



POLICY OF TITLE INSURANCE



ISSUED BY

First American Title Insurance Company

C
SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

First American Title Insurance Company

BY *Parker S. Kennedy*

PRESIDENT

ATTEST

Mark R. Ames

SECRETARY



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.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule (A), and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A), nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the

by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue

for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE.

It is expressly understood that the Amount of Insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have



FORM NO. 1402.92

(10/17/92)

ALTA OWNER'S POLICY

WESTERN REGIONAL EXCEPTIONS

ORDER NO. 1264179-6

EM

SCHEDULE A

POLICY NO. 1264179-6

AMOUNT OF INSURANCE \$19,500,000.00

PREMIUM \$21,450.00

DATE OF POLICY: JANUARY 2, 2004 AT 11:15 A.M.

1. NAME OF INSURED:

STATE OF CALIFORNIA

2. THE ESTATE OR INTEREST IN THE LAND INSURED HEREIN IS:

FEE

3. TITLE TO THE ESTATE OR INTEREST IN THE LAND IS VESTED IN:

STATE OF CALIFORNIA

4. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "1" ATTACHED HERETO



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SCHEDULE B

THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE (AND THE COMPANY WILL NOT PAY COSTS, ATTORNEYS' FEES OR EXPENSES) WHICH ARISE BY REASON OF:

PART ONE:

1. TAXES OR ASSESSMENTS WHICH ARE NOT SHOWN AS EXISTING LIENS BY THE RECORDS OF ANY TAXING AUTHORITY THAT LEVIES TAXES OR ASSESSMENTS ON REAL PROPERTY OR BY THE PUBLIC RECORDS.
2. ANY FACTS, RIGHTS, INTEREST, OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY AN INSPECTION OF SAID LAND OR BY MAKING INQUIRY OF PERSONS IN POSSESSION THEREOF.
3. EASEMENTS, CLAIMS OF EASEMENT OR ENCUMBRANCES WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS.
4. DISCREPANCIES, CONFLICTS IN BOUNDARY LINES, SHORTAGE IN AREA, ENCROACHMENTS, OR ANY OTHER FACTS WHICH A CORRECT SURVEY WOULD DISCLOSE, AND WHICH ARE NOT SHOWN BY PUBLIC RECORDS.
5. (A) UNPATENTED MINING CLAIMS; (B) RESERVATIONS OR EXCEPTIONS IN PATENTS OR IN ACTS AUTHORIZING THE ISSUANCE THEREOF; (C) WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT THE MATTERS EXCEPTED UNDER (A), (B) OR (C) ARE SHOWN BY THE PUBLIC RECORDS.
6. ANY LIEN, OR RIGHT TO A LIEN, FOR SERVICES, LABOR OR MATERIAL THERETOFORE OR HEREAFTER FURNISHED, IMPOSED BY LAW AND; NOT SHOWN BY THE PUBLIC RECORDS.

PART TWO:

1. RIGHTS OF THE PUBLIC IN AND TO THAT PORTION OF THE LAND LYING WITHIN ROAD, STREETS OR HIGHWAYS.
2. RIGHTS OF THE PUBLIC IN AND TO THAT PORTION OF THE LAND LYING WITHIN THAT PORTION OF LOT 3 IN SECTION 4 HEREIN DESCRIBED, INCLUDED WITHIN THE BOUNDARIES OF THOSE CERTAIN ROADS DESIGNATED ON THE MAPS THEREOF IN THE OFFICE OF THE COUNTY SURVEYOR OF SAN DIEGO COUNTY AS OLD SURVEY NO. 5, NEW SURVEY NO. 172, ROUTE 9; ROUTE 9, DIVISION 2, ROUTE 19 AND ROAD SURVEY NO. 558, AS DISCLOSED BY MAP ON FILE IN THE OFFICE OF THE COUNTY ASSESSOR OF SAN DIEGO COUNTY.

AFFECTS PARCEL 6.



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3. AN EASEMENT FOR PUBLIC ROAD AND INCIDENTAL PURPOSES, RECORDED DECEMBER 3, 1896 IN BOOK 257, PAGE 213 OF DEEDS.
GRANTED TO: SAN DIEGO COUNTY.
AFFECTS: A STRIP OF LAND 20 FEET WIDE, 10 FEET ON EACH SIDE OF THE CENTER LINE OF SURVEY NO. 87, IN THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8 AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 18 SOUTH, RANGE 1 EAST.

THE ROUTE OR LOCATION OF SAID EASEMENT CANNOT BE DETERMINED FROM THE RECORD.

REFERENCE IS MADE TO SAID INSTRUMENT FOR FURTHER PARTICULARS.

AFFECTS PARCEL 5.

4. AN EASEMENT FOR PUBLIC ROAD AND INCIDENTAL PURPOSES, RECORDED DECEMBER 3, 1896 IN BOOK 257, PAGE 214 OF DEEDS.
GRANTED TO: SAN DIEGO COUNTY.
AFFECTS: A STRIP OF LAND 20 FEET WIDE, 10 FEET EACH SIDE OF CENTER LINE OF SURVEY NO. 87 WITHIN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTH HALF OF THE NORTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

THE ROUTE OR LOCATION OF SAID EASEMENT CANNOT BE DETERMINED FROM THE RECORD.

REFERENCE IS MADE TO SAID INSTRUMENT FOR FURTHER PARTICULARS.

AFFECTS PARCEL 1.

5. AN EASEMENT FOR PUBLIC HIGHWAY AND INCIDENTAL PURPOSES, RECORDED JANUARY 22, 1914 IN BOOK 500, PAGE 240 OF DEEDS.
GRANTED TO: THE COUNTY OF SAN DIEGO.
AFFECTS: SAID HIGHWAY TO BE 50.0 FEET WIDE, 25.0 FEET EACH SIDE OF A CENTER LINE OF ROUTE NO. 9 OF THE COUNTY HIGHWAY COMMISSION RECORDS TO THE UPPER OTAY DAM; THENCE CONTINUING EASTERLY ALONG THE LINE OF SAID ROUTE NO. 9 AS SURVEYED AND LOCATED BY GEORGE BUTLER, COUNTY SURVEYOR, NOVEMBER, 1913, TO A CONNECTION WITH COUNTY HIGHWAY COMMISSION ROUTE NO. 16 IN THE JAMUL RANCHO, MORE PARTICULARLY DESCRIBED IN SAID DOCUMENT.

REFERENCE IS MADE TO SAID INSTRUMENT FOR FURTHER PARTICULARS.



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AFFECTS PARCEL 6.

6. THE PRIVILEGE AND RIGHT TO EXTEND DRAINAGE STRUCTURES, EXCAVATION AND EMBANKMENT SLOPES BEYOND THE LIMITS OF A PUBLIC HIGHWAY WHERE REQUIRED FOR THE CONSTRUCTION AND MAINTENANCE OF SAID ROAD AS GRANTED IN DEED RECORDED JULY 14, 1938 IN BOOK 806, PAGE 20 OF OFFICIAL RECORDS.

REFERENCE IS MADE TO SAID INSTRUMENT FOR FURTHER PARTICULARS.

AFFECTS PARCEL 6.

7. AN EASEMENT FOR INGRESS AND EGRESS AND INCIDENTAL PURPOSES, RECORDED NOVEMBER 4, 1988 AS INSTRUMENT NO. 88-567316 OF OFFICIAL RECORDS.
GRANTED TO: UNITED ENTERPRISES, LTD., A CALIFORNIA LIMITED PARTNERSHIP.

THE ROUTE OR LOCATION OF SAID EASEMENT CANNOT BE DETERMINED FROM THE RECORD.

AFFECTS PARCEL 6.

8. THE EFFECT, IF ANY, OF RECORD OF SURVEY MAP NO. 13657, WHICH SETS FORTH, OR PURPORTS TO SET FORTH, CERTAIN DIMENSIONS AND BEARINGS OF THE HEREIN DESCRIBED PROPERTY.
9. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "RECIPROCAL EASEMENT AGREEMENT", EXECUTED BY AND BETWEEN GREGORY T. SMITH AND GEORGIANA G. RODIGER, A.K.A. GEORGIANA R. SMITH, RECORDED NOVEMBER 16, 1999 AS INSTRUMENT NO. 1999-0757906 OF OFFICIAL RECORDS.

AFFECTS PARCELS 6, 7, 8 AND 9.

10. NOTE: A CERTIFICATE OF COMPLIANCE AFFECTING THE HEREIN DESCRIBED PROPERTY WAS RECORDED APRIL 9, 1999 AS FILE NO. 1999-0239671 AND AUGUST 27, 1999 AS FILE NO. 1999-0593227, BOTH OF OFFICIAL RECORDS.

AFFECTS PARCELS 1 THROUGH 5 WITH OTHER PROPERTY.

11. THE FACT THAT SAID LAND COULD BE SUBJECT TO INUNDATION, AS DISCLOSED BY THE COUNTY ASSESSOR'S MAP.



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12. THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "CERTIFICATE OF COMPLIANCE (NOT APPROVED FOR DEVELOPMENT)" RECORDED DECEMBER 7, 2001 AS INSTRUMENT NO. 2001-0897586 OF OFFICIAL RECORDS.

AFFECTS PARCELS 6, 7, 8 AND 9.

13. AN EASEMENT AND RIGHT OF WAY AND THE RIGHT TO REPLACE OR MODIFY SUCH EASEMENT TO PROVIDE INGRESS AND EGRESS AND INCIDENTAL PURPOSES IN FAVOR OF THE CITY OF CHULA VISTA AND THE COUNTY OF SAN DIEGO, RECORDED DECEMBER 12, 2003 AS FILE NO. 2003-1471549 OF OFFICIAL RECORDS.

REFERENCE IS MADE TO SAID INSTRUMENT FOR FURTHER PARTICULARS.

AFFECTS PARCELS 1, 5, 6 AND 9.



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EXHIBIT "1"

PARCEL 1:

THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AND THE EAST HALF OF THE NORTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 2:

LOT 3 IN SECTION 7, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 3:

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 8 AND THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 4:

THE EAST HALF OF THE WEST HALF OF SECTION 9, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 5:

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 5; THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4; AND THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8, ALL IN TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

EXCEPTING FROM THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 5, THAT PORTION THEREOF DESCRIBED AS FOLLOWS:



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BEGINNING AT A POINT FROM WHICH THE NORTHWEST CORNER OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, BEARS NORTH 89°15' WEST, 1273.20 FEET; THENCE SOUTH 15°38' EAST, 926.10 FEET; THENCE SOUTH 44°52' WEST, 136.30 FEET; THENCE NORTH 45°52' WEST, 938 FEET; THENCE SOUTH 81°55' WEST, 760.90 FEET; THENCE NORTH 458.87 FEET TO THE NORTHWEST CORNER OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN; THENCE SOUTH 89°15' EAST, 1273.20 FEET TO THE POINT OF BEGINNING.

PARCEL 6:

LOT 3 AND THE NORTH 23.75 ACRES OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 7:

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 8:

THE WEST HALF OF THE NORTHEAST QUARTER AND THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 9, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 9:

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 18 SOUTH, RANGE 1 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION, RUNNING THENCE NORTH ALONG THE CENTER LINE OF SAID SECTION 4, 112.5 RODS TO THE SOUTHERLY LINE OF THE NORTHERLY 23.75 ACRES OF THE NORTHWEST QUARTER OF THE SAID SOUTHEAST QUARTER; THENCE AT RIGHT ANGLES EAST 80 RODS; THENCE AT RIGHT ANGLES SOUTH 112.5 RODS; THENCE AT RIGHT ANGLES WEST 80 RODS TO THE POINT OF BEGINNING.



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EXCEPTING FROM PARCELS 3, 4 AND 8 , THE FOLLOWING:

ALL OF THOSE PORTIONS OF SECTION 9, T.18 S., R. 1 E., S.B.M., IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE UNITED STATES GOVERNMENT SURVEY THEREOF, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: _

BEGINNING AT THE EAST 1/16 CORNER COMMON TO SECTIONS 9 AND 16, T.18 S., R. 1 E., S.B.M.; **THENCE** WESTERLY ALONG THE SOUTHERLY LINE OF SAID SECTION 9, S.89°07'36"W. 2681.24 FEET MORE OR LESS TO THE WEST 1/16 CORNER COMMON TO SAID SECTIONS 9 AND 16; **THENCE** NORTHERLY ALONG THE WESTERLY LINE OF THE EAST ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 9, N.00°06'30"W. 2615.78 FEET MORE OR LESS TO THE WEST 1/16 CORNER OF SAID SECTION 9; **THENCE** WESTERLY ALONG THE CENTER SECTION LINE OF SAID SECTION 9, N.89°47'44"W. 672.76 FEET MORE OR LESS TO THE SOUTHWEST CORNER OF THE SOUTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 9; **THENCE** ALONG THE WEST LINE OF SAID SOUTHEAST ONE-QUARTER, NORTH 655.57 FEET MORE OR LESS TO THE NORTHWEST CORNER OF THE SOUTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 9; **THENCE** EASTERLY ALONG THE NORTHERLY LINE OF THE SOUTH ONE-HALF OF THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 9, S.89°38'46"E. 1331.67 FEET MORE OR LESS TO THE SOUTHWEST CORNER OF THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 9; **THENCE** NORTHERLY ALONG THE WESTERLY LINE OF SAID NORTHEAST ONE-QUARTER, N.00°31'01"W. 652.14 FEET MORE OR LESS TO THE NORTHWEST CORNER OF THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 9; **THENCE** EASTERLY ALONG THE NORTHERLY LINE OF THE SOUTHERLY ONE-HALF OF THE NORTHERLY ONE-HALF OF SAID SECTION 9, S.89°29'44"E. 1401.64 FEET MORE OR LESS; **THENCE** DEPARTING SAID NORTHERLY LINE , SOUTHERLY, S.00°57'57"E. 648.55 FEET MORE OR LESS TO THE INTERSECTION WITH THE NORTHERLY LINE OF THE SOUTHERLY ONE-HALF OF THE SOUTHERLY ONE-HALF OF THE NORTHERLY ONE-HALF OF SAID SECTION 9; **THENCE** EASTERLY ALONG SAID NORTHERLY LINE, S.89°38'47"E. 580.09 FEET MORE OR LESS TO THE INTERSECTION WITH THE EASTERLY LINE OF THE WESTERLY ONE-HALF OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 9; **THENCE** SOUTHERLY ALONG SAID EASTERLY LINE S.01°11'32"E. 647.10 FEET MORE OR LESS TO



FORM NO. 1402.92

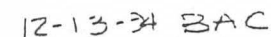
(10/17/92)

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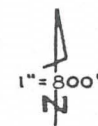
THE EAST 1/16 CORNER OF SAID SECTION 9; **THENCE** SOUTHERLY ALONG THE
EASTERLY LINE OF THE WESTERLY ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF
SAID SECTION 9, S.00°35'56"E. 2565.57 FEET MORE OR LESS TO THE **BEGINNING**.

[illegible]

"This plat is for your aid in locating your land with reference to streets and other parcels. While this plat is believed to be correct, the Company assumes no liability for any loss occurring by reason of reliance thereon."

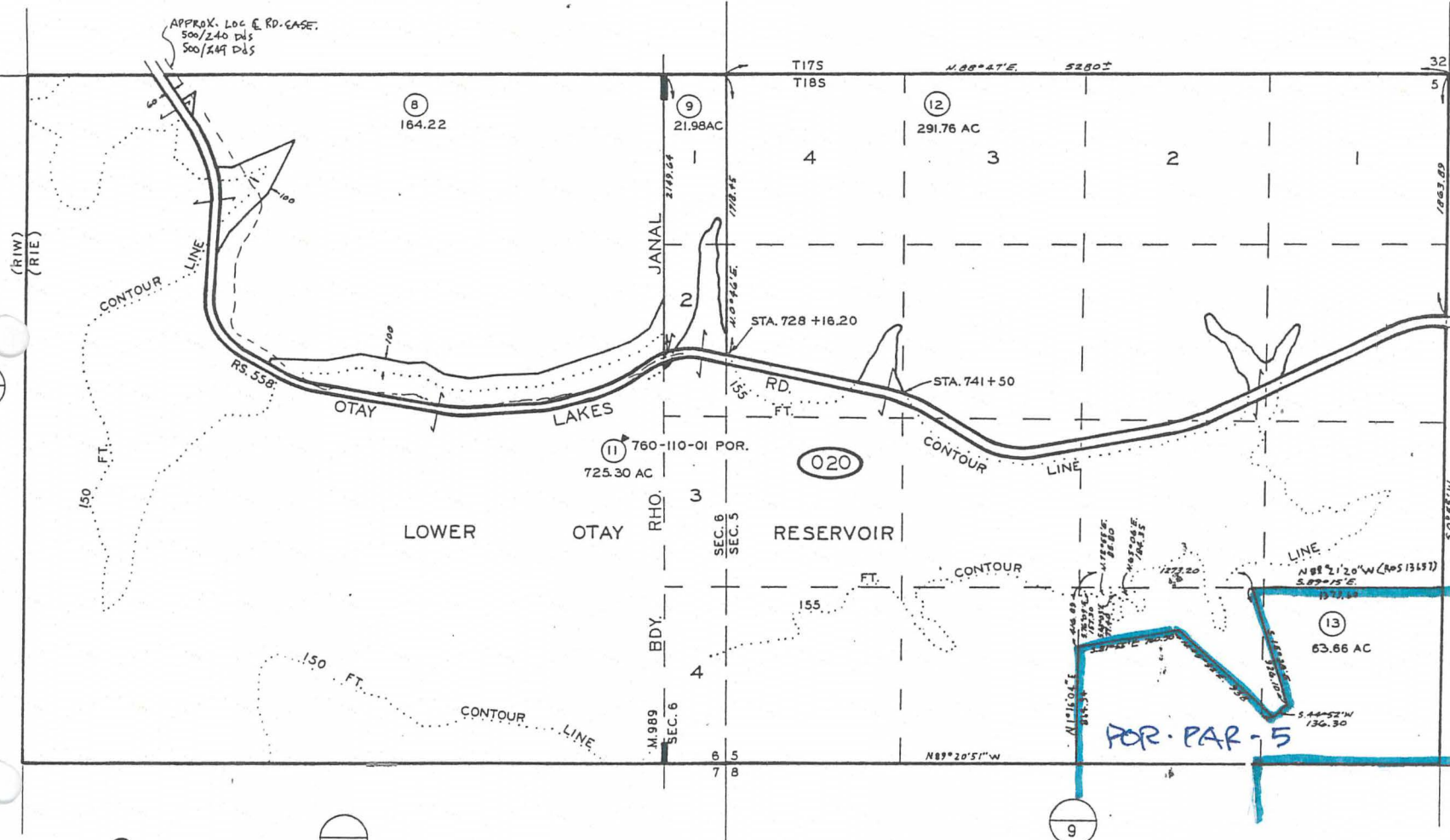
THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

SEC. 8-T18S-R1E
ROS 13657

598
13598
1432
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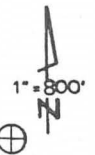
8-23-95 JES

CHANGES				
BLK	OLD	NEW YR	CUT	
020	2-61			
485	7	77	2468	
813	869	77	10108	
147	104	89	1434	
10	1213	95	1638	
1213	AC CHG	96	5505	

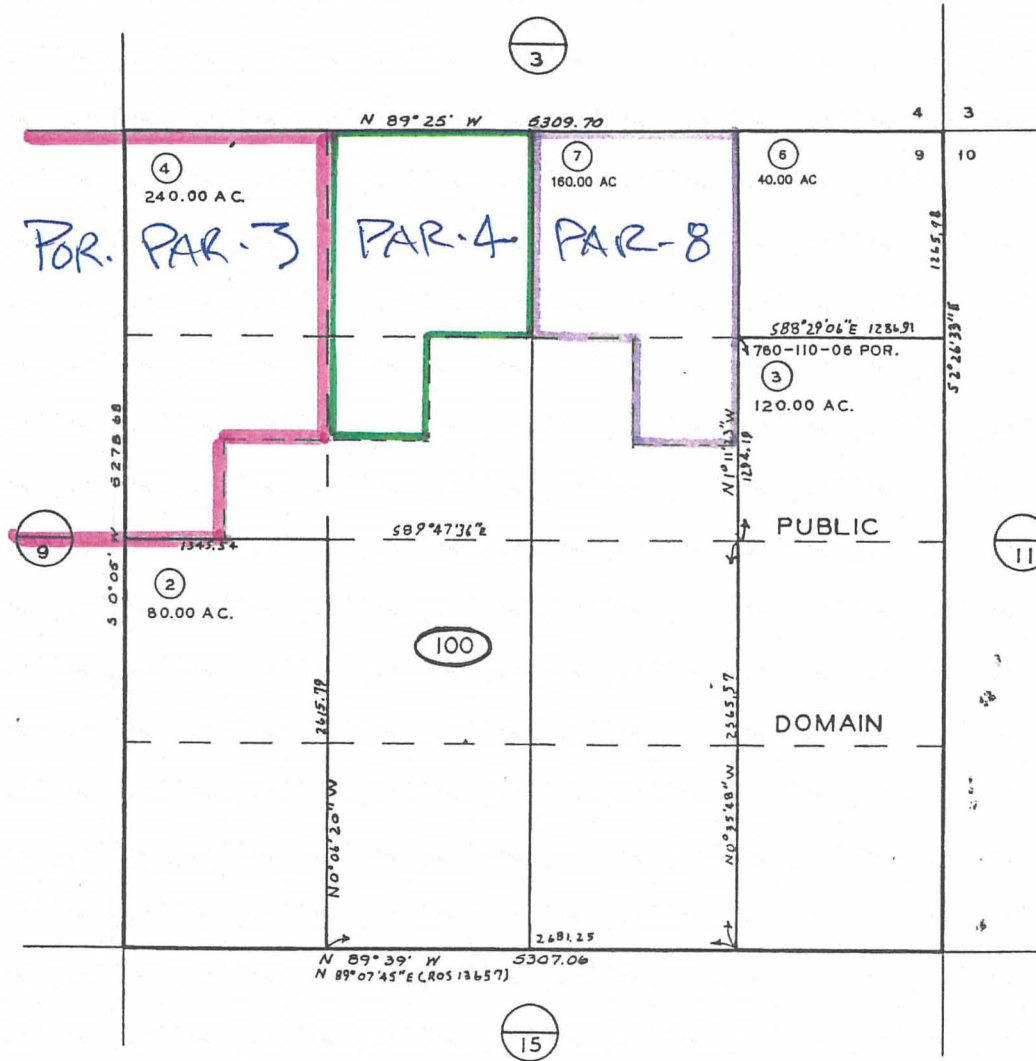


THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

MAP 989 - RHO JANAL LOWER OTAY RESERVOIR
SEC 5 - T18S-R1E
SEC 6 - T18S-R1E
ROS 13657,14295



647-100



02/24/2000 KJA

CHANGES

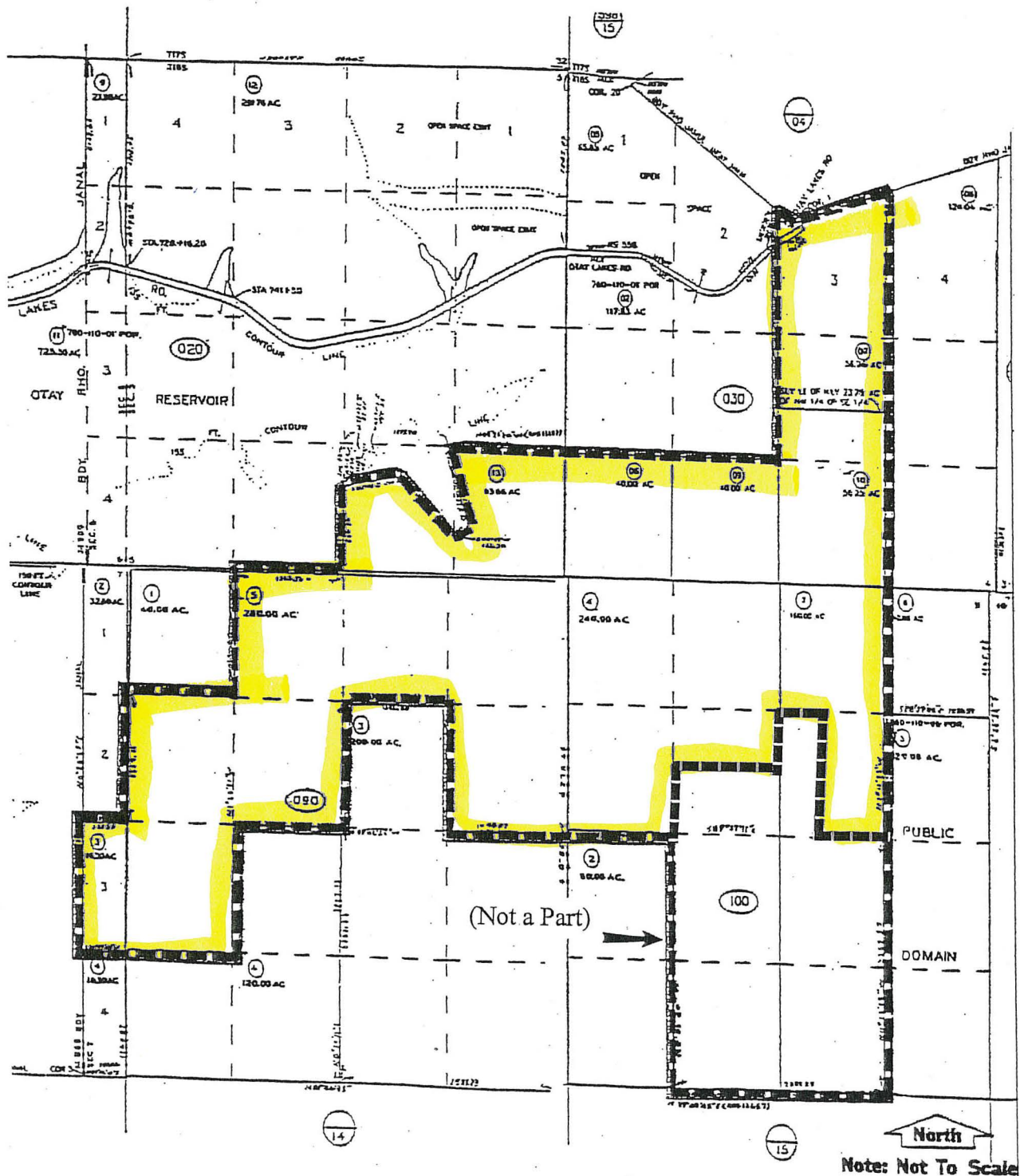
BLK	OLD	NEW	CUT
Pack-UP	3	76	11042 PA.
1	4 & 5	92	1848 AC
5	6 & 7	00	1813

This map may or may not be a true and correct copy of the land records. The assessor's office is not responsible for alleged loss or damage which may result from reliance upon this map.

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SEC 9-T18S-R1E
ROS 13657

PLAT MAP



insured shall have liability by reason of covenants or warranties made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against

Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the Amount of Insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or (ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule (A)(C) consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the Amount of Insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable

had against any person or property insured in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

16. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at 114 East Fifth Street, Santa Ana, California 92701, or to the office which issued this policy.