



Sanctity of Contract

**STEWART TITLE OF CALIFORNIA, INC.,
LOS ANGELES DIVISION**

525 N. BRAND BLVD.
GLENDALE, CA 91203
(818) 502-2700
www.stewarttitlela.com

MEMBER CALIFORNIA LAND TITLE ASSOCIATION

PRELIMINARY REPORT

PLAYA VISTA
12555 W. JEFFERSON, #300
LOS ANGELES, CA 90066
Attn: CATHERINE TYRRELL

Order Number: 040104935

Your Reference: AREA B
RESIDENTIAL

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. 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 A attached. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the Policy forms should be read. They are available from the office which issued this report.

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

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

Dated as of November 01, 2003 at 7:30 A.M.

LARRY MCGUIRE, Sr. Title Officer, V.P.
(818) 502-2723 Fax: (818) 241-9173
e-mail address: lmcguire@stewart.com

WIL CAMPOS, Title Officer
(818) 502-2724 Fax: (818) 241-9173
e-mail address: wcampos@stewart.com

PRELIMINARY REPORT

The form of Policy of Title Insurance contemplated by this report is:
California Land Title Association Standard Coverage Policy

SCHEDULE A

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:
PLAYA CAPITAL COMPANY, LLC, A DELAWARE LIMITED LIABILITY COMPANY

Continued on next page

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

AREA B RESIDENTIAL

THAT PORTION OF THE RANCHO LA BALLONA, IN THE CITY OF LOS ANGELES IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, BOUNDED AS FOLLOWS:

NORTHEASTERLY BY THE SOUTHWESTERLY LINE OF ROOSEVELT HIGHWAY, 100 FEET WIDE, PER BOOK 7188, PAGE 367, OFFICIAL RECORDS OF SAID COUNTY;

NORTHWESTERLY BY THE SOUTHEASTERLY LINE OF THE 380 FOOT STRIP OF LAND DESCRIBED IN THE DECREE OR CONDEMNATION TO LOS ANGELES COUNTY FLOOD CONTROL DISTRICT, RECORDED IN BOOK 16332 PAGE 191, OFFICIAL RECORDS OF SAID COUNTY;

SOUTHEASTERLY BY THE NORTHWESTERLY LINE OF SAID JEFFERSON BOULEVARD, FORMERLY PLAYA STREET, 33 FEET WIDE, AS SHOWN ON TOWNSITE OF PLAYA DEL REY, AS PER MAP RECORDED IN BOOK 107, PAGE 40, OF MISCELLANEOUS RECORDS OF SAID COUNTY;

SOUTHWESTERLY BY THE FOLLOWING DESCRIBED LAND:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF JEFFERSON BOULEVARD, 100 FOOT WIDE, DISTANT THEREON SOUTH 61 DEGREES 14 MINUTES 57 SECONDS WEST 2,217.38 FEET FROM THE SOUTHERLY TERMINUS OF THE LINE SHOWN AS SOUTH 4 DEGREES 42 MINUTES 40 SECONDS WEST, 65.51 FEET OF THE LAND DESIGNATED AS PARCEL 2B IN LIS PENDENS RECORDED SEPTEMBER 3, 1965 AS INSTRUMENT NO. 5086, IN BOOK M-1969 PAGE 549, OFFICIAL RECORDS OF SAID COUNTY, SAID POINT ALSO BEING THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE NORTH AND HAVING A RADIUS OF 957.00 FEET; THENCE WESTERLY 569.49 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 34 DEGREES 05 MINUTES 44 SECONDS TO THE BEGINNING OF A COMPOUND CURVE, CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 20.00 FEET; THENCE NORTHWESTERLY 32.08 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 91 DEGREES 53 MINUTES 53 SECONDS TO THE BEGINNING OF A REVERSE CURVE, CONCAVE TO THE WEST AND HAVING A RADIUS OF 850.00 FEET; THENCE NORTHERLY 259.52 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17 DEGREES 29 MINUTES 37 SECONDS; THENCE NORTH 10 DEGREES 15 MINUTES 03 SECONDS WEST 284.01 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE EAST AND HAVING A RADIUS OF 750.00 FEET; THENCE NORTHERLY 55.94 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 04 DEGREES 16 MINUTES 25 SECONDS TO THE NON-TANGENT SOUTHEASTERLY LINE OF THE

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LAND DESCRIBED IN BOOK 16355, PAGE 127, OFFICIAL RECORDS, SAID LINE ALSO BEING THE WESTERLY PROLONGATION OF SAID SOUTHEASTERLY LINE OF THE LAND DESCRIBED IN BOOK 16382, PAGE 191, OFFICIAL RECORDS.

EXCEPT THEREFROM THAT PORTION OF CULVER BOULEVARD, AS DESCRIBED IN DEED TO THE COUNTY OF LOS ANGELES, RECORDED IN BOOK 16371 PAGE 72, OFFICIAL RECORDS OF SAID COUNTY;

ALSO EXCEPT THEREFROM THAT PORTION OF CULVER BOULEVARD, AS SHOWN AS AN UNNAMED ROAD ON THE MAP RECORDED IN BOOK 4049 PAGE 265 OF DEEDS, RECORDS OF SAID COUNTY;

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND DESIGNATED AS PARCEL 1-44 IN LIS PENDENS RECORDED JANUARY 13, 1970 AS INSTRUMENT NO. 1564, IN BOOK M3387 PAGE 860, OFFICIAL RECORDS OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND DESIGNATED AS PARCEL 2B IN LIS PENDENS RECORDED SEPTEMBER 3, 1965 AS INSTRUMENT NO. 5086, IN BOOK M-1969 PAGE 549, OFFICIAL RECORDS OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND DESIGNATED AS PARCELS 9-18 IN FINAL ORDER OF CONDEMNATION RECORDED APRIL 22, 1977 AS INSTRUMENT NO. 77-413488, OFFICIAL RECORDS OF SAID COUNTY.

EXCEPTING FROM PORTION OF THE ABOVE DESCRIBED LAND, ALL THE MINERAL RIGHTS TOGETHER WITH THE EXCLUSIVE RIGHT TO USE THE SUBSURFACE OIL AND GAS FORMATIONS FOR INJECTING, STORING AND WITHDRAWING NATURAL GAS THEREIN AND THEREFROM AND FOR REPRESSURING THE SAME, EXCLUDING HOWEVER, THE RIGHT TO GO UPON OR USE THE SURFACE OF SAID LAND FOR ANY OF SAID PURPOSES, AS RESERVED BY THE UNITED STATES OF AMERICA, BY DECREE ENTERED FEBRUARY 15, 1948 IN THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION, CASE NO. 2454-B CIVIL, A CERTIFIED COPY OF WHICH WAS RECORDED MARCH 25, 1949 AS INSTRUMENT NO. 342, IN BOOK 29672, PAGE 52, OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

THIS LEGAL DESCRIPTION WAS PREPARED AS A CONVENIENCE AND IS NOT INTENDED FOR THE USE IN THE DIVISION AND/OR CONVEYANCE OF LAND IN VIOLATION OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA.

END OF LEGAL DESCRIPTION

Continued on next page

SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

1. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, INCLUDING ANY PERSONAL PROPERTY TAXES AND ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2003-2004:

1ST INSTALLMENT	\$167.21 OPEN
2ND INSTALLMENT	\$167.21 OPEN
EXEMPTION	NONE
CODE AREA	1508
ASSESSMENT NO.	4211-015-002

1.1. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, INCLUDING ANY PERSONAL PROPERTY TAXES AND ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2003-2004:

1ST INSTALLMENT	\$25,259.75 OPEN
2ND INSTALLMENT	\$25,259.74 OPEN
EXEMPTION	NONE
CODE AREA	1502
ASSESSMENT NO.	4211-015-006

1.2. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, INCLUDING ANY PERSONAL PROPERTY TAXES AND ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2003-2004:

1ST INSTALLMENT	\$12,137.09 OPEN
2ND INSTALLMENT	\$12,137.08 OPEN
EXEMPTION	NONE
CODE AREA	1502
ASSESSMENT NO.	4211-016-006

1.3. GENERAL AND SPECIAL CITY AND/OR COUNTY TAXES, INCLUDING ANY PERSONAL PROPERTY TAXES AND ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2003-2004:

1ST INSTALLMENT	\$5,450.02 OPEN
2ND INSTALLMENT	\$5,450.01 OPEN
EXEMPTION	NONE
CODE AREA	1502
ASSESSMENT NO.	4211-017-004

2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA.

2.1. ASSESSMENTS, FOR COMMUNITY FACILITY DISTRICTS AFFECTING

Continued on next page

SAID LAND WHICH MAY EXIST BY VIRTUE OF ASSESSMENT MAPS OR NOTICES FILED BY SAID DISTRICTS.

3. THE RIGHT OF THE PUBLIC TO USE FOR ROAD PURPOSES, THAT PORTION OF SAID PARCEL 5 QUAD III WHICH IS INCLUDED WITHIN THE STRIPS OF LAND, 50 FEET IN WIDTH, DESCRIBED IN THOSE CERTAIN DEEDS TO COUNTY OF LOS ANGELES, RECORDED IN BOOK 4049, PAGE 265 OF DEEDS, AND IN BOOK 4049, PAGE 262, OF DEEDS.

4. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES CONDEMNED BY FINAL DECREE

IN FAVOR OF	COUNTY OF LOS ANGELES
FOR	SANITARY SEWER AND STORM DRAIN
CASE NO.	260321 SUPERIOR COURT
RECORDED	IN BOOK 10418, PAGE 126, OF OFFICIAL RECORDS

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

5. SUCH RIGHTS, AFFECTING THOSE PORTIONS OF SAID LAND WITHIN TWO STRIPS OF LAND, EACH 60 FEET WIDE, DESCRIBED IN BOOK 3805, PAGE 107 OF DEEDS, AND IN DEED RECORDED IN BOOK 1633, PAGE 143 OF DEEDS, AND IN BOOK 1685, PAGE 233 OF DEEDS, AS THE CITY OF LOS ANGELES MAY HAVE OR CLAIM TO AN EASEMENT FOR SANITARY SEWER AND STORM DRAIN PURPOSES OVER THAT PORTION OF SAID LAND LYING WITHIN THE SOUTHEASTERLY PROLONGATION OF THE 20 FOOT STRIP OF LAND DESCRIBED AS PARCEL 5 IN THE CONDEMNATION ACTION BROUGHT BY THE CITY OF LOS ANGELES AFFECTING ADJOINING PROPERTY, CASE NO. 260321, SUPERIOR COURT, LOS ANGELES COUNTY ABOVE DESCRIBED.

6. THE EXCLUSIVE RIGHT, AFFECTING THAT PORTION OF SAID LAND INCLUDED WITHIN THE LAND DESCRIBED IN DEED NEXT REFERRED TO, TO USE THE SUBSURFACE OF SAID LAND AND ALL ZONES CONTAINED THEREIN, REGARDLESS OF DEPTH, FOR THE INJECTION OF GAS INTO, THE STORAGE OF GAS IN, AND/OR THE WITHDRAWAL OF GAS FROM SAID PROPERTY AND INCIDENTAL PURPOSES MORE FULLY DESCRIBED IN AND AS RESERVED BY SOUTHERN CALIFORNIA GAS COMPANY, IN DEED RECORDED NOVEMBER 21, 1946 AS INSTRUMENT NO. 1046, IN BOOK 23939, PAGE 338, OFFICIAL RECORDS.

SAID RIGHTS, INSOFAR AND THEY AFFECT A PORTION OF SAID LAND, WERE MODIFIED BY DEED FROM SOUTHERN CALIFORNIA GAS COMPANY, RECORDED FEBRUARY 6, 1959 AS INSTRUMENT NO. 4278, IN BOOK D-358, PAGE 367, OFFICIAL RECORDS, AS MODIFIED BY AN INSTRUMENT RECORDED AUGUST 14, 1959 IN BOOK M-339, PAGE 989, OFFICIAL RECORDS.

SAID MATTER AFFECTS: PARCELS 2 AND 4 OF QUAD III

7. AN AGREEMENT AFFECTING PARCELS 1, 3 AND 5 OF QUAD III, DATED
Continued on next page

AUGUST 15, 1963, WHEREBY HUGHES TOOL COMPANY, A CORPORATION, CONVEYS TO SOUTHERN CALIFORNIA GAS COMPANY, A CORPORATION, THE EXCLUSIVE RIGHT TO USE SUBSURFACE MINERAL, OIL AND/OR GAS ZONES FOR INJECTING, STORING AND WITHDRAWING NATURAL GAS (WHETHER PROVIDED FROM SUCH OR OTHER PROPERTY) THEREIN AND THEREFROM AND FOR REPRESSURING THE SAME; BUT, WITH NO RIGHT TO USE THE SURFACE OR TO CARRY ON SUCH OPERATION EXCEPT BETWEEN A DEPTH OF 500 FEET TO 7000 FEET FROM THE SURFACE THEREOF, WHICH AGREEMENT ALSO RECITES THAT

HUGHES TOOL COMPANY HEREBY COVENANTS AND AGREES TO PROHIBIT EXPLORATION FOR MINERAL, OIL, GAS OR OTHER HYDROCARBONS BETWEEN THE DEPTH OF 500 FEET TO 7000 FEET FROM THE SURFACE, RECORDED AUGUST 30, 1963 AS INSTRUMENT NO. 7055, IN BOOK M1338, PAGE 287, OFFICIAL RECORDS.

8. INTENTIONALLY DELETED.

9. RESERVATION AND EXCEPTION CONTAINED IN DEED FROM RECONSTRUCTION FINANCE CORPORATION AND UNITED STATES OF AMERICA, BOTH ACTING BY AND THROUGH GENERAL SERVICES ADMINISTRATOR TO SOUTHERN CALIFORNIA GAS COMPANY, A CORPORATION, DATED DECEMBER 1, 1953, RECORDED OCTOBER 15, 1954 AS INSTRUMENT NO. 580, IN BOOK 45847, PAGE 89, OFFICIAL RECORDS, THE LOCATION AND TERMS OF WHICH ARE MORE PARTICULARLY DESCRIBED THEREIN.

10. AN EASEMENT OVER SAID LAND FOR A SINGLE LINE OF POLES, WITH CROSS-ARMS AND WIRES, FOR PRIVATE TELEPHONE PURPOSES, TOGETHER WILL ALL RIGHTS OF WAY COVERING THE CONSTRUCTION AND MAINTENANCE OF SUCH FACILITIES, AS CONVEYED BY UNRECORDED SURFACE LEASE FROM DEL REY COMPANY TO P. M. PIKE, DATED JUNE 1, 1933 AND BY MESNE ASSIGNMENTS TRANSFERRED AND CONVEYED TO UNION OIL COMPANY OF CALIFORNIA, BY ASSIGNMENT OF LEASE FROM P. M. PIKE INVESTMENT COMPANY, DATED JANUARY 27, 1943, AS PROVIDED IN DECREE ENTERED JULY 12, 1946 IN ACTION NO. 2454, CIVIL, UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF CALIFORNIA, CENTAL DIVISION.

SAID MATTER AFFECTS: PARCELS 2 AND 4 OF QUAD III

11. THE EFFECT OF AN AGREEMENT, DATED JANUARY 18, 1952, EXECUTED BY AND BETWEEN SOUTHERN CALIFORNIA GAS COMPANY, A CORPORATION THEREIN CALLED "THE GAS CO." AND HUGHES TOOL COMPANY, A DELAWARE CORPORATION, THEREIN CALLED "HUGHES", RELATING TO THE UNITED STATES OF AMERICA, AS SET FORTH IN STIPULATION REFERRED TO THEREIN, UPON THE CONDITIONS, COVENANTS AND PROVISIONS CONTAINED IN SAID AGREEMENT, RECORDED JANUARY 18, 1952 AS INSTRUMENT NO. 2738 IN BOOK 38075, PAGE 427, OFFICIAL RECORDS.

SAID MATTER AFFECTS: PARCELS 2 AND 4 OF QUAD III

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ALL EASEMENTS AND RIGHTS OF WAY INCLUDING THOSE FOR PIPE LINES, PRIVATE ROADWAY AND INGRESS AND EGRESS IN, ON, OVER, THROUGH AND ACROSS THE SAID PARCEL, ARE LIMITED BY AND SUBJECT TO THE PROVISIONS AND CONDITIONS OF THE QUITCLAIM BY SOUTHERN CALIFORNIA GAS COMPANY IN THE AGREEMENT DATED AUGUST 15, 1963, RECORDED AUGUST 30, 1963 IN BOOK M1338, PAGE 280 OF OFFICIAL RECORDS.

THE INTEREST OF "HUGHES" HAVING SUCCEEDED TO PLAYA CAPITAL CORPORATION

12. INTENTIONALLY DELETED.

13. INTENTIONALLY DELETED.

14. THE RIGHT AFFECTING THOSE PORTIONS OF THE RAMONA S. DE MACHADO 341.85095 ACRE ALLOTMENT IN THE RANCHO LA BALLONA, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN CASE NO. 2722, DISTRICT COURT, AND RECORDED IN BOOK 3, PAGE 204 ET SEQ., OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

THOSE CERTAIN PARCEL OF LAND DESIGNATED AS "FIRST", "SECOND" AND "THIRD", IN THE DEED TO THE PACIFIC ELECTRIC RAILWAY COMPANY, RECORDED AUGUST 4, 1926 AS INSTRUMENT NO. 1540, IN BOOK 4680, PAGE 108, OFFICIAL RECORDS;

AND

THAT PORTION OF A STRIP OF LAND, 110 FEET IN WIDTH, DESIGNATED AS "CLAUSE 9" IN THE DEED TO LOS ANGELES PACIFIC COMPANY, RECORDED JULY 14, 1908 IN BOOK 3805, PAGE 107 OF DEEDS; LYING SOUTHEASTERLY OF A LINE PARALLEL WITH AND DISTANT NORTHWESTERLY 33 FEET, MEASURED RADIALLY FROM THE NORTHWESTERLY LINE OF THE STRIP OF LAND, 60 FEET IN WIDTH DESIGNATED AS "CLAUSE 1", IN SAID DEED TO LOS ANGELES PACIFIC COMPANY;

AND THAT PORTION OF THE STRIP OF LAND, 60 FEET IN WIDTH, PARTLY WITHIN THE CITY OF LOS ANGELES, DESIGNATED AS "CLAUSE 1" IN SAID DEED TO LOS ANGELES PACIFIC COMPANY, RECORDED JULY 14, 1909 IN BOOK 3806 PAGE 107 OF DEEDS, BOUNDED SOUTHERLY BY THE NORTHERLY LINE OF CULVER BOULEVARD (FORMERLY MESMER AVENUE), AS DESCRIBED IN DEED TO THE CITY OF LOS ANGELES, RECORDED OCTOBER 15, 1927 IN BOOK 7709, PAGE 148, OFFICIAL RECORDS, AND BOUNDED NORTHEASTERLY BY THE SOUTHWESTERLY LINE OF THE LAND DESCRIBED AS PARCEL 7 IN DECLARATION OF TAKING RECORDED NOVEMBER 4, 1942 AS INSTRUMENT NO. 612, IN BOOK 19608, PAGE 246, OFFICIAL RECORDS.

TO PRODUCE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES FROM SAID

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LAND BY DIRECTIONAL DRILLING OR ANY OTHER MEANS NOT REQUIRING THE OCCUPANCY OF THE SURFACE OF SAID LAND OR OF ANY PORTION THEREOF, INCLUDING THE RIGHT TO COMBINE SAID PROPERTY IN ANY COMMUNITY OIL LEASE, BUT NOT INCLUDING THE RIGHT TO ENTER UPON OR OCCUPY ANY PORTION OF THE SURFACE OF SAID LAND FOR SUCH PURPOSES, AS RESERVED BY PACIFIC ELECTRIC RAILWAY COMPANY, IN DEED RECORDED APRIL 3, 1946 IN BOOK 22930, PAGE 272, OFFICIAL RECORDS.

SAID MATTER AFFECTS: PARCELS 2, 4, AND 5 OF QUAD III

15. AN ACTION IN THE SUPERIOR COURT	
COMMENCED	MAY 15, 1961
ENTITLED	LOS ANGELES FLOOD CONTROL DISTRICT VS. SHELL OIL COMPANY, ET AL.
CASE NUMBER	771085
COUNTY OF	LOS ANGELES
NATURE OF ACTION	TO CONDEMN THE SLOPE EASEMENT FOR THE WIDENING OF FLOOD CONTROL CHANNEL
NOTICE OF SAID ACTION RECORDED	MAY 15, 1961 AS INSTRUMENT NO. 5153 IN BOOK M-771, PAGE 334, OFFICIAL RECORDS
AFFECTS	THOSE PORTIONS OF PARCELS 4 AND 5 OF QUAD III MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT

16. INTENTIONALLY DELETED.

17. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES CONDEMNED BY FINAL DECREE

IN FAVOR OF	COUNTY OF LOS ANGELES
FOR	SLOPE EASEMENTS
CASE NO.	968057 SUPERIOR COURT, LOS ANGELES COUNTY
RECORDED	MARCH 31, 1972 AS INSTRUMENT NO. 5578, IN BOOK D5413, PAGE 512, OFFICIAL RECORDS
AFFECTS	PARCELS 1 AND 3 OF QUAD III

AS AMENDED BY ORDER NUNC PRO TUNC RECORDED APRIL 26, 1972 AS INSTRUMENT NO. 2934, OFFICIAL RECORDS.

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

18. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES CONDEMNED BY FINAL DECREE

IN FAVOR OF	COUNTY OF LOS ANGELES
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FOR	PERMANENT DRAINAGE EASEMENT
CASE NO.	974384, SUPERIOR COURT, LOS ANGELES COUNTY
RECORDED	MARCH 31, 1972 AS INSTRUMENT NO. 5578,
	IN BOOK D-5413, PAGE 512, OFFICIAL RECORDS
AFFECTS	PARCELS 1 AND 3 OF QUAD III

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

19. AN EASEMENT AFFECTING THE PORTION OF SAID LAND AND FOR THE PURPOSES STATED HEREIN, AND INCIDENTAL PURPOSES CONDEMNED BY FINAL DECREE

IN FAVOR OF	THE PEOPLE OF THE STATE OF CALIFORNIA, ACTING
	BY AND THROUGH THE DEPARTMENT OF PUBLIC WORKS
FOR	PUBLIC HIGHWAY SLOPES PURPOSES
CASE NO.	867869, SUPERIOR COURT, LOS ANGELES COUNTY
RECORDED	JUNE 13, 1969 AS INSTRUMENT NO. 3730,
	IN BOOK D-4402, PAGE 13, OF OFFICIAL RECORDS
AFFECTS	PARCEL 1, AND 3 OF QUAD III

SAID MATTER AFFECTS A PORTION OF SAID LAND AS MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

20. INTENTIONALLY DELETED.

21. INTENTIONALLY DELETED.

22. THE MATTERS CONTAINED IN AN INSTRUMENT

ENTITLED	"MEMORANDUM OF AGREEMENT"
DATED	JANUARY 4, 1996
BY:	MAGUIRE THOMAS PARTNERS-PLAYA VISTA, A CALIFORNIA LIMITED
	PARTNERSHIP UPON THE TERMS AND CONDITIONS AND COVENANTS THEREIN
	PROVIDED
RECORDED	APRIL 23, 1996
INSTRUMENT/FILE NO	96-637590, OF OFFICIAL RECORDS

REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS

23. DEED OF TRUST TO SECURE AN INDEBTEDNESS IN THE AMOUNT SHOWN BELOW, AND ANY OTHER OBLIGATIONS SECURED THEREBY:

AMOUNT	\$60,400,000.00
DATED	SEPTEMBER 2, 1997
TRUSTOR	PLAYA CAPITAL COMPANY, LLC, A DELAWARE LIMITED LIABILITY COMPANY
TRUSTEE	FIRST AMERICAN TITLE INSURANCE COMPANY
BENEFICIARY	PLAYA INVESTMENTS, LLC, A DELAWARE LIMITED LIABILITY COMPANY
RECORDED	OCTOBER 16, 1997

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INSTRUMENT NO. | 97-1625347 OF OFFICIAL RECORDS

AND RE-RECORDED DECEMBER 23, 1997, AS INSTRUMENT/FILE NO.
97-2009527, OF OFFICIAL RECORDS

A SUBORDINATION, AND STANDSTILL AGREEMENT, DATED MAY 5, 1999,
AFFECTING THE DEED OF TRUST SHOWN ABOVE AND THE DEED OF TRUST
RECORDED MAY 5, 1999 AS INSTRUMENT NO. 99-828132, OF OFFICIAL
RECORDS RECORDS MAY 7, 1999 AS INSTRUMENT NO. 99-828134, OF
OFFICIAL RECORDS.

SUBSTITUTION OF TRUSTEE UNDER SAID DEED OF TRUST WHICH NAMES AS
THE SUBSTITUTED TRUSTEE, THE FOLLOWING:

TRUSTEE		FIRST AMERICAN TITLE INSURANCE COMPANY
RECORDED		JUNE 27, 2003
INSTRUMENT/FILE NO		03-1845461 OF OFFICIAL RECORDS

24. DEED OF TRUST TO SECURE AN INDEBTEDNESS IN THE AMOUNT SHOWN
BELOW, AND ANY OTHER OBLIGATIONS SECURED THEREBY:

AMOUNT		\$30,000,000.00
DATED		MAY 5, 1999
TRUSTOR		PLAYA CAPITAL COMPANY, LLC, A DELAWARE LIMITED LIABILITY COMPANY; PLAYA PHASE I COMMERCIAL LAND COMPANY, LLC., A DELAWARE LIMITED LIABILITY COMPANY AND PLAYA PARCEL E CAPITAL COMPANY, LLC., A DELAWARE LIMITED LIABILITY COMPANY
TRUSTEE		STEWART TITLE COMPANY
BENEFICIARY		TOKAI BANK OF CALIFORNIA, A CALIFORNIA BANKING CORPORATION
RECORDED		MAY 7, 1999
INSTRUMENT NO.		99-0828132 OF OFFICIAL RECORDS

AFFECTS: THE HEREIN DESCRIBED LAND AND OTHER LAND

THE MATTERS CONTAINED IN AN INSTRUMENT

ENTITLED		"ABSOLUTE ASSIGNMENT OF LEASES, LEASE GUARANTEES, RENTS, ISSUES AND PROFITS"
BY: TOKAI BANK OF CALIFORNIA, A CALIFORNIA BANKING CORPORATION		UPON THE TERMS AND CONDITIONS AND COVENANTS THEREIN PROVIDED
RECORDED		MAY 7, 1999
INSTRUMENT/FILE NO		99-0828133, OF OFFICIAL RECORDS

SUBSTITUTION OF TRUSTEE UNDER SAID DEED OF TRUST WHICH NAMES AS
THE SUBSTITUTED TRUSTEE, THE FOLLOWING:

TRUSTEE		UNITED CALIFORNIA BANK, A CALIFORNIA CORPORATION SUCCESSOR TO TOKAI BANK OF CALIFORNIA
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RECORDED | OCTOBER 28, 2002
 INSTRUMENT NO | 02-2556853 OF OFFICIAL RECORDS

AN INSTRUMENT PURPORTS TO MODIFY THE TERMS OF SAID DEED OF TRUST
 AS THEREIN PROVIDED

EXECUTED BY | PLAYA CAPITAL COMPANY, LLC, A DELAWARE
 LIMITED LIABILITY COMPANY; PLAYA PHASE I
 COMMERCIAL LAND COMPANY, LLC, A DELAWARE
 LIMITED LIABILITY COMPANY AND BANK OF THE
 WEST, A CALIFORNIA BANKING CORPORATION
 DATED | JANUARY 5, 2003
 RECORDED | MARCH 19, 2003
 INSTRUMENT/FILE NO | 03-770751, OFFICIAL RECORDS

25. INTENTIONALLY DELETED.

26. THE MATTERS CONTAINED IN AN INSTRUMENT

ENTITLED | "NOTICE OF SPECIAL TAX LIEN
 CITY OF LOS ANGELES COMMUNITY FACILITIES
 DISTRICT NO. 5 (PLAYA VISTA-MASTER PLAN)"
 UPON THE TERMS AND CONDITIONS AND COVENANTS THEREIN PROVIDED
 RECORDED | FEBRUARY 16, 2000
 INSTRUMENT/FILE NO | 00-0240767, OF OFFICIAL RECORDS

27. THE MATTERS CONTAINED IN AN INSTRUMENT

ENTITLED | MEMORANDUM OF OPTION
 DATED | AUGUST 8, 2001
 BY AND BETWEEN: PLAYA CAPITAL COMPANY, LLC, A DELAWARE LIMITED
 LIABILITY COMPANY; THE TRUST FOR PUBLIC LAND, A CALIFORNIA
 NONPROFIT PUBLIC BENEFIT CORPORATION UPON THE TERMS AND
 CONDITIONS AND COVENANTS THEREIN PROVIDED
 RECORDED | SEPTEMBER 7, 2001
 INSTRUMENT/FILE NO | 01-1688057, OF OFFICIAL RECORDS

28. INTENTIONALLY DELETED.

29. INTENTIONALLY DELETED.

30. IF AMERICAN LAND TITLE ASSOCIATION (ALTA) FORM OR OTHER
 POLICY IN EXTENDED COVERAGE FORM IS CONTEMPLATED BY THIS
 PRELIMINARY REPORT, THE POLICY WILL CONTAIN THE FOLLOWING
 ADDITIONAL EXCEPTIONS TO COVERAGE:

- (A) ANY RIGHTS, INTERESTS OR CLAIMS OF PARTIES IN POSSESSION
 OF THE LAND NOT SHOWN BY THE PUBLIC RECORD.
- (B) ANY EASEMENTS OR LIENS NOT SHOWN BY THE PUBLIC RECORD.

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- (C) ANY FACTS ABOUT THE LAND WHICH A CORRECT SURVEY WOULD DISCLOSE AND WHICH ARE NOT SHOWN BY THE PUBLIC RECORD.
- (D) ANY WATER RIGHTS, CLAIMS OR TITLE TO WATER ON OR UNDER THE LAND.

31. THE REQUIREMENT THAT STEWART TITLE OF CALIFORNIA, INC. BE INFORMED OF WHAT TYPE OF TITLE INSURANCE COVERAGE/POLICIES ARE BEING REQUESTED, SO THAT WE MAY PROVIDE YOU WITH ANY ADDITIONAL REQUIREMENTS OR EXCEPTIONS THAT WE MAY HAVE OR THAT APPLY.

32. INTENTIONALLY DELETED.

33. A LIEN FOR UNSECURED PROPERTY TAXES FILED BY THE TAX COLLECTOR OF THE COUNTY SHOWN, FOR THE AMOUNT SET FORTH, AND ANY OTHER AMOUNTS DUE:

COUNTY	LOS ANGELES
TAXPAYER	PLAYA CAPITAL COMPANY LLC
YEAR/ACCOUNT NO	01/40745622
AMOUNT	\$5,433.45
RECORDED	MARCH 8, 2002
INSTRUMENT NO.	02-557076 OF OFFICIAL RECORDS

34. THE MATTERS CONTAINED IN AN INSTRUMENT:

ENTITLED	PERMANENT ECOSYSTEM RESTORATION EASEMENT AGREEMENT
DATED	AUGUST 15, 2002
BY AND BETWEEN:	PLAYA CAPITAL COMPANY, LLC, A DELAWARE LIMITED LIABILITY COMPANY AND THE CITY OF LOS ANGELES UPON THE TERMS AND CONDITIONS AND COVENANTS THEREIN PROVIDED.
RECORDED	AUGUST 22, 2002
INSTRUMENT NO.	02-1977694, OFFICIAL RECORDS

REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

35. INTENTIONALLY DELETED.

36. THE MATTERS CONTAINED IN AN INSTRUMENT:

ENTITLED	AGREEMENT
DATED	JUNE 1, 2002
BY AND BETWEEN:	WEST BASIN MUNICIPAL WATER DISTRICT AND PLAYA CAPITAL COMPANY, LLC UPON THE TERMS AND CONDITIONS AND COVENANTS THEREIN PROVIDED.
RECORDED	JULY 30, 2003
INSTRUMENT NO.	03-2184705, OFFICIAL RECORDS

REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

37. THE MATTERS CONTAINED IN AN INSTRUMENT:

Continued on next page

ENTITLED | MEMORANDUM OF AGREEMENT TO SUBORDINATE
 DATED | AUGUST 8, 2001
 BY AND BETWEEN: PLAYA CAPITAL COMPANY, LLC, A DELAWARE LIMITED
 LIABILITY COMPANY AND THE TRUST FOR PUBLIC LAND, A CALIFORNIA
 NONPROFIT PUBLIC BENEFIT CORPORATION UPON THE TERMS AND
 CONDITIONS AND COVENANTS THEREIN PROVIDED.
 RECORDED | OCTOBER 22, 2003
 INSTRUMENT NO. | 03-3162873, OFFICIAL RECORDS

38. A LIEN FOR UNSECURED PROPERTY TAXES FILED BY THE TAX
 COLLECTOR OF THE COUNTY SHOWN, FOR THE AMOUNT SET FORTH, AND
 ANY OTHER AMOUNTS DUE:

COUNTY	LOS ANGELES
TAXPAYER	PLAYA CAPITAL COMPANY LLC LESSEE C/O ASCOM HASLER
YEAR/ACCOUNT NO	02/49914335
AMOUNT	\$117.06
RECORDED	JUNE 17, 2003
INSTRUMENT NO.	03-1722853 OF OFFICIAL RECORDS

39. A LIEN FOR UNSECURED PROPERTY TAXES FILED BY THE TAX
 COLLECTOR OF THE COUNTY SHOWN, FOR THE AMOUNT SET FORTH, AND
 ANY OTHER AMOUNTS DUE:

COUNTY	LOS ANGELES
TAXPAYER	PLAYA CAPITAL LESSEE C/O GTE
YEAR/ACCOUNT NO	02/49917153
AMOUNT	\$1,693.89
RECORDED	SEPTEMBER 8, 2003
INSTRUMENT NO.	03-2623553 OF OFFICIAL RECORDS

40. A LIEN FOR UNSECURED PROPERTY TAXES FILED BY THE TAX
 COLLECTOR OF THE COUNTY SHOWN, FOR THE AMOUNT SET FORTH, AND
 ANY OTHER AMOUNTS DUE:

COUNTY	LOS ANGELES
TAXPAYER	PLAYA CAPITAL LESSEE C/O GTE
YEAR/ACCOUNT NO	02/49917151
AMOUNT	\$2,547.47
RECORDED	SEPTEMBER 8, 2003
INSTRUMENT NO.	03-2623666 OF OFFICIAL RECORDS

41. AN IRREVOCABLE OFFER TO DEDICATE REAL PROPERTY RECORDED
 OCTOBER 23, 2003 AS INSTRUMENT NO. 03-3175571 OF OFFICIAL
 RECORDS WHEREIN A PORTION OF SAID LAND WAS OFFERED FOR
 DEDICATION TO PUBLIC USE FOR STORM DRAIN PURPOSES.

AFFECTS | SAID LAND

42. WATER RIGHTS, CLAIMS OR TITLE TO WATER IN OR UNDER SAID

Continued on next page

LAND, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.

43. MATTERS WHICH MAY BE DISCLOSED BY AN INSPECTION OR BY A SURVEY OF SAID LAND SATISFACTORY TO THIS COMPANY, OR BY INQUIRY OF THE PARTIES IN POSSESSION THEREOF.

END OF EXCEPTIONS

Continued on next page

NOTES**A. LENDERS NOTE:**

IF AN ALTA LOAN POLICY - 1970, AMENDED 10-17-70 (AMENDED 12-6-85) IS REQUESTED, THE FOLLOWING WILL BE ADDED AS AN EXCLUSION FROM COVERAGE:

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 TRANSFER; OR

(II) THE SUBORDINATION OF THE INTEREST OF THE INSURED MORTGAGEE AS A RESULT OF THE APPLICATION OF THE DOCTRINE OF EQUITABLE SUBORDINATION; OR

(III) THE TRANSACTION CREATING THE INTEREST OF THE INSURED MORTGAGEE BEING DEEMED A PREFERENTIAL TRANSFER EXCEPT WHERE THE PREFERENTIAL TRANSFER RESULTS FROM THE FAILURE:

(A) TO TIMELY RECORD THE INSTRUMENT OF TRANSFER; OR (B) OF SUCH RECORDATION TO IMPART NOTICE TO A PURCHASER FOR VALUE OR A JUDGEMENT OR LIEN CREDITOR.

B. IF AN OWNERS POLICY WILL BE REQUESTED, PLEASE BE AWARE THAT UNLESS INSTRUCTED OTHERWISE, WE WILL ISSUE A CLTA STANDARD COVERAGE OWNERS POLICY. IF A DIFFERENT FORM OF POLICY IS CONTEMPLATED FOR THIS TRANSACTION, PLEASE ADVISE AND CONTACT YOUR TITLE OFFICER FOR ADDITIONAL REQUIREMENTS

Continued on next page



Sanctity of Contract

CALIFORNIA "GOOD FUNDS" LAW

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 prior to disbursement. Funds received by Stewart Title of California, Inc. (Stewart Title) via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title. Stewart Title 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 the financial institution, and Stewart Title shall have no obligation to account to the depositing party in any manner for the value of, or pay to such party, any benefit received by Stewart Title. Such benefits shall be deemed additional compensation to Stewart Title for its services in connection with the escrow or sub-escrow.

WIRING INSTRUCTIONS

IF YOU ANTICIPATE HAVING FUNDS WIRED TO STEWART TITLE OF CALIFORNIA, INC. OUR WIRING INFORMATION IS AS FOLLOWS:

ADDITIONAL NOTE: DIRECT WIRE TRANSFERS TO:

CITY NATIONAL BANK

5601 E. SLAUSON AVE

CITY OF COMMERCE, CALIFORNIA 90040

ROUTING NO. 122016066

CREDIT TO STEWART TITLE OF CALIFORNIA, INC.

ACCOUNT # 013 218811

REF: (ORDER # 040104935, TITLE OFFICER NAME: LARRY MCGUIRE)

WHEN INSTRUCTING THE FINANCIAL INSTITUTION TO WIRE FUNDS, IT IS VERY IMPORTANT THAT YOU REFERENCE STEWART TITLE'S ORDER NUMBER.

SHOULD YOU HAVE ANY QUESTIONS IN THIS REGARD PLEASE CONTACT YOUR TITLE OFFICER IMMEDIATELY.