkway and Alicia Parkway in the City of Laguna Niguel, California,  
17 (hereinafter referred to as the “Property”).
- 19 B. The Property is a portion of COUNTY’s larger complex commonly referred to as the Superior Court  
20 Harbor Justice Center, Laguna Niguel, (the “South Justice Center”). The Property is currently  
21 improved with a parking lot.
- 23 C. The Property has been declared surplus to the needs of COUNTY.
- 25 D. CITY wishes to purchase the Property to develop a new City Hall and COUNTY agrees to sell the  
26 Property to CITY for such purpose.
- 27 E. Prior to the Close of Escrow, as defined herein, for the Property, the COUNTY intends to record  
28 certain Covenants, Conditions, Restrictions and Reservations of Easements (“CC&Rs”) on the entire  
29 South Justice Center complex to address reciprocal ingress/egress easements and maintenance of the  
30 interior roads. The CC&Rs will be shown as an exception to title in the Preliminary Title Report  
31 issued prior to Close of Escrow.
- 33 F. By entering into this Agreement, CITY acknowledges that it has completed its investigation of the  
34 Property, is aware of any developmental restrictions, and is desirous of purchasing the Property in an  
35 “as-is”, “where-is” condition.

37 **NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein, COUNTY and  
38 CITY (collectively, the “PARTIES”) agree as follows:

41 1. INCORPORATION OF RECITALS

43 The above Recitals A. through F. are by this reference incorporated herein.

45 2. PURCHASE AND SALE OF THE PROPERTY

47 CITY agrees to purchase and COUNTY agrees to sell, on the terms and conditions set forth herein,  
48 the Property as described in the “Grant Deed”, attached hereto as “Exhibit A”. COUNTY agrees to convey  
49 the Property by Grant Deed, substantially in the form of “Exhibit A”.

1 3. PURCHASE PRICE

3 In consideration of the sale of the Property by COUNTY to CITY, CITY shall pay to the COUNTY  
5 through Escrow the sum of FOUR MILLION DOLLARS (\$4,000,000), which amount is hereinafter referred  
to as the "Purchase Price".

7 4. ESCROW

9 The escrow company shown below shall be the "Escrow Holder" for this purchase. Escrow Holder:

11 LandAmerica Lawyers Title Company  
12 1920 Main Street, Suite 1200  
13 Irvine, California 92614

15 COUNTY and CITY agree to execute escrow instructions reasonably required by the Escrow Holder.  
Signed escrow instructions shall be delivered to the Escrow Holder within ten (10) business days after the  
17 Effective Date of this Agreement, which shall be the date upon which COUNTY has executed this  
Agreement, the day and year first above written. The executed Agreement shall constitute the Escrow  
19 Instructions to the Escrow Holder together with the General Provisions of Escrow attached hereto as "Exhibit  
B". In case of conflict between the General Provisions of Escrow and this Agreement, this Agreement shall  
21 govern.

23 5. PAYMENT OF PURCHASE PRICE

25 A. CITY shall deposit into Escrow, FOUR MILLION DOLLARS (\$4,000,000), which shall be  
27 dispersed to COUNTY at the Close of Escrow.

29 B. COUNTY shall establish a separate account, into which COUNTY shall deposit ONE  
MILLION FIVE-HUNDRED THOUSAND DOLLARS (\$1,500,000) of the Purchase Price. This amount  
31 shall be used to assist in funding the County of Orange Laguna Niguel Branch Library Expansion Project,  
located at 30341 Crown Valley Parkway, Laguna Niguel, California (the "Library Expansion Project"). If  
33 the Library Expansion Project is not built, COUNTY shall retain the \$1,500,000 plus interest, or any balance  
thereof remaining in the account set up for the Library Expansion Project, as part of the Purchase Price;  
35 however, as more fully set forth in Section 7(C), hereafter, in the event the Library Expansion Project is not  
completed, in the time period set forth herein, the balance remaining in the account shall be returned to the  
37 CITY.

39 6. CLOSE OF ESCROW

41 "Close of Escrow" shall mean the date that the Grant Deed is recorded in the office of the Orange  
County Recorder, which shall occur within thirty (30) calendar days after the date of this Agreement, or  
43 sooner if it is mutually desirable to COUNTY and CITY. The term of escrow shall not be extended unless  
authorized in writing by COUNTY. If escrow does not close within the original thirty (30) day term, or  
45 within the term of any authorized extension, COUNTY may cancel escrow. In such event, the Escrow  
Holder shall remit to COUNTY and CITY all respective escrow payments made, except an amount equal to  
47 the escrow and title cancellation fees incurred by each party, if any, which shall be retained by the Escrow  
Holder. COUNTY shall vacate and discontinue its use of the Property at the Close of Escrow.

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1 7. MISCELLANEOUS CONDITIONS

3 A. Within ninety-six (96) months following Close of Escrow, CITY shall commence  
5 construction on the Property for a Laguna Niguel Civic Center Complex which shall include a new City Hall  
7 and may include other CITY-related uses. In the event CITY is in breach of this condition, the fee simple  
9 title of the Property shall revert to COUNTY and, upon said reversion, COUNTY shall pay CITY TWO  
MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) without interest and CITY shall forfeit  
all rights to the Property. CITY shall execute a quitclaim deed to COUNTY upon demand by COUNTY.

11 B. If construction of the Laguna Niguel Civic Center Complex is delayed for any reason as a  
13 result of the South Justice Center Project, the ninety-six (96) month commencement period for the Laguna  
Niguel Civic Center Complex shall be extended for a period of time equal to the time delay caused by the  
South Justice Center Project. Such extension shall be agreed to in writing by COUNTY and CITY.

15 C. If the Library Expansion Project is not built within sixty (60) months or within any approved  
17 extension, COUNTY shall retain the \$1,500,000 plus interest, or any balance thereof remaining in the  
19 account set up for the Library Expansion Project, as part of the Purchase Price. If neither the Laguna Niguel  
21 Civic Center Complex nor the Library Expansion Project is built within the approved time periods set forth  
herein and the fee simple title of the Property reverts to COUNTY, COUNTY shall pay CITY any balance  
thereof remaining in the account set up for the Library Expansion Project with no accrued interest.

23 D. Prior to the Close of Escrow, the COUNTY intends to record certain CC&Rs on the entire  
25 South Justice Center complex, including the Property, to address reciprocal ingress/egress easements and  
maintenance of the interior roads. The CC&Rs will be shown as an exception to title in the Preliminary Title  
Report issued prior to Close of Escrow.

27 8. FINANCING

29 All costs for financing, including new loans and/or purchase related costs, will be at the expense of  
31 CITY. This Agreement is not contingent upon CITY obtaining funds and/or borrowing to complete this  
purchase, unless specifically approved by COUNTY.

33 9. CITY'S COSTS

35 CITY shall pay all costs in connection with the purchase of the Property. Such costs may include,  
37 but shall not be limited to, escrow fees, title insurance policy fees, documentary transfer tax, recording fees,  
and preliminary change of ownership fees.

39 If all conditions of this Agreement are met by COUNTY, but CITY does not complete the purchase,  
41 CITY will also be responsible for payment of all cancellation fees, if any.

43 10. COUNTY'S COSTS

45 COUNTY shall pay no costs in connection with CITY's purchase of the Property.

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1 11. DELIVERY OF DOCUMENTS/FUNDS

3 COUNTY shall deliver to Escrow Holder a Grant Deed, substantially in the form as "Exhibit A", and  
5 such other documents as are required to transfer title to the Property. Prior to the date set for Close of Escrow  
and when so instructed by the Escrow Holder, CITY shall deliver to escrow:

- 7 A. FOUR MILLION DOLLARS (\$4,000,000) and;
- 9 B. An amount sufficient to pay for all closing costs, as calculated by the Escrow Holder.

11 All payments specified above shall be by cash, cashier's check or wire transfer such that the Escrow Holder  
13 can disburse cash proceeds accrued to COUNTY at Close of Escrow.

15 12. TITLE INSURANCE

17 There shall be no policy of title insurance provided by COUNTY in connection with CITY's  
purchase of the Property. CITY may obtain a policy of title insurance for this purchase at CITY's sole cost  
19 and expense. CITY may elect to obtain such policy by instructing the Escrow Holder to order same and by  
21 paying an amount equal to the title insurance policy cancellation fee, as determined by the Escrow Holder, at  
the time the order is placed. This cancellation fee shall be applied to the cost of the title insurance policy,  
provided escrow is not cancelled.

23 CITY ACKNOWLEDGES THAT IN A PURCHASE OF REAL PROPERTY IT MAY BE ADVISABLE  
25 TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE PURCHASE SINCE THERE MAY BE  
PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH COULD AFFECT CITY'S INTEREST IN  
27 THE PROPERTY. A POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO  
ENSURE CITY'S INTEREST IN THE PROPERTY BEING ACQUIRED.

29 13. TITLE

31 Title shall be subject to:

- 33 A. Exceptions shown in "Exhibit C", a Preliminary Title Report covering the Property.
- 35 B. The CC&Rs, a copy of which has been delivered to CITY.

37 If COUNTY is unable to deliver title to the Property as set forth above, CITY shall have the option  
39 to:

- 41 C. Accept title in the condition it exists. Acceptance of such title shall constitute full satisfaction  
of the terms of this Agreement as related to title, and COUNTY shall in no way be liable for failure to  
43 deliver title as set forth above; or
- 45 D. Terminate this Agreement by delivering written notice thereof to COUNTY. In such event,  
CITY shall receive a refund of all money paid hereunder and CITY and COUNTY shall be relieved  
47 of further obligation to one another. If the Agreement is terminated as provided for in this paragraph,  
all escrow and title cancellation fees incurred shall be paid by COUNTY, and CITY shall not be  
49 liable therefore.

1 14. VESTING OF TITLE

3 Title to the Property to be conveyed pursuant to this Agreement shall be vested as set forth by CITY  
5 below. (Please print clearly)

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9 CITY IS AWARE THAT THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL  
11 AND TAX CONSEQUENCES AND HAS GIVEN THIS MATTER SERIOUS CONSIDERATION.

13 15. PRORATIONS (N)

15 Property taxes shall be prorated to Close of Escrow. There shall be no other prorations made in  
17 connection with this purchase and sale. All prorations shall be made on the basis of a thirty (30) day month.

19 16. POSSESSION

21 Possession of the Property shall be delivered to CITY at close of escrow.

23 17. TAXES

25 THE PROPERTY WILL BE REASSESSED UPON CHANGE OF OWNERSHIP. THIS WILL  
27 AFFECT THE AMOUNT OF PROPERTY TAXES. After Close of Escrow, a Supplemental Tax Bill will  
29 be issued which shall be the responsibility of CITY to pay.

31 18. PROPERTY PURCHASED IN "AS-IS" CONDITION

33 CITY acknowledges that COUNTY has made no representations, warranties, or agreements as to any  
35 matters concerning the Property, including, but not limited to, the marketability of title, the land, topography,  
37 climate, air, water, water rights, utilities, present or future zoning, soil, sub-soil, hazardous substances, waste,  
39 or materials, the purposes for which the Property is suited, drainage, access to public roads, proposed routes  
41 or extensions of roads, or the availability of governmental permits or approvals of any kind. Notwithstanding  
43 the above, COUNTY warrants and represents to CITY that it is not aware of any releases of hazardous  
45 substances or contamination of the Property.

47 CITY represents and warrants to COUNTY that CITY and/or CITY's representatives and employees have  
49 completed its independent inspections, investigations, tests, surveys, and other studies of the Property  
necessary to close escrow. CITY is aware of any developmental restrictions and is desirous of purchasing the  
Property in an "as-is", "where-is" condition.

**AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, COUNTY  
AND CITY AGREE THAT CITY IS TAKING THE PROPERTY "AS IS" WITH ANY AND ALL  
LATENT AND PATENT DEFECTS AND THAT THERE IS NO WARRANTY BY COUNTY THAT  
ANY OF THE PROPERTY IS FIT FOR A PARTICULAR PURPOSE. CITY ACKNOWLEDGES  
THAT, EXCEPT AS EXPRESSLY PROVIDED HEREIN, IT IS NOT RELYING UPON ANY  
REPRESENTATION, STATEMENT OR OTHER ASSERTION WITH RESPECT TO THE  
CONDITION OF THE PROPERTY, BUT IS RELYING UPON THE EXAMINATION OF THE  
PROPERTY. CITY SHALL ACCEPT THE PROPERTY UPON THE CLOSE OF ESCROW**

1 UNDER THE EXPRESS UNDERSTANDING THAT, EXCEPT AS EXPRESSLY PROVIDED  
HEREIN, THERE ARE NO EXPRESS OR IMPLIED WARRANTIES (EXCEPT FOR LIMITED  
3 WARRANTIES OF TITLE SET FORTH IN THE GRANT DEED FOR THE PROPERTY TO BE  
DELIVERED AT THE CLOSE OF ESCROW).

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7 CITY FURTHER ACKNOWLEDGES THAT "NATURAL HAZARDS" DESCRIBED IN  
THE FOLLOWING CALIFORNIA CODE SECTIONS (THE "NATURAL HAZARD LAWS") MAY  
AFFECT THE PROPERTY: GOVERNMENT CODE SECTIONS 8589.4; 8589.3; GOVERNMENT  
9 CODE SECTIONS 51183.4, 51183.5 (FIRE HAZARD SEVERITY ZONE); PUBLIC RESOURCE  
CODE SECTION 2621.9 (EARTHQUAKE FAULT ZONE); PUBLIC RESOURCE CODE SECTION  
11 2694 (SEISMIC HAZARD ZONE); AND PUBLIC RESOURCE CODE SECTION 4136 (WILDLAND  
AREA). CITY ACKNOWLEDGES AND AGREES THAT CITY HAS HAD THE OPPORTUNITY  
13 TO INDEPENDENTLY EVALUATE AND INVESTIGATE WHETHER ANY OR ALL OF SUCH  
NATURAL HAZARDS AFFECT THE PROPERTY AND COUNTY SHALL HAVE NO  
15 LIABILITIES OR OBLIGATIONS WITH RESPECT THERETO. WITHOUT LIMITING THE  
FOREGOING, CITY ACKNOWLEDGES AND AGREES THAT CITY KNOWINGLY AND  
17 INTENTIONALLY WAIVES ANY DISCLOSURES, OBLIGATIONS OR REQUIREMENTS OF  
SELLER WITH RESPECT TO NATURAL HAZARDS, INCLUDING, WITHOUT LIMITATION,  
19 ANY DISCLOSURE OBLIGATIONS OR REQUIREMENTS UNDER THE AFOREMENTIONED  
CODE SECTIONS OR UNDER CALIFORNIA CIVIL CODE SECTION 1102. CITY REPRESENTS  
21 THAT CITY HAS EXPERIENCE ACQUIRING AND CONDUCTING DUE DILIGENCE, AND  
THAT THIS WAIVER HAS BEEN NEGOTIATED AND IS AN ESSENTIAL ASPECT OF THE  
23 BARGAIN BETWEEN THE PARTIES.

25 CITY, FOR ITSELF AND ANY ENTITY AFFILIATED WITH CITY, WAIVES AND  
RELEASES COUNTY AND THE COUNTY OF ORANGE AND ITS EMPLOYEES, AGENTS,  
27 OFFICERS, TRUSTEES, AND DIRECTORS FROM AND AGAINST ANY CLAIMS, DEMANDS,  
PENALTIES, FINES, LIABILITIES, SETTLEMENTS, DAMAGES, COSTS OR EXPENSES OF  
29 WHATEVER KIND OR NATURE, KNOWN OR UNKNOWN, EXISTING AND FUTURE,  
CONTINGENT OR OTHERWISE (INCLUDING ANY ACTION OR PROCEEDING, BROUGHT  
31 OR THREATENED, OR ORDERED BY ANY APPROPRIATE GOVERNMENTAL ENTITY)  
MADE, INCURRED, OR SUFFERED BY CITY OR ANY ENTITY AFFILIATED WITH CITY  
33 RELATING TO (A) THE PRESENCE, MISUSE, USE, DISPOSAL, RELEASE OR THREATENED  
RELEASE OF ANY HAZARDOUS OR TOXIC MATERIALS, CHEMICALS OR WASTES AT THE  
35 PROPERTY AND ANY LIABILITY OR CLAIM RELATED TO THE PROPERTY ARISING  
UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND  
37 LIABILITY ACT OF 1980, THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT  
OF 1986, THE RESOURCE CONSERVATION AND RECOVERY ACT, AND THE TOXIC  
39 SUBSTANCE CONTROL ACT, ALL AS AMENDED, OR (B) ANY OTHER CAUSE OF ACTION  
BASED ON ANY OTHER STATE, LOCAL, OR FEDERAL ENVIRONMENTAL LAW, RULE OR  
41 REGULATION OR ANY OTHER MATTER WITH RESPECT TO THE PROPERTY OR THE  
PHYSICAL CONDITION THEREOF (SUBJECT ONLY TO THE EXPRESS COVENANTS,  
43 REPRESENTATIONS AND WARRANTIES OF COUNTY AS SET FORTH IN THIS  
AGREEMENT AND/OR IN THE DOCUMENTS TO BE EXECUTED AND DELIVERED BY  
45 COUNTY AT CLOSING PURSUANT TO THIS AGREEMENT), PROVIDED HOWEVER, THE  
FOREGOING RELEASE SHALL NOT OPERATE TO RELEASE ANY CLAIM BY CITY  
47 AGAINST ANY PERSON OR ENTITY OTHER THAN DESCRIBED ABOVE IN THIS  
PARAGRAPH AND/OR ANY CLAIM BASED UPON THE AFFIRMATIVE CONDUCT OF  
49 COUNTY.

1 CITY HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE  
3 PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS  
SET FORTH BELOW:

5 "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR  
7 DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF  
EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE  
9 MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

11 BY INITIALING BELOW, CITY HEREBY WAIVES THE PROVISIONS OF SECTION 1542  
SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE  
13 FOREGOING WAIVERS AND RELEASES:

15 CITY'S INITIALS: \_\_\_\_\_

17 THE FOREGOING WAIVERS AND RELEASES BY CITY AND THE OTHER  
PROVISIONS OF THIS SECTION SHALL SURVIVE INDEFINITELY THE CLOSE OF ESCROW  
19 OR TERMINATION OF THIS AGREEMENT AND SHALL NOT BE MERGED INTO THIS  
AGREEMENT OR CLOSE OF ESCROW DOCUMENTS.

21 19. PERMITS AND LICENSES

23 CITY shall be required to obtain any and all permits and/or licenses which may be required in  
25 connection with the purchase and/or subsequent development of the Property. No permit, approval, or  
27 consent given to CITY by COUNTY, in its governmental capacity, shall affect or limit CITY's obligations  
hereunder. No approvals or consents given by COUNTY, as a party to this Agreement, shall be deemed  
29 approval as to compliance or conformance with applicable governmental codes, laws, or regulations.

31 20. ASSIGNMENT

33 This Agreement shall not be sold, assigned, or otherwise transferred by CITY without the prior  
written consent of COUNTY. Failure to obtain COUNTY's required written consent shall render such sale,  
35 assignment, or transfer void.

37 21. SUCCESSORS IN INTEREST

39 Subject to the restrictions contained in the Clause entitled ASSIGNMENT, this Agreement shall  
inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, and  
41 assigns.

43 22. PARTIAL INVALIDITY

45 This Agreement shall be governed by and construed according to the laws of the State of California.  
The invalidity of any provision in this Agreement, as determined by a court of competent jurisdiction, shall  
47 in no way affect the validity of any other provision hereof.

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23. BROKER'S COMMISSION

CITY acknowledges that it is not represented by a real estate broker and does not request that COUNTY pay a commission.

24. NOTICES

All notices, documents, correspondence, and communications concerning this purchase and sale shall be addressed as set forth below, or as hereafter designated by written notice, and shall be sent through the United States mail, duly registered or certified with postage prepaid. Any such mailing shall be deemed served or delivered twenty-four (24) hours after mailing. Notwithstanding the above, COUNTY may also provide notices, documents, correspondence, or such other communications to CITY by personal delivery or by regular mail and, so given, shall be deemed to have been given upon receipt.

CITY

COUNTY

CITY OF LAGUNA NIGUEL  
27801 La Paz Road  
Laguna Niguel, CA 92077  
Attn: City Manager

COUNTY OF ORANGE  
OC Public Works  
Corporate Real Estate  
300 N. Flower Street, Suite 646  
Santa Ana, CA 92703-5000  
Attn: Manager

25. TIME

Time is of the essence in the performance of CITY's and COUNTY's respective obligations contained in this Agreement. Failure to comply with any time requirement contained herein shall constitute a material breach of this Agreement.

26. AMENDMENTS

This Agreement contains the sole and only agreement between CITY and COUNTY relating to the purchase and sale of the Property described herein. All negotiations and agreements between CITY and COUNTY are merged into this Agreement. Any oral representations or modifications are of no force or effect unless contained in a subsequent instrument made in writing by both CITY and COUNTY.

27. ATTACHMENTS

This Agreement includes the following, which are attached hereto and made a part hereof:

- Exhibit A – Grant Deed
- Exhibit B – General Provisions of Escrow
- Exhibit C – Preliminary Title Report

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IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

APPROVED AS TO FORM

Office of County Counsel  
Orange County, California

By \_\_\_\_\_  
Deputy

Date \_\_\_\_\_

**CITY**

CITY OF LAGUNA NIGUEL

By \_\_\_\_\_

Title \_\_\_\_\_

ATTEST

RECOMMENDED FOR APPROVAL

OC Public Works, Corporate Real Estate

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

APPROVED AS TO FORM

City Attorney

SIGNED AND CERTIFIED THAT A COPY OF  
THIS DOCUMENT HAS BEEN DELIVERED  
TO THE CHAIRMAN OF THE BOARD

\_\_\_\_\_  
DARLENE J. BLOOM  
Clerk of the Board of Supervisors  
of Orange County, California

By \_\_\_\_\_

**COUNTY**

COUNTY OF ORANGE

\_\_\_\_\_  
Chairman, Board of Supervisors

# Exhibit A – Grant Deed

1 **RECORDING REQUESTED BY**

3 **AND WHEN RECORDED, MAIL TO:**

5 City of Laguna Niguel  
7 27801 La Paz Road  
Laguna Niguel, CA 92077

9 Mail Tax Statements to:  
11 Same as above

13 THIS IS TO CERTIFY THAT THIS  
15 DOCUMENT IS EXEMPT FROM  
PAYMENT OF RECORDING FEES  
17 UNDER GOVERNMENT CODE 6103  
AND IS ALSO EXEMPT FROM  
19 DOCUMENTARY TRANSFER TAX  
PURSUANT TO REVENUE AND  
TAXATION CODE 11922.

21 By \_\_\_\_\_

23 \_\_\_\_\_  
25 Space Above This Line for Recorder's Use

27 Project No.: RDMD/SA/CRE-07-028  
Project: City of Laguna Niguel  
City Hall Site

29 **GRANT DEED**

31 FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged

33 **COUNTY OF ORANGE ("GRANTOR")**

35 do(es) hereby GRANT to

37 the **CITY OF LAGUNA NIGUEL, a municipal corporation duly organized  
under the Constitution and laws of the State of California, ("GRANTEE"),**

39 in an "as is" condition, all RIGHT, TITLE, INTEREST in and to the property commonly  
41 identified as the City of Laguna Niguel City Hall site, as more particularly legally  
described in Exhibit A and illustrated in Exhibit B, which Exhibits are attached hereto  
43 and made a part hereof (the "Property").

45 This Grant Deed is subject to existing contracts, leases, licenses, permits, easements,  
47 encumbrances, and claims which may affect the property to be acquired by this Grant  
Deed, and the words Grant Deed herein shall not be construed as a covenant against the  
existence of any thereof.

1 Nothing contained herein, or in any document related hereto, shall be construed to imply  
3 the conveyance to GRANTEE of rights in the Property which exceed those owned by  
5 GRANTOR, or any representation or warranty, either express or implied, relating to the  
7 nature or condition of the Property or GRANTOR's interest therein.

9 This Grant Deed is made and accepted on the following express conditions:

11 CONDITIONS OF CONVEYANCE:

13 1. Within ninety-six (96) months following Close of Escrow for the Property,  
15 GRANTEE shall have commenced construction on the Property for a Laguna Niguel  
17 Civic Center Complex which shall include a new City Hall and may include other City-  
19 related uses. In the event GRANTEE is in breach of this condition, the fee simple title of  
the Property shall revert to GRANTOR without demand or further action by GRANTOR,  
GRANTOR shall pay GRANTEE the sum of TWO MILLION FIVE-HUNDRED  
THOUSAND DOLLARS (\$2,500,000) without interest during the period GRANTEE  
held title to the Property, and GRANTEE shall forfeit all rights thereto. GRANTEE shall  
execute a quitclaim deed to GRANTOR upon demand by GRANTOR.

21 2. If construction of the Laguna Niguel Civic Center Complex is delayed for any  
23 reason as a result of the South Justice Center Project, then the said ninety-six (96) month  
25 commencement period for the Laguna Niguel Civic Center Complex shall be extended  
for a period of time equal to the time delay caused by said South Justice Center Project.  
Such extension shall be agreed to in writing by GRANTOR and GRANTEE.

27 3. If the expansion project is not built at the County of Orange Laguna Niguel  
29 Branch Library located at 30341 Crown Valley Parkway, Laguna Niguel, California,  
GRANTOR shall retain the ONE MILLION FIVE HUNDRED THOUSAND DOLLARS  
(\$1,500,000) plus interest, or any balance thereof remaining in an account set up for the  
library expansion project, as part of the Purchase Price of the Property.

31 These conditions shall run with the land in perpetuity and shall be binding on all owners,  
33 successors, heirs, assigns, lessees, users, or parties having or acquiring any right, title, or  
35 interest in the Property described herein or any part hereof.

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**GRANTOR**

**COUNTY OF ORANGE,**  
a political subdivision of the State of California

By: \_\_\_\_\_

Date: \_\_\_\_\_

Division Manager, Orange County Public Works,  
OC Facilities, Real Estate & Asset Management  
per Minute Order \_\_\_\_\_

**APPROVED AS TO FORM**

Office of County Counsel  
Orange County, California

By: \_\_\_\_\_  
Deputy

Date: \_\_\_\_\_

## EXHIBIT A : LEGAL DESCRIPTION

THAT PORTION OF THE RANCHO NIGUEL, IN THE CITY OF CITY LAGUNA NIGUEL, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED JUNE 30, 1877, IN BOOK 2, PAGE(S) 230 AND 231 OF PATENTS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE CENTERLINE OF CROWN VALLEY PARKWAY 104.00 FEET WIDE, DISTANT ALONG SAID CENTERLINE SOUTH 44°35'56" WEST 389.00 FEET FROM THE INTERSECTION OF SAID CENTERLINE WITH THE CENTERLINE OF HILLHURST DRIVE AS SHOWN ON A MAP OF TRACT NO. 4979, FILED IN BOOK 191, PAGE(S) 8 THROUGH 10, MISCELLANEOUS MAPS, RECORDS OF SAID ORANGE COUNTY;

THENCE AT RIGHT ANGLES TO SAID CENTERLINE OF CROWN VALLEY PARKWAY NORTH 45° 24' 04" WEST 52.00 FEET TO A POINT IN THE NORTHWESTERLY RIGHT OF WAY LINE OF SAID CROWN VALLEY PARKWAY;

THENCE ALONG SAID NORTHWESTERLY RIGHT OF WAY LINE NORTH 44° 35' 56" EAST 395.97 FEET TO THE **TRUE POINT OF BEGINNING**;

THENCE CONTINUING ALONG SAID NORTHWESTERLY RIGHT OF WAY LINE NORTH 44° 35' 56" EAST 400.00 FEET TO THE SOUTHEASTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN AS "S8°31'52"E 40.00'" ON A MAP FILED IN BOOK 87, PAGE 11 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY;

THENCE ALONG THE BOUNDARY OF THAT CERTAIN PARCEL SHOWN ON SAID MAP THE FOLLOWING COURSES;

NORTH 08° 31' 52" WEST 40.10 FEET, NORTH 45° 24' 47" WEST 137.84 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1260.00 FEET AND

NORTHERLY 315.29 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 14° 20' 14" TO A POINT ON SAID CURVE TO WHICH A RADIAL LINE BEARS SOUTH 58°55'27" WEST;

THENCE LEAVING SAID BOUNDARY, SOUTH 30° 13' 32" WEST 478.25 FEET;  
THENCE SOUTH 45°24'47" EAST 363.22 FEET TO THE **TRUE POINT OF  
BEGINNING.**

CONTAINING 4.144 ACRES MORE OR LESS

ALL AS MORE PARTICULARLY SHOWN ON EXHIBIT "B" ATTACHED HERETO AND  
MADE A PART HEREOF.

SUBJECT TO COVENANTS, CONDITIONS, RESERVATIONS, RESTRICTIONS,  
RIGHT-OF-WAY AND EASEMENTS OF RECORD IF ANY.

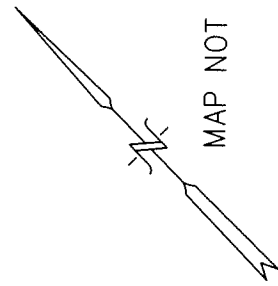
PREPARED BY ME OR UNDER MY  
SUPERVISION ON JANUARY 4, 2008

*Xicotencatl E. Salazar*

XICOTENCATL E. SALAZAR, LS 5507  
LICENCE EXPIRES 9/30/2008



EXHIBIT B : SKETCH TO ACCOMPANY LEGAL DESCRIPTION

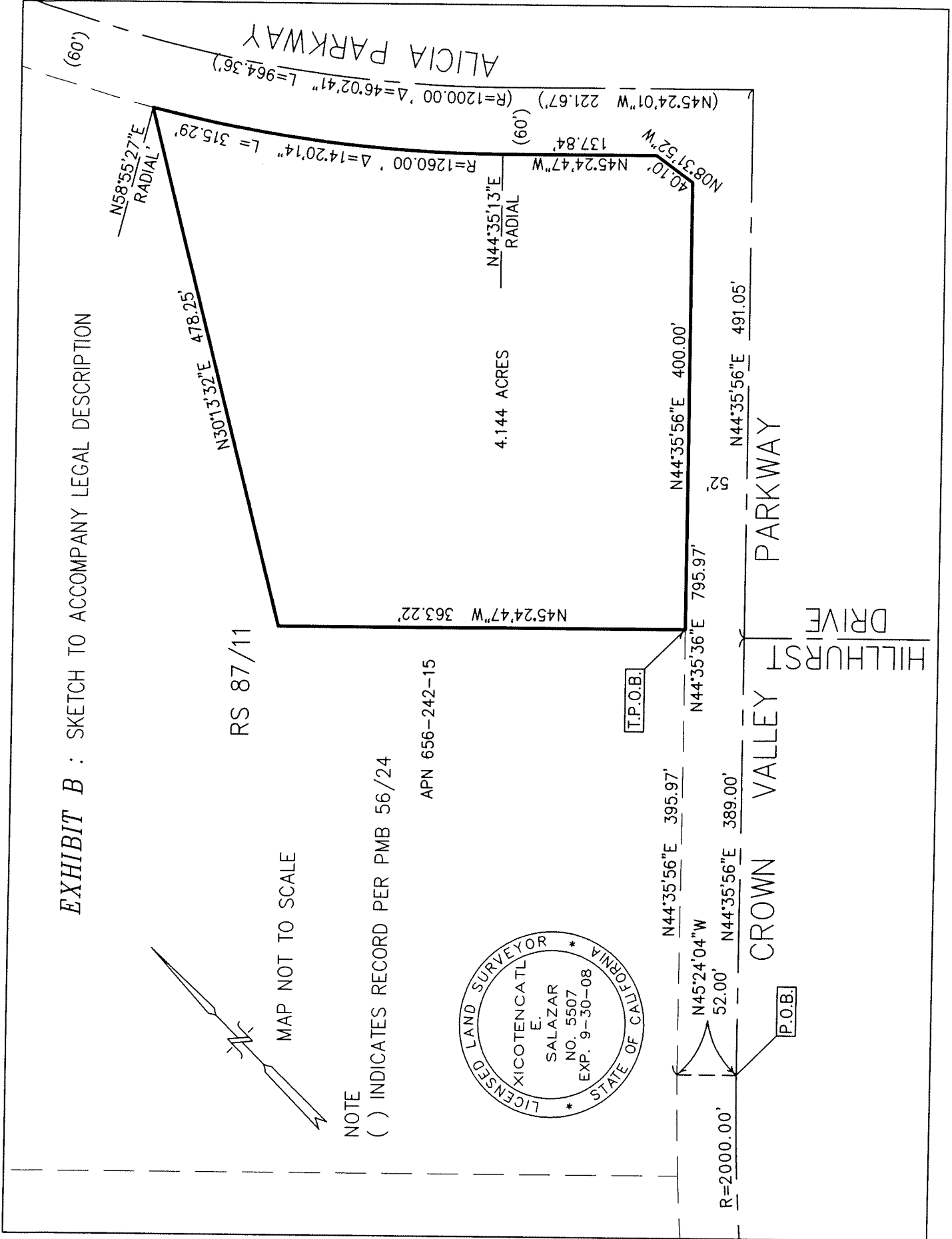
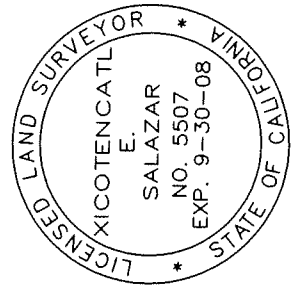


MAP NOT TO SCALE

NOTE

( ) INDICATES RECORD PER PMB 56/24

APN 656-242-15



N58°55'27"E  
RADIAL

N30°13'32"E 478.25'

RS 87/11

N44°35'13"E  
RADIAL

4.144 ACRES

N45°24'47"W 363.22'

I.P.O.B.

N44°35'56"E 395.97'

N44°35'36"E 795.97'

N44°35'56"E 400.00'

R=2000.00'

N45°24'04"W  
52.00'

N44°35'56"E 389.00'

P.O.B.

CROWN VALLEY PARKWAY

HILLHURST DRIVE

N44°35'56"E 491.05'

Alicia Parkway

(N45°24'01"W 221.67') (R=1200.00' Δ=46°02'41" L=964.36')

40.10' N45°24'47"W 137.84' (60')

N08°31'52"W

(60')



Exhibit B –  
General Provisions of  
Escrow

## **GENERAL PROVISIONS**

(Revised 12/8/05)

### **IMPORTANT – PLEASE READ CAREFULLY**

#### **1. Execution & Delivery of Escrow Instructions**

These instructions may be executed in counterparts and said counterparts together will constitute one and the same instrument. In the event that the parties hereto utilize facsimile or electronically transmitted instructions to Escrow Holder, said parties hereby instruct Escrow Holder to rely upon such instructions as if they were originals. Any amendments and supplements to these instructions must be in writing and shall only be effective when executed and delivered to Escrow Holder. Escrow Holder shall not be concerned with nor have any obligations with respect to items designated as memoranda in these instructions or with any other agreement or contract between the parties to this escrow.

#### **2. Deposit of Funds**

- (i) All funds received in this escrow will be deposited with other escrow funds in one or more non-interest-bearing escrow accounts of Escrow Holder in a financial institution selected by Escrow Holder. Escrow Holder shall not be responsible and shall have no liability for any delay in closing this escrow if the funds deposited in this escrow are not available for immediate withdrawal as a matter of right following deposit in such financial institution.
- (ii) You have the opportunity to earn interest on the funds you deposit with us through a deposit account arrangement that Escrow Holder has established with one of its financial institutions. The interest rate for these accounts varies between financial institutions, fluctuates periodically based on market conditions and other factors, and may change prior to or during the time your funds are on deposit. You will not have an opportunity to earn interest on any funds deposited by a lender.
- (iii) If you elect to earn interest through this special account arrangement, Escrow Holder will charge you an additional fee of \$35.00 for the establishment and maintenance of the account. This fee compensates Escrow Holder for the costs associated with opening and managing the interest-bearing account, preparing correspondence/documentation, transferring funds, maintaining appropriate records for audit/reconciliation purposes and filing any required tax withholding statements. It is important that you consider this cost in your decision since the cost may exceed the interest you earn. If you are interested in having your funds deposited in an interest-bearing account, please contact your escrow officer.
- (iv) If you do not elect to have your funds deposited in an interest-bearing account, your funds (together with any funds deposited by a lender) will be held in Escrow Holder's general escrow trust account. The general escrow trust account is restricted and protected against claims by third parties or creditors of Escrow Holder. Escrow Holder and/or its parent company may receive certain direct and indirect financial benefits from the financial institution as a result of maintaining the general escrow trust account. These benefits may include, without limitation, credits allowed by such financial institution on loans to Escrow Holder and/or its parent company and earnings on investments made with the proceeds of such loans, as well as accounting, reporting and other services and products of such financial institution. Escrow Holder shall have no obligation to account to the parties to this escrow in any manner for the value of, or to pay to any party, any benefit received by Escrow Holder and/or its parent company. Any such benefits shall be deemed additional compensation of Escrow Holder for its services in connection with this escrow. Some or all of these benefits may be deemed interest due you under California Insurance Code Section 12413.5. As indicated above, you may elect to have your funds placed in a separate, interest-bearing account and receive the benefits therefrom, but you will be required to pay Escrow Holder an additional fee for this service. Alternatively, you may leave your funds in the general escrow trust account and thereby authorize Escrow Holder to keep the benefits it and/or its parent company receives from the financial institution. In either event, you understand and agree that Escrow Holder and/or its parent company may receive and retain for their sole benefit any and all benefits derived from the general escrow trust account prior to the deposit of your funds in an interest-bearing account and following the withdrawal of your funds from such interest-bearing account (normally two business days prior to the close of escrow).
- (v) All parties depositing funds in connection with this escrow are hereby notified that the funds so deposited are insured only to the limit provided by the Federal Deposit Insurance Corporation.
- (vi) Funds deposited by a lender are ordinarily deposited to escrow one or two days prior to closing. You should be aware that your lender may begin charging interest on your loan from the date loan funds are deposited into Escrow Holder's escrow trust account.

#### **3. Good Funds Law – California Insurance Code §12413.1**

All parties are aware and understand that California Insurance Code §12413.1 mandates that funds deposited into an escrow must be collected and available for withdrawal PRIOR TO DISBURSEMENT. The determination of the availability of funds is set forth as follows:

- (i) CASH AND ELECTRONIC TRANSFERS ("wired funds") are available for SAME DAY disbursement.
  - (ii) CASHIER'S CHECKS AND CERTIFIED CHECKS are available for disbursement THE NEXT BUSINESS DAY;
- In order to avoid unnecessary delays of two to seven days, or more, please use wire transfers, cashier's checks or certified checks whenever possible.

**4. License of Escrow Holder**

Escrow Holder is licensed by the California Department of Insurance to act as an underwritten title company, or if Escrow Holder's name includes the word "Insurance", Escrow Holder has a Certificate of Authority issued by the California Department of Insurance to transact the business of title insurance.

**5. Prorations**

All adjustments and prorations called for in this escrow shall be made on the basis of a thirty (30) day month, unless otherwise instructed in writing.

**6. Sufficiency, Validity, Authority, etc. of Documents**

Escrow Holder shall not be responsible or have any liability with respect to the sufficiency or correctness as to form, manner of execution, or validity of any document deposited in this escrow, nor as to the identity, authority or rights of any person executing the same. Escrow Holder's duties hereunder shall be limited to the proper handling and disbursement of funds deposited in this escrow and the proper safekeeping and delivery of such documents received by Escrow Holder, in accordance with the written instructions given to Escrow Holder in this escrow in which all parties have concurred.

**7. Conveyance and Vesting**

Escrow Holder is instructed to draw a Grant Deed, using any standard form, conveying title from Seller to Buyer, with Buyer's legal vesting. Buyer acknowledges that Escrow Holder cannot give advice as to vesting, and understands that the vesting designated may have significant legal and tax consequences. Buyer is advised to seek the advice of Buyer's own attorney and accountant with regard to vesting. Buyer shall furnish Escrow Holder with Buyer's vesting prior to the date of preparation of Buyer's loan documents or close of escrow (if Buyer is not obtaining financing). Escrow Holder is hereby authorized and instructed to complete and/or correct Buyer's vesting on the Grant Deed, even if it has already been executed and notarized. If Buyer is married and taking title alone, (1) Buyer shall furnish Escrow Holder with the name of Buyer's spouse, (2) Escrow Holder is authorized and instructed to prepare an Interspousal Transfer or Quitclaim Deed for Buyer's spouse's signature and (3) Escrow Holder is to record same at close of escrow, charging Buyer's account for the preparation and recording fees associated with this deed.

**8. Copies of Escrow Instructions**

Escrow Holder is authorized to furnish copies of these instructions, any supplements and/or amendments thereto, notices of cancellation and closing statements to any real estate brokers or agents representing any party to this escrow and to any lender whose loan will be paid through this escrow or will be used to fund this escrow.

**9. Cancellation**

In the event this escrow is canceled, the parties hereto agree to pay Escrow Holder its cancellation fee for work performed, and to pay all expenses incurred by Escrow Holder. If a demand to cancel this escrow is submitted to Escrow Holder or if there is no written communication from the parties for a period of six months, Escrow Holder shall notify the parties of its intention to cancel this escrow and return all documents and funds (less cancellation fees and costs) to the party depositing the same. If no written objection to such notice is given to Escrow Holder within fifteen (15) days of mailing such notice, Escrow Holder shall cancel this escrow and return all funds and/or documents then held by Escrow Holder to the party depositing the same.

**10. Disputes**

No notice, demand or change of instruction shall be of any effect in this escrow unless given in writing by all parties affected thereby. In the event a demand for funds and/or documents deposited with Escrow Holder in connection with this escrow is made and which is not concurred in by all parties hereto, Escrow Holder, notwithstanding which party made such demand, may elect to do any of the following:

- (i) Take no further action in connection with this escrow and continue to hold such funds and/or documents until receipt of mutual concurring instructions from all parties to this escrow as to the disposition of such funds and/or documents;
- (ii) Commence an action in interpleader and obtain an order from the court allowing Escrow Holder to deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow; or
- (iii) In the event that any party commences an action against any other party with respect to this escrow, deposit such funds and/or documents with the court, in which case Escrow Holder shall have no further liability or obligations with respect to this escrow.

In the event Escrow Holder interpleads any funds and/or documents with any court pursuant to either subparagraphs (ii) or (iii) above, Escrow Holder shall be entitled to reimbursement of its reasonable attorneys' fees and expenses of litigation in connection with such action.

**11. Arbitration**

In the event of a claim or controversy between Escrow Holder and any party hereto involving an amount greater than \$5,000.00 and arising out of this escrow, either Escrow Holder or such other party may demand arbitration pursuant to the Rules of the American Arbitration Association. The decision of the arbitrator shall be binding on all parties and judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof.

**12. No Duty to Notify as to Other Transactions**

Escrow Holder shall have no duty or responsibility to notify any party to this escrow of any sale, resale, loan, exchange or other transaction involving the property which is the subject of this escrow or any profit realized by any person or entity in connection therewith, notwithstanding that Escrow Holder may act as escrow holder for such transaction(s) in this or another escrow(s).

**13. Failure to Close Timely**

If the conditions for closing this escrow have not occurred at the time set forth herein for closing, Escrow Holder is nevertheless to continue to act hereunder and to close this escrow as soon thereafter as such conditions (except as to time) shall have been met, unless any party shall have made a written demand on Escrow Holder for cancellation of this escrow and/or for the return of any funds and/or documents deposited by such party.

**14. Delivery of Documents and Funds**

Escrow Holder will send documents to the parties in an appropriate manner, such as regular mail, facsimile or email, unless otherwise instructed. Delivery by Escrow Holder of documents to a party's real estate agent or broker shall constitute delivery to that party. Funds may be delivered by regular mail, overnight mail or wire, at the discretion of Escrow Holder, unless otherwise instructed by the party to whom the funds are delivered.

**15. Retention of Records**

After the closing or cancellation of this escrow, Escrow Holder shall retain the escrow file(s) pertaining to this escrow for a minimum of one year, after which time Escrow Holder is authorized to destroy or otherwise dispose of such file(s) without notice or liability to the parties hereto.

**16. California Withholding**

In accordance with Section 18662 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to 31/3 percent of the sales price in the case of a disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of the seller, OR
2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a corporation with a permanent place of business in California, OR
3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, of any of the following:

A. That the California real property being conveyed is the seller's principal residence (within the meaning of Section 121 of the Internal Revenue Code).

B. That the California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.

C. That the California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.

D. That the California real property transaction will result in a loss for California income tax purposes.

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.

Buyer understands that in no event will Escrow Holder undertake to advise Buyer and/or Buyer's representative on the possible application of the above code sections to this specific transaction. Unless expressly instructed by Seller and Buyer herein, Buyer understands that Escrow Holder will NOT assist in obtaining a waiver from withholding from the Franchise Tax Board.

Should Buyer and Seller herein direct Escrow Holder to undertake any activities pursuant to the withholding provisions under California law, Buyer and Seller agree to cooperate fully in providing necessary information to Escrow Holder. Buyer and Seller agree to indemnify and hold Escrow Holder harmless in the event of noncompliance resulting from information supplied by either Buyer and/or Seller. For additional information concerning the withholding provisions under the code sections referenced above, please contact the Franchise Tax Board-Withhold-at-Source Unit at (916) 845-4900, P.O. Box 651, Sacramento, CA 95812-0651.

**17. Foreign Investment in Real Property Act (FIRPTA)**

Buyer is hereby notified that FIRPTA withholding (Internal Revenue Code Section 1445) may be applicable to certain sales of United States real estate by non-resident aliens. Unless instructed otherwise by the parties to this escrow, Escrow Holder is released from any liability, obligation or responsibility with respect to compliance with said Code Section, including, but not limited to (a) withholding of funds, (b) advising the parties as to the requirements of said sections, (c) determining whether transferor (Seller) is a foreign person or entity and/or (d) obtaining a non-foreign affidavit.

**18. Preliminary Change of Ownership**

Prior to the close of escrow, Buyer may hand Escrow Holder a fully completed and executed "Preliminary Change of Ownership Report" (PCOR) pursuant to the requirements of California Revenue and Taxation Code Section 480.3. Buyer may elect not to complete and execute said form prior to the close of escrow. Should Buyer choose not to execute the PCOR or should the County Recorders office reject the PCOR for any reason, Buyer is aware that a \$20.00 charge will be assessed by the County Recorder's office and Escrow Holder will charge the account of Buyer accordingly. In the event the PCOR has not been filed at the time the documents record OR the County Tax Assessors office determines that the form has not been properly completed, Buyer will be responsible for obtaining and completing a new PCOR and any additional documents that may be required by the Assessor's office. Failure to file a proper PCOR will result in additional penalties in accordance with Section 480 of the California Revenue and Taxation Code. Escrow Holder's sole duty shall be the delivery of the PCOR to the County Recorder at the time of recordation of transfer documents, if it is provided to Escrow Holder. Escrow Holder assumes no liability or responsibility regarding the proper completion of the PCOR.

**19. Supplemental Taxes**

Buyer is advised that the County Tax Assessor will revalue property that changes ownership or contains new construction, which may result in a supplemental assessment. The supplemental taxes will be assessed from the date of the change in ownership or completion of construction.

**20. Fire/Hazard Insurance**

Buyer shall obtain Fire/Hazard Insurance coverage, if applicable, on the subject property prior to the close of escrow, as per requirements of the new lender. If Buyer has not paid policy premium prior to close of escrow, Escrow Holder is authorized and instructed to debit Buyer's account with the cost of the annual premium and pay such premium to the insurance agent and/or company, at the close of escrow, from funds deposited by Buyer. Escrow Holder is instructed to request that the insurance company deliver the original policy and copies, as required, to all necessary parties. In the event the property is covered by a blanket insurance policy, Buyer shall provide Escrow Holder with a Certificate of Insurance. **FAILURE TO PROVIDE FIRE/HAZARD INSURANCE WILL DELAY THE CLOSE OF ESCROW.** Escrow Holder has no obligation to obtain fire or other insurance in the absence of a written instruction to do so.

**21. Fees and Charges; Messenger Fees**

Escrow, title, and recording charges and other costs are to be charged to the principals' accounts in accordance with customary practices in this County, unless Escrow Holder is instructed to do otherwise in writing. The charges which the Company will make for sending documents and/or checks via next day messenger services (i.e. Federal Express, UPS, DHL, Airborne, Express Mail, etc.) are \$15.00 per letter for standard overnight service, and \$25.00 for larger size packages and/or priority delivery services, both of which charges include a mark-up to cover the Company's expenses, overhead and profit for arranging the service. Special messenger fees will be charged at the actual cost of the messenger service, plus a mark-up to cover the Company's expenses, overhead and profit for arranging the service. There will be no additional charge for pick-up or delivery of packages via the Company's regularly scheduled messenger runs.

**22. Fees Paid in Advance**

Escrow Holder is hereby instructed to use Buyer's funds deposited into escrow to pay any statements submitted prior to close of escrow to pay such items as, but not limited to, charge by a homeowner's association management company for ordering documents, lender's charge for a payoff statement,

city's charge for city reports, home warranty insurance policy, natural hazard report, termite report, charges for work completed pursuant to an agreement of the parties, etc. In the event escrow is cancelled and Buyer is entitled to a refund of deposited funds, the amount of any fees advanced shall be deducted from the funds returned to Buyer. Seller hereby agrees to immediately deposit into escrow the amount of fees advanced for which Seller is responsible, and Escrow Holder will immediately disburse the amount of such deposit to Buyer. Buyer hereby agrees to immediately return to Escrow Holder any documentation provided to Buyer that is associated with fees advanced by Escrow Holder. Buyer shall not be reimbursed for any fees associated with documents provided to Buyer which are not returned to Escrow Holder. Escrow Holder shall not be liable to Buyer for fees deducted from Buyer's deposit in the event Seller fails to deposit the amount of such fees into escrow.

**23. Special Recording; Late Confirmation of Recording**

Seller's proceeds may not be available, and encumbrances may not be paid off, until the first business day following the day of recording if 1) documents recorded at close of escrow are recorded later in the day than 8:00 a.m. (which is called a "special recording") or if 2) the County Recorder does not provide confirmation of recording within sufficient time to allow same-day disbursement of funds by wire or check.

**24. IRS Form 1099 Requirements**

If requested by Escrow Holder, Seller will furnish Escrow Holder with sufficient information to file form 1099, if required, with the Internal Revenue Service for the sale of the real property which is subject to this escrow.

**25. Disclosure Reports**

Escrow Holder is not to be concerned with disclosures made by the parties to each other. In the event Escrow Holder receives any disclosure reports requiring signatures or approval by a party, Escrow Holder's only responsibility will be to forward the report to the appropriate party.

**26. Loan Payoffs**

When a mortgage, deed of trust or tax lien is to be paid off through escrow, Escrow Holder is authorized to pay the payoff demand received from the creditor. Seller/borrower understands that a loan payoff may include a prepayment penalty and other charges.

Exhibit C –  
Preliminary Title Report



Lawyers Title Company  
1920 Main Street  
Suite 1200  
Irvine, Ca 92614  
Phone: (949) 930-9399

**County of Orange**  
**300 North Flower Street**  
**Room 252 or Room 632**  
**Santa Ana, CA 92703**

Our File No: 09302560 - 12  
Title Officer: Mike Kovacs  
e-mail: mkovacs@landam.com  
Direct Phone: (949) 930-9318  
Fax Number: (949) 930-9394

Attn: **Carolyn Ansari**

Your Reference No: 656-242-15

Property Address: 3600 Pacific Island Drive, Laguna Niguel, California

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## **REVISED AND UPDATED PRELIMINARY REPORT**

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Dated as of January 16, 2008 at 7:30 a.m.

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

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit B attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. 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 B. Copies of the Policy forms should be read. They are available from the office which issued this report.

***Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit B of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.***

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



## **SCHEDULE A**

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

**CLTA Standard Owners**

**ALTA Loan 1992**

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

**A FEE**

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

**County of Orange**

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

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

## EXHIBIT "A"

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

That portion of the Rancho Niguel, in the City of Laguna Niguel, County of Orange, State of California, as shown on a map recorded June 30, 1877, in Book 2, Pages 230 and 231 of Patents, records of Los Angeles County, California, described as follows:

Beginning at point in the centerline of Crown Valley Parkway 104.00 feet wide, distant along said centerline South  $44^{\circ} 35' 36''$  West 389.00 feet from the intersection of said centerline with the centerline of Hillhurst Drive as shown on a map of Tract No. 4979, filed in Book 191, Pages 8 through 10, Miscellaneous Maps, records of said Orange County;

Thence at right angles to said centerline of Crown Valley Parkway North  $45^{\circ} 24' 04''$  West 52.00 feet to a point in the Northwesternly right of way line of said Crown Valley Parkway.

Thence along said Northwesternly right of way line North  $44^{\circ} 35' 56''$  East 395.97 feet to the true of point of beginning;

Thence continuing along said Northwesternly right of way line North  $44^{\circ} 35' 56''$  East 400.00 feet to the Southeasterly terminus of that certain course shown as " $S8^{\circ} 31' 52''$  East 40.00 feet on a map filed in Book 87, Page 11 of Records of Survey, in the Office of the County Recorder of said County;

Thence along the boundary of that certain parcel shown on said map of the following courses:

North  $08^{\circ} 31' 52''$  West 40.10 feet, North  $45^{\circ} 24' 47''$  West 137.84 feet to the beginning of a tangent curve, concave Northeasterly, having a radius of 1260.00 feet and

Northerly 315.29 feet along said curve through a central angle of  $14^{\circ} 20' 14''$  to a point on said curve to which a radial line bears South  $58^{\circ} 55' 27''$  West;

Thence leaving said boundary, South  $30^{\circ} 13' 32''$  West 478.25 feet;

Thence South  $45^{\circ} 24' 47''$  East 363.22 feet to the true point of beginning.

File No: 09302560



Assessor's Parcel Number: **626-242-15**

## **SCHEDULE B – Section A**

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

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the Public Records.

## **SCHEDULE B – Section B**

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

- A. Property taxes, including general and special taxes, personal property taxes, if any, and any assessments collected with taxes, to be levied for the fiscal year 2008 – 2009 which are a lien not yet payable.
- B. No taxes are due or payable at this time. Said Property is currently owned by a Governmental Agency.
- C. Supplemental or escaped assessments of property taxes, if any, assessed pursuant to the Revenue and Taxation Code of the State of California.

1. Intentionally Deleted.

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

Purpose: pole lines  
Recorded: in Book 6976, Page 676 of Official Records  
Affects: portions of said land

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

Purpose: water transmission pipe line(s)  
Recorded: in Book 7879, Page 642 of Official Records  
Affects: a portion of said land

4. Intentionally Deleted.

5. Any boundary discrepancies, rights or claims which may exist or arise as disclosed by a Record of Survey

Record of Survey No. 87-11  
Recorded January 18, 1967

### **END OF SCHEDULE B EXCEPTIONS**

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

## **REQUIREMENTS SECTION:**

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

Parties

Buyers/Sellers

## INFORMATIONAL NOTES SECTION

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

NOTE NO. 2: California insurance code section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds deposited with the company by wire transfer may be disbursed upon receipt. Funds deposited with the company via cashier's check or teller's check drawn on a California based bank may be disbursed on the next business day after the day of deposit. If funds are deposited with the company by other methods, recording and/or disbursement may be delayed. All escrow and sub-escrow funds received by the company will be deposited with other escrow funds in one or more non-interest bearing escrow accounts of the company in a financial institution selected by the company. The company may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with such financial institution, and the company shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by the company. Those benefits may include, without limitation, credits allowed by such financial institution on loans to the company or its parent company and earnings on investments made with the proceeds of such loans, accounting, reporting and other services and products of such financial institution. Such benefits shall be deemed additional compensation of the company for its services in connection with the escrow or sub-escrow.

### WIRING INSTRUCTIONS FOR THIS OFFICE ARE:

Comerica Bank  
2321 Rosecrans Avenue, 5th Floor  
El Segundo, CA 90245-4903  
Phone: (800) 376-0430  
ABA #121-137-522  
Credit To: Lawyers Title Company – Orange County  
Account #1891986539

**RE: 09302560 - 903-MK4**

### PLEASE INDICATE LAWYERS TITLE COMPANY ESCROW OR TITLE ORDER NUMBER

NOTE NO. 3: The charges which the company will make for next day messenger services (i.e. Federal Express, UPS, DHL, Airborne, Express mail, etc.) Are \$15.00 per letter, standard overnight service, and \$25.00 for larger size packages and/or priority delivery services. Such charges include the cost of such messenger service and the company's expenses for arranging such messenger service and its overhead and profit. Special messenger services will be billed at the cost of such services. There will be no additional charge for pick-up or delivery of packages via the company's regularly scheduled messenger runs.

NOTE NO. 4. The charge for a policy of title insurance, when issued through this title order, will be based on short term rate.

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

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

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

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

NOTE NO. 6: None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an ALTA Loan Policy, when issued.

NOTE NO. 7: The following information will be included in the CLTA form 116 endorsement to be issued pursuant to this order:

there is located on

said land: commercial/industrial property

known as: 3600 Pacific Island Drive, Laguna Niguel, California

Typist: de2

Date Typed: August 28, 2007



**Exhibit B (Revised 11-17-06)**

**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 or 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 notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with 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 the estate of 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.

**EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I**

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.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/22/03)**

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

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

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
  - a. building
  - b. zoning
  - c. Land use
  - d. improvements on the Land
  - e. Land division
  - f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

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

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

### 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>
<b>Covered Risk 14:</b>	<b>1% of Policy Amount or \$2,500</b> (whichever is less)	<b>\$10,000</b>
<b>Covered Risk 15:</b>	<b>1% of Policy Amount or \$5,000</b> (whichever is less)	<b>\$25,000</b>
<b>Covered Risk 16:</b>	<b>1% of Policy Amount or \$5,000</b> (whichever is less)	<b>\$25,000</b>
<b>Covered Risk 18:</b>	<b>1% of Policy Amount or \$2,500</b> (whichever is less)	<b>\$5,000</b>

### 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 protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
  2. The right to take the land by condemning it, unless:
    - a notice of exercising the right appears in the public records on the Policy Date
    - the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
  3. Title Risks:
    - that are created, allowed, or agreed to by you
    - that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
    - that result in no loss to you
    - that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
  4. Failure to pay value for your title.
  5. Lack of a right:
    - to any land outside the area specifically described and referred to in Item 3 of Schedule A
    - OR
    - in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

### AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92) WITH ALTA 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 at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
  5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
  6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
  7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
    - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
    - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
    - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
      - (a) to timely record the instrument of transfer; or
      - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form 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.

#### **2006 ALTA LOAN POLICY (06-17-06)**

#### **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 that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 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 (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that 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 an Insured to comply with applicable doing-business laws of the state where the Land is situated.
- 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that 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, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
- 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form 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 Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

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

- 1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- 2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- 3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- 4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the Public Records.

#### **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 judgment or lien creditor.

The above policy form 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.

#### **2006 ALTA OWNER'S POLICY (06-17-06)**

#### **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 that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
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 (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form 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 Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

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

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the Public Records.

**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 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 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 or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
  - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth in lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
  - (a) The time of the advance; or
  - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of Interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.



Lawyers Title Company  
1920 Main Street  
Suite 1200  
Irvine, Ca 92614  
Phone: (949) 930-9399

File No: 09302560

## Notice to Customers

You may be eligible for a \$20.00 reduction in your title or escrow fees in this transaction charged by **Lawyers Title Insurance Corporation** pursuant to the Final Judgments entered in People of the State of California v. LandAmerica Financial Group, Inc., et al., Sacramento Superior Court Case No. 92 AS 06111, and Taylor, et al. v. LandAmerica Financial Group, Inc., et al., Los Angeles Superior Court Case No. BC 231917. You are eligible for this \$20.00 reduction in your title or escrow fees if you meet the following requirements:

1. You are a natural person or trust;
2. Your transaction involves the purchase, sale or refinancing of residential real property containing one-to-four-dwelling units;
3. You previously purchased title insurance or escrow services involving a transaction which closed between May 19, 1995 and October 8, 2002 from one of the following companies:

LandAmerica Financial Group, Inc.  
 Commonwealth Land Title Insurance Company or  
 Commonwealth Land Title Company  
 Lawyers Title Insurance Corporation or Lawyers Title Company  
 First American Title Insurance Company, First American Title Company, First American Title Guarantee Company  
 Fidelity National Financial, Inc.  
 Fidelity National Title Insurance Company  
 Fidelity National Title Company  
 Fidelity National Title Insurance Company of California, Inc.  
 Fidelity National Loan Portfolio Services  
 Ticor Title Insurance Company  
 Security Union Title Insurance Company  
 Chicago Title Insurance Company  
 Chicago Title Company  
 Chicago Title and Trust Company  
 Rocky Mountain Support Services, Inc.  
 California Tracking Service, Inc.  
 Title Accounting Services Corporation

- 4 You did not receive a \$65.00 cash payment from LandAmerica Financial Group, Inc. in the reconveyance fee claims process pursuant to the Final Judgments entered in People of the State of California v. LandAmerica Financial Group, Inc., et al., Sacramento Superior Court Case No. 92 AS 06111, and Taylor, et al. v. LandAmerica Financial Group, Inc., et al., Los Angeles Superior Court Case No. BC 231917.

If you meet the foregoing requirements and want the \$20.00 fee reduction complete this form and return it to your **Lawyers Title Insurance Corporation** escrow or title officer. **NOTE: If you are eligible for the \$20.00 fee reduction please complete and return this form. You must advise us of your eligibility prior to closing in order to receive the \$20.00 fee reduction.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone No: \_\_\_\_\_



Lawyers Title Company  
1920 Main Street  
Suite 1200  
Irvine, Ca 92614  
Phone: (949) 930-9399

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## Notice to Customers

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1. You are a natural person or trust;
2. Your transaction involves the purchase, sale or refinancing of residential real property containing one-to-four-dwelling units;
3. You previously purchased title insurance or escrow services involving a transaction which closed between May 19, 1995 and October 8, 2002 from one of the following companies:

LandAmerica Financial Group, Inc.  
 Commonwealth Land Title Insurance Company or  
 Commonwealth Land Title Company  
 Lawyers Title Insurance Corporation or Lawyers Title Company  
 First American Title Insurance Company, First American Title Company, First American Title Guarantee Company  
 Fidelity National Financial, Inc.  
 Fidelity National Title Insurance Company  
 Fidelity National Title Company  
 Fidelity National Title Insurance Company of California, Inc.  
 Fidelity National Loan Portfolio Services  
 Ticor Title Insurance Company  
 Security Union Title Insurance Company  
 Chicago Title Insurance Company  
 Chicago Title Company  
 Chicago Title and Trust Company  
 Rocky Mountain Support Services, Inc.  
 California Tracking Service, Inc.  
 Title Accounting Services Corporation

4. You did not receive a \$65.00 cash payment from LandAmerica Financial Group, Inc. in the reconveyance fee claims process pursuant to the Final Judgments entered in People of the State of California v. LandAmerica Financial Group, Inc., et al., Sacramento Superior Court Case No. 92 AS 06111, and Taylor, et al. v. LandAmerica Financial Group, Inc., et al., Los Angeles Superior Court Case No. BC 231917.

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Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone No: \_\_\_\_\_

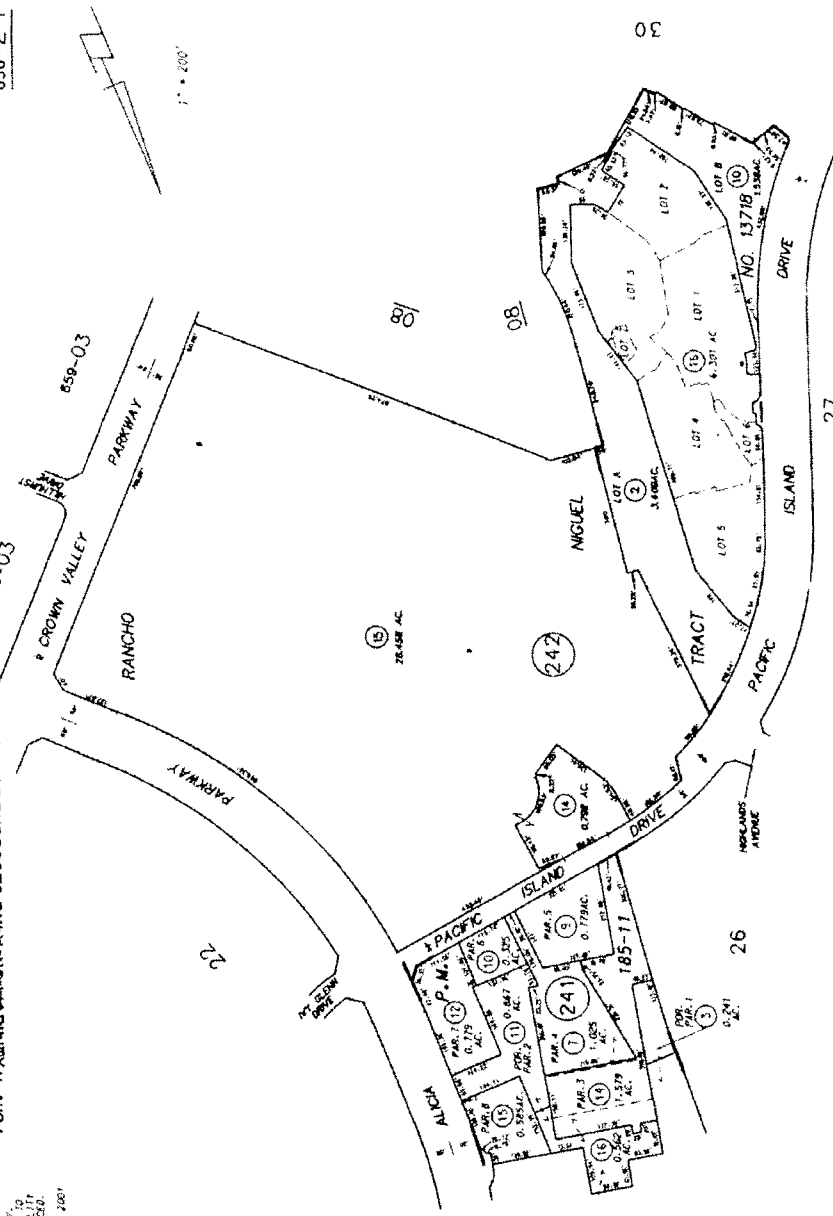


Description: Orange, CA Assessor Map 656.24 Page: 1 of 4  
 Order: 9302560 Comment:

THIS MAP WAS PREPARED FOR ORANGE COUNTY, CALIFORNIA, BY THE ASSESSOR'S OFFICE. THE ASSESSOR MAKES NO WARRANTY AS TO THE ACCURACY OR ASSUMES NO LIABILITY FOR ANY ERRORS OR OMISSIONS. ALL RIGHTS ARE RESERVED. © COPYRIGHT ORANGE COUNTY ASSESSOR 2007

FOR THE PURPOSES OF THIS MAP, THE ACCURACY OF THE DATA SHOWN, PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

656-24



ASSESSOR'S MAP  
 BOOK 656 PAGE 24  
 COUNTY OF ORANGE

NOTE - ASSESSOR'S BLOCK &  
 PARCEL NUMBERS  
 SHOWN IN CIRCLES

L.A. 3-95, 96  
 670-13 TO 18 INC.  
 P.M. 181-26, 185-11

RANCHO MIGUEL  
 TRACT NO. 13718  
 PARCEL MAP

MARCH 1984

655-14

30

27

92

22

1" = 200'



**EXHIBIT A: LEGAL DISCRPTION**

That portion of the Rancho Niguel, in the City of Laguna Niguel, County of Orange, State of California, as shown on a map recorded June 30, 1877, in Book 2, Pages 230 and 231 of Patents, records of Los Angeles County, California, described as follows:

Beginning at point in the centerline of Crown Valley Parkway 104.00 feet wide, distant along said centerline South 44° 35' 36" West 389.00 feet from the intersection of said centerline with the centerline of Hillhurst Drive as shown on a map of Tract No. 4979, filed in Book 191, Pages 8 through 10, Miscellaneous Maps, records of said Orange County;

Thence at right angles to said centerline of Crown Valley Parkway North 45° 24' 04" West 52.00 feet to t a point in the Northwesterly right of way line of said Crown Valley Parkway.

Thence along said Northwesterly right of way line North 44° 35' 36" East 395.97 feet to the true of point of beginning;

Thence continuing along said Northwesterly right of way line North 44° 35' 56" East 400.00 feet to the Southeasterly terminus of that certain course shown as "S8° 31' 52" East 40.00 feet on a map filed in Book 87, Page 11 of Records of Survey, in the Office of the County Recorder of said County;

Thence along the boundary of that certain parcel shown on said map of the following courses:

North 08° 31' 52" West 40.10 feet, North 45° 24' 47" West 137.84 feet to the beginning of a tangent curve, concave Northeasterly, having a radius of 1260.00 feet and

Northerly 315.29 feet along said curve through a central angle of 14° 20' 14" to a point on said curve to which a radial line bears South 58° 55' 27" West;

Thence leaving said boundary, South 30° 13' 32" West 478.25 feet;

Thence South 45° 24' 47" East 363.22 feet to the true point of beginning.

Prepared by Me or under my  
supervision on August 16, 2007

*Xicotencatl E. Salazar*

XICOTENCATL E. SALAZAR, LS 5507  
LICENCE EXPIRES 9/30/2008

