

AGREEMENT FOR TRANSFER OF REAL PROPERTY

This Agreement for the Transfer of Real Property ("Agreement") dated January 15, 2002 (the "Effective Date"), is entered into by and between the COUNTY OF SAN MATEO, hereinafter referred to as "County," and ANTHONY H. EREDIA, Trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84, VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, Trustees of the Molinaro Amended Trust, UTA dated 11/17/86, MICHAEL MOLINARO, Successor Trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76, LELAND W. HANCOCK and BEVERLY J. HANCOCK, Husband and Wife, as Joint Tenants, MICHAEL D. MCCRACKEN and MARJERY R. MCCRACKEN, Husband and Wife as Joint Tenants and DAVID J. BYERS and LINDA R.V. BYERS, Husband and Wife as Joint Tenants, ANTHONY J. IEMMA, a married man as his sole and separate property, and THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J. IEMMA, Personal Representative, hereinafter referred to as "Owners."

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of Owners and County:

- A. ~~Owners and County have entered into an Agreement for the Exclusive Rights to Negotiate~~ (the "ERN") dated August 21, 2001, concerning that certain real property, hereinafter referred to as the "Property". The Property is that certain real property located in the unincorporated area of the County of San Mateo commonly known as El Granada, and is commonly referred to as "Mirada Surf", but is more particularly described in Exhibit A, which is attached hereto and incorporated herein by this reference. The ERN was recorded in the Official Records of San Mateo County on September 24, 2001 at Doc#2001-150155.
- B. The eastern portion of the Property (hereinafter referred to as the "Eastern Parcel") is comprised of APN 047-330-010, is more particularly identified as Parcel One in Exhibit A, and is designated "Public Recreation/Community Park" under the County's General Plan. The western portion of the Property (hereinafter referred to as the "Western Parcel") is comprised of APN 047-331-010, is more particularly identified as Parcel Two in Exhibit A, and is designated "General Open Space" under the County's General Plan. Both portions are zoned RM/CZ. The County Planning Commission has determined that the County's acquisition of the Property conforms with the County's General Plan.
- C. One step in the eminent domain process is a resolution of necessity. The County Manager has sent a letter dated January 4, 2002, to Owners' attorney setting forth the County Manager's intent concerning the consideration of a resolution of public use and necessity regarding the Property. A copy of that letter is attached hereto as Exhibit B.

- D. Owners have asserted, or threatened to assert, certain claims against the County related to the County's land use requirements for the Property and road development adjacent to the Property (the "Claims"), which Claims County disputes.
- E. Owners and County are now prepared to finalize the terms and conditions of the sale and purchase of the Property as set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in reliance on the above recitals and in consideration of the mutual agreements, covenants, and other obligations set forth herein, the Parties agree as follows:

1. **RECITALS.** Each of the recitals set forth above is true and correct.
2. **AGREEMENT OF PARTIES.** Owners agree to transfer fee title to the Property to County, and County agrees to accept the fee title to the Property, pursuant to the terms and conditions of this Agreement. and County and Owners agree to settle the Claims on the terms and conditions set forth in this Agreement.
3. **GENERAL TERMS AND CONDITIONS OF SALE.** The parties' general intent is that the sale price for entirety of the Property is \$6,000,000; that the County immediately pay \$3,000,000 and receive fee title to the Eastern Parcel and the right and option to purchase the Western Parcel for an additional \$3,000,000 within 12 months; and that the consideration paid pursuant to the ERN be credited \$125,000 toward the Eastern Parcel Purchase Price and \$125,000 toward the Western Parcel Purchase Price. The specific duties, obligations and understanding of the parties are as specified in this Agreement.
4. **PURCHASE PRICE.** The purchase price for the entirety of the Property is Six Million Dollars (\$6,000,000) comprised of Three Million Dollars (\$3,000,000) for Eastern Parcel (the "Eastern Parcel Purchase Price") and Three Million Dollars (\$3,000,000) for Western Parcel (the "Western Parcel Purchase Price"). For each Parcel, the purchase price for that Parcel shall be paid in full at the time of the transfer of the fee title to the Parcel to the County or its nominee.
5. **TRANSFER OF THE EASTERN PARCEL.** All duties to sell and purchase the Eastern Parcel are expressly conditioned upon the occurrence and satisfaction of each of the conditions set forth below on or before the Eastern Closing.

5.1 **Title.** The parties will seek to resolve, prior to the Eastern Closing and at the County's expense and to the County's satisfaction, any boundary line or parcel description discrepancies in connection with the Eastern Parcel. At the Eastern Closing, Owners will convey fee simple title to the Eastern Parcel, together with all rights, privileges, easements and appurtenances thereto, by grant deed to County, or its nominee, free and clear of all liens, encumbrances and other title exceptions, whether or not of record, except for: a lien for real property

taxes and assessments not yet due or payable; Exceptions Nos. ____, ____, ____, ____ and ____ as shown on Schedule B, of Guarantee Order No. _____ (hereinafter referred to as the "Preliminary Title Report", and attached hereto as Exhibit C); and such other exceptions as are approved by County in its sole discretion that will not affect the value of any part of the Property or County's intended use of the Property (the "Eastern Permitted Title Exceptions"). County, or its nominee, at its option may chose to receive at the Eastern Closing (i) title insurance from a title company selected by County, insuring good and marketable title in County, or its nominee, under an ALTA owner's form extended coverage policy in the face amount of the Eastern Parcel Purchase Price, subject only to the Eastern Permitted Title Exceptions and containing such endorsements as County may request, and (ii) a current ALTA survey of the Eastern Parcel in accordance with the requirements of County and the title company. The County may accept title to the Eastern Parcel without resolving all of its boundary line or parcel description concerns. Owners agree, to cooperate with County (both before and after the Eastern Closing) as appropriate and necessary (including the execution of corrective deeds or quit claim deeds) to satisfy and resolve any outstanding boundary line or property description concerns of the County.

5.2 Physical Inspection and Condition. As the Eastern Parcel is being transferred in an "as is" condition, County shall have conducted, at County's sole cost and expense, such inspections and tests of the Eastern Parcel as County may determine are necessary to assure itself that the physical condition of the Eastern Parcel is acceptable.

5.3 Owners' Representations. Owners represent and warrant that as of the Eastern Closing each of the disclosures, representations and warranties of Owners contained in this Agreement shall be true and correct in all respects, to the same extent as if made as of the date of the Eastern Closing.

5.4 Owners' Covenants Fulfilled. Owners shall have performed in a timely fashion all covenants made by Owners under this Agreement, including without limitation, the settlement and release of Claims as described in Article 9, below.

6. TRANSFER OF THE WESTERN PARCEL. All duties to sell and purchase the Eastern Parcel are expressly conditioned upon the occurrence and satisfaction of each of the conditions set forth below on or before the Western Closing.

6.1 Title. At the Western Closing, Owners will convey fee simple title to the Western Parcel, together with all rights, privileges, easements and appurtenances thereto, by grant deed to County, or its nominee, free and clear of all liens, encumbrances and other title exceptions, whether or not of record, except for: a lien for real property taxes and assessments not yet due or payable; Exceptions Nos. ____, ____, ____, ____ and ____ as shown on Schedule B of the Preliminary Title Report; and such other exceptions as may reflect the "Land Use Measures" referenced in Article 7, below, or are otherwise approved by County in its sole discretion that will not affect the value of any part of the Property or County's intended use of the Property (the "Western Permitted Title Exceptions"). County, or its nominee, at its option, may chose to receive at the Western Closing (i) title insurance from a title company selected by County, insuring good and marketable title in County, or its nominee, under an ALTA owner's form extended coverage policy in the face amount

of the Western Parcel Purchase Price, subject only to the Western Permitted Title Exceptions and containing such endorsements as County may request, and (ii) a current ALTA survey of the Western Parcel in accordance with the requirements of County and the title company.

6.2 Physical Inspection and Condition. As the Western Parcel is being transferred in an "as is" condition, County shall have conducted, at County's sole cost and expense, such inspections and tests of the Western Parcel as County may determine are necessary to assure itself that the physical condition of the Western Parcel is acceptable.

6.3 Owners' Representations. Owners represent and warrant that as of the Western Closing each of the disclosures, representations and warranties of Owners contained in this Agreement shall be true and correct in all respects, to the same extent as if made as of the date of the Western Closing.

6.4 Owners' Covenants Fulfilled. Owners shall have performed in a timely fashion all covenants made by Owners under this Agreement, including without limitation, the settlement and release of Claims as described in Article 9, below.

6.5 Eastern Closing. The Western Closing is specifically conditioned on the Eastern Closing having occurred before, or simultaneous with, the Western Closing.

7. LAND USE MEASURES. It is the intention of the Owners to proceed with preparing the Western Parcel for development while the purchase and sale of that parcel is pending. Sellers intend to obtain a lot line adjustment and other permits necessary to develop the Western Parcel (the "Land Use Measures"). On transfer of the Eastern Parcel to the County, the County shall waive all planning and environmental fees normally imposed by the County in connection with any lot line adjustment, or other County permit or approval, required to develop the Western Parcel. In connection with the approval of said lot line adjustment, on transfer of the Eastern Parcel to the County, the County shall waive all water, sewer and road requirements that might regularly attach to approval of said lot line adjustment. Provided, however, before any actual development or use of the Western Parcel as anything other than open space is permitted or allowed, all of said water, sewer and road requirements that may have been waived or that have been waived, together with any other requirements or approvals, will have to be satisfied as required in the normal and regular course of approval.

8. REPRESENTATIONS AND WARRANTIES OF OWNERS REGARDING THE PROPERTY. With regard to the Property, including both the Eastern Parcel and the Western Parcel, the Owners hereby represent and warrant as follows:

8.1 Contracts; Leases. That, except for the ERN, no leases or other contractual obligations exist upon which Owners are obligated pertaining to any part of the Property, and no other person or entity has the right to lease, occupy, or use any part of the Property.

8.2 Compliance with Agreements. Neither this Agreement nor anything provided to be done hereunder, including, but not limited to, the conveyance and transfer of the Property, violates

or shall violate any lease, agreement, or instrument to which Owners are a party or which affects any portion of the Property. Owners hereby agree to indemnify and hold County harmless from all claims of third parties that the conveyance and transfer of the Property, or any part of the Property, violates any lease, agreement, or instrument to which Owners are a party and which affects the Property.

8.3 State of Facts. Owners warrant and represent that Owners are not in default of any obligations or liabilities pertaining to the Property, nor is there any state of facts or circumstances or condition or event which, after notice or lapse of time or both, would constitute or result in any such default.

8.4 Payment of All Obligations. As of Eastern Closing, Owners shall cause to be discharged all mechanics' and materialmen's liens arising from any labor and material furnished on or to the Property, or any portion thereof, prior to the Eastern Closing, or they shall cause a bond to be posted to secure payment of the mechanics' and materialmen's liens from a surety company and in an amount approved in advance, in writing, by County. In the event there are undischarged mechanics' and/or materialmen's liens affecting the Property as of Eastern Closing, or the Western Parcel as of the Western Closing, and Owners have not posted bonds securing payment of the liens pursuant to this section, County shall have the option to accept a transfer of the Property subject to the undischarged liens and deduct the amount claimed under such liens (including interest and attorneys' fees) from the Purchase Price otherwise payable to Owner at the applicable Closing.

8.5 Disclosures. Owners specifically represent and warrant that they have no knowledge of hazardous materials, substances or wastes ("Contamination") on, in or under any part of the Property or that any Contamination on, in or under the Property. As noted elsewhere in this Agreement, County and its agents, consultants and representatives have the right to enter the Property at any reasonable time to inspect for the discharge or presence on the Property of Contamination. If any form of Contamination is found on, under, in, around or near the Property, County shall have the right, at its own election and timing, to withdraw from any part, or all of the transfer herein contemplated and terminate this Agreement. If such a termination occurs Owners shall return to County, without interest, all of the Two Hundred and Fifty Thousand Dollars (\$250,000) paid to Owners under the ERN. As to each Parcel, after the Close as to that parcel, Owners shall be relieved of liability to County in connection with any Contamination discharged or otherwise brought onto that Parcel.

8.6 Delivery of Documents: Right of Entry. Within seven (7) days after the Effective Date, Owners will deliver to County copies of all documents pertaining to the condition or use of the Property, including any environmental reports, studies or inspections, environmental regulatory agency permits, soils reports, surveys, notices of any statute or code violation pertaining to the Property for the previous five (5) years and documents pertaining to the resolution thereof, and any and all other documents that are of significance to the Property or that County may reasonably request. As of the Effective Date, County and its agents, contractors, employees and authorized representatives shall have, and are hereby granted, access to the Property, from time to time, to inspect the condition of all aspects of the Property, including, without limitation, the making of such environmental assessments, soils borings, test wells and other investigations as County may deem

proper. County will be responsible at its expense for performing or arranging any investigations of the Property it elects in its sole discretion to undertake.

8.7 Ownership of the Property. As set forth in paragraph 12 of the ERN, Owners represent and warrant collectively and individually, that they are the fee owners of the Property and that they each have the power and authority to enter into this Agreement on behalf of themselves, any predecessor in-intent, any successors-in-intent and any person or entity that may have rights in the Property. Owners agree to indemnify, hold harmless, and defend the County from any liability, claims, expenses, demands, damages or cause of action of any kind or character asserted by any person or entity claiming rights inconsistent with the warranty in this paragraph.

8.8 Authority. This Agreement and all other documents delivered by Owners to County, prior to or at either Closing, have been or shall be duly authorized and executed and delivered by Owners, shall be legal, valid, and binding obligations of Owners sufficient to convey title, and shall be enforceable in accordance with their respective terms.

8.9 Survival. Owners' representations, warranties, and covenants contained in this Article 8 shall survive both Closings and the recordation of the Deeds.

9. CLOSINGS.

9.1 Escrow. Old Republic National Title Insurance Company, whose address is 601 Allerton, Redwood City, California 94063, shall be the escrow agent ("Escrow Agent"). The transactions contemplated by this Agreement shall be consummated through an escrow opened with Escrow Agent (a "Closing"). Owners and County shall each deposit with Escrow Agent all funds and documents necessary to consummate the transfers contemplated by this Agreement on or before the Closing Dates. The parties anticipate that there will be two closings, one for the Eastern Parcel (the "Eastern Closing") consistent with the provisions of Article 5, above, and one for the Western Parcel (the "Western Closing") consistent with the provisions of Article 6, above.

9.2 Property Taxes and Assessments.

A. Except as described in Section 9.2.B, below, for each Closing, Owners shall be responsible for the payment of any and all property taxes and assessments for that Parcel, including any delinquencies or penalties associated therewith, for periods prior to that Closing.

B. Owners have represented to County that Owners are in a dispute with the Granada Sanitary District regarding certain assessments, penalties, delinquencies, and interest charges (the "GSD Dispute"). Owners also have concerns with regard to the transfer of ERUs, but those concerns are not a subject of this Agreement. As of the date of this Agreement, the GSD Dispute involves approximately \$65,000 as to the Eastern Parcel (the "Eastern GSD Dispute Amount") and \$47,000 as to the Western Parcel (the "Western GSD Dispute Amount"). The Owners agree that they do not intend or wish for the GSD Dispute to cloud the title to the Property or to ever be or become an obligation of the County as purchaser of the Property. At the same time Owners do not wish to make final resolution of the GSD Dispute a precondition for the Closings. Accordingly, the parties agree

that instead of the amounts of the GSD Disputes being handled as a Deposit by Owners pursuant to Section 9.4, or as an Offset pursuant to Section 9.6, any unpaid GSD Dispute Amount items will be addressed as follows:

- i) At the time of the Eastern Closing, a sum equal to 125% of any unpaid Eastern GSD Dispute Amount (approximately \$81,250) shall be retained from the Eastern Parcel Purchase Price paid by County, and instead of being paid or credited to Owners, shall be retained by Escrow Agent or another escrow account (the "Eastern Retainage"). Said Eastern Retainage shall be used only to pay and satisfy the Eastern GSD Dispute Amount. Owners shall supplement or increase the Eastern Retainage as may be necessary to pay and satisfy the Eastern GSD Dispute Amount. Any excess remaining in the Eastern Retainage, including any interest earned thereon, after full satisfaction of the Eastern GSD Dispute Amount shall be and become the sole property of Owners. Owners shall bear all costs and expense, including any separate or additional escrow costs or fees, in connection with the Eastern Retainage.
- ii) At the time of the Western Closing, a sum equal to 125% of any unpaid Western GSD Dispute Amount (currently estimated to be approximately \$66,000 assuming interest at 1.5% per month for 12 months) shall be retained from the Western Parcel Purchase Price paid by County, and instead of being paid or credited to Owners, shall be retained by Escrow Agent or another escrow account (the "Western Retainage"). Said Western Retainage shall be used only to pay and satisfy the Western GSD Dispute Amount. Owners shall supplement or increase the Western Retainage as may be necessary to pay and satisfy the Western GSD Dispute Amount. Any excess remaining in the Western Retainage, including any interest earned thereon, after full satisfaction of the Western GSD Dispute Amount shall be and become the sole property of Owners. Owners shall bear all costs and expense, including any separate or additional escrow costs or fees, in connection with the Western Retainage.

9.3 Closing Costs. Except as otherwise provided herein, all Closing costs for both closings shall be paid by County.

9.4 Deposit by Owners. Owners acknowledges that if the County is the grantee of title to the Property, or any portion thereof, the County Board of Supervisors must first accept the specific grant deed or other form of dedication or transfer before the transfer contemplated herein can occur. For each Closing, Owners shall deliver the specific grant deed or other form of dedication or transfer to County for any acceptance by the County Board of Supervisors, and said transfer document, fully executed and notarized describing the portion of the Property being transferred and transferring title to the County, shall be deposited with Escrow Agent in sufficient time for escrow to close on or before the applicable Closing Date. For each Closing, Owners shall also deposit with Escrow Agent in sufficient time for escrow to close on or before the Closing Date (a) all documents required under Internal Revenue Code Section 1445 certifying that none of the Owners is a "foreign person." In the event Owners fail to deliver such documentation, County may elect to withhold sums from the sales price in accordance with IRC 1445; (b) documentary proof, satisfactory to County, that the applicable portions of the Property, once transferred to County, will not be subject to any third party

assessments, claims or liens, (c) such other documents and funds including, without limitation, any recordable restrictions on the Property that may be requested by County; releases, and escrow instructions as are required of Owners to close the transfers in accordance with this Agreement.

9.5 Deposit by County. For each Closing, County shall deposit, or cause to be deposited, with Escrow Holder in sufficient time for each escrow to close on or before the respective Closing Date: (a) any required Certificate of Acceptance from the County Board of Supervisors; (b) the applicable purchase price (c) such other documents and funds, including, without limitation, documents of acceptance and restriction and escrow instructions as are required of County, to complete the transfer in accordance with this Agreement. For the Eastern Parcel Closing, County shall deposit Two Million Eight Hundred Seventy Five Thousand Dollars (\$2,875,000) as the remaining balance of the Eastern Parcel Purchase Price, as County will be credited with having already paid Owners One Hundred Twenty Five Thousand Dollars (\$125,000) toward the Eastern Parcel. This latter amount was paid by County to Owners pursuant to the ERN. For the Western Parcel Closing, County shall deposit Two Million Eight Hundred Seventy Five Thousand Dollars (\$2,875,000) as the remaining balance of the Western Parcel Purchase Price, as County will be credited with having already paid Owners One Hundred Twenty Five Thousand Dollars (\$125,000) toward the Western Parcel. This latter amount was paid by County to Owners pursuant to the ERN.

9.6 Off Sets. At each Closing, the County may hold, retain and/or off set from payment of such amounts as are necessary to close escrow in accordance with this Agreement, including without limitation amounts to cover unpaid obligations, property taxes, or other assessments or liens allowed by Owners to remain on the Property, or portions thereof, in violation of the conditions of Closing as set forth in this Agreement.

9.7 Possession. At each Closing, Owners shall deliver to County or its nominee (including without limitation an agency, district, department or other entity as designated by the County), title and possession of the applicable portion of the Property free from any right of possession by any third party.

9.8 Closing Dates. The scheduled Eastern Closing Date shall be the date that is the 10th working day after the date that a fully executed original of this Agreement is delivered to the County. Owners shall transfer title to the Eastern Parcel pursuant to the terms and conditions of this Agreement on or before that date. The Western Closing Date shall occur within 12 calendar months of the Eastern Closing Date. The intention of the parties in so spacing the Closing Dates is to give the parties time to solicit additional non-profit funding sources for participation in the purchase of the Western Parcel. Should there not be sufficient funds raised in a timely manner from said third party sources to purchase the Western Parcel, County shall not be bound to purchase the Western Parcel. Should the Western Closing Date not occur within 12 calendar months of the eastern Closing Date, for any reason other than delay or failure to perform by Owners, Owners may terminate this Agreement as to the Western Parcel. Provided, however, County may extend the Western Closing Date for an additional 6 calendar months by paying to Owners, on or before the last day for the Western Closing Date, Seventy Five Thousand Dollars (\$75,000), which sum shall be credited toward the Western Parcel Purchase Price.

9.9 Post-Closing Activities. Owners agree, to cooperate with County, even after the Western Closing, as appropriate and necessary (including the execution of corrective deeds or quit claim deeds) to satisfy and resolve any outstanding boundary line or property description concerns of the County with regard to any portion of the Property.

10. **SETTLEMENT AND RELEASE OF CLAIMS.**

10.1 In consideration of acceptance of the title to the Eastern Parcel by County and the agreements contained herein regarding Land Use Measures, Owners agree that as of the Eastern Closing, Owners and each of them, forever release, absolve, disclaim, and discharge County, from any and all known and unknown demands, claims, obligations, actions, causes of action, damages, losses, costs or expenses, of any nature whatsoever, past, present or future, existing or claimed to exist, which the Owners or any of them has had, now has, or may have hereafter against County regarding the Eastern Parcel and any Claim, as they may relate to the Eastern Parcel. In consideration of acceptance of the title to the Western Parcel by County and the agreements contained herein regarding Land Use Measures, Owners agree that as of the Western Closing, Owners and each of them, forever release, absolve, disclaim, and discharge County, from any and all known and unknown demands, claims, obligations, actions, causes of action, damages, losses, costs or expenses, of any nature whatsoever, past, present or future, existing or claimed to exist, which the Owners or any of them has had, now has, or may have hereafter against County regarding the Western Parcel and any Claim, as they may relate to the Western Parcel.

10.2 With respect to the foregoing releases, the parties specifically and expressly waive any rights and benefits available to them under the provisions of Section 1542 of the Civil Code of the State of California which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

10.3 The parties have each consulted counsel and fully understand the statutory language and intent of Civil Code Section 1542 and, with this understanding, the parties elect to and do assume all risk for claims hereto and hereafter arising, known or unknown, from the subject of the releases in this Article, and the parties specifically waive any rights they may have under California Civil Code Section 1542. The parties understand that if the facts or law forming the basis for this Agreement are found hereafter to be different from the facts or law now believed by one or both of them to be true, they expressly accept the consequences, and assume the risk of such possible difference in facts or law and agree that these releases shall remain fully effective nonetheless, and that any different facts or law shall not be grounds for any action contrary to the releases, including an action for rescission or restitution.

10.4 Owners agree that they will not bring, commence, maintain, or prosecute any action at law or proceeding in equity against County with regard to any matter which is released under this Agreement. Owners represent that they currently hold or represent all interests with regard to the Claims, and Owners agree that they shall forever defend and indemnify County against any and all

claims in connection with, or arising out of, the Property or the Claims that may be brought or alleged against County by anyone claiming to be an owner or co-owner of the Property.

10.5 Owners understand and agree that, except for amounts that may be specified in this Agreement, County, and any grantee, if different from the County, shall not be responsible for, pay, or reimburse Owners for, any costs or expenses incurred or claimed by Owners, or any of them, in connection with relocation, acquisition, or relocation assistance or benefit, associated with the Property, the improvements or personal property thereon, or County or grantee's acquisition of the Property.

10.6 Owners and each of them agree that this Agreement may and shall be pled as a full and complete defense to, and it may be used as a basis for an injunction against, any action of suit which may be instituted, prosecuted, or maintained in breach of the terms contained herein.

10.7 On or before each Closing, Owners shall file, or otherwise deliver to Escrow Agent or County, any documents required to confirm the release provided in this Article, including without limitation any dismissal or stipulation that may be required in order to terminate Claims against County brought in any litigation that may have been filed.

11. **RELATED PARTIES.** This Agreement, including without limitation the release set forth above, shall apply to all Related Parties to any of the parties to this Agreement. As used herein, the term "Related Parties" shall mean and include, any spouse, heir, executor, administrator, trustee, successor, successor-in-interest, affiliate, assignee, assignor, attorney, subsidiary, agent, employee, officer, board director, member, supervisor, shareholder, owner or alter ego, principal, or partner of any party to this Agreement.

12. **GENERAL.**

12.1 **Improvements and Personal Property.** Owners understand and agree that it is the intention of the County to designate and use the Property as Open Space. Owners agree that as to each Parcel, no improvements other than those that may already be on the Parcel shall be placed thereon by Owners between the date of this Agreement and the Closing of that Parcel; that any structures or personal property remaining after the Closing shall be considered abandoned and may be disposed of by County, and that after Closing, Owners will no longer have any right to remove any remaining personal property from the Parcel without the prior approval of County. Owners shall not perform any task or activities on the property that would cause or increase endangerment to life or property.

12.2 **Brokerage Commission.** County and Owners each represents to the other that such party has not incurred, directly or indirectly, any liability on behalf of the other party for the payment of any real estate brokerage commissions or finder's fees or other compensation to any agents, brokers, finders, or salespersons in connection with the transfer of the Property as contemplated herein ("Commission"). Each party hereto shall indemnify and hold harmless the other party from any claim, liability, or expense for any Commission claimed by reason of the acts of the indemnifying party.

12.3 Entire Agreement. This Agreement constitutes the entire agreement between County and Owners with respect to the transfer of the Property to County by Owners and supersedes all other agreements, letters, memoranda, or understandings between the parties and respecting same, whether oral or written. This Agreement may not be modified by either party by oral representation made before or after the execution of this Agreement. All modifications, amendments, or additions to this Agreement must be in writing signed by Owners and County.

12.4 Time of the Essence. Both Owners and County agree that time is of the essence for the performance of each and every covenant and the satisfaction of each and every condition contained in this Agreement.

12.5 Severability. In the event that any provision or provisions of this Agreement are for any reason unenforceable or invalid, it is the specific intent of the parties that the remainder hereof shall continue and be and remain in full force and effect.

12.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective assigns, heirs, successors, and legal representatives of each of the parties. County has the right to freely assign any or all of its rights and options under this Agreement.

12.7 Recordation of Memorandum. This Agreement shall not be recorded, however, a short form or memorandum of this Agreement may be recorded by County in the Official Records of San Mateo County. Owners shall participate and cooperate in the execution and recording of any such short form or memorandum.

12.8 Document Preparation. This Agreement has been prepared by attorneys in the office of the County Counsel, in their role as attorneys for the County. Owners have been given the opportunity to consult with their own counsel prior to the execution of this Agreement, and therefore this Agreement reflects the changes and modifications agreed upon by all of the Owners as a result of said independent consultation and/or opportunity and encouragement to obtain said consultation. Accordingly, Owners hereby waive any rights they might otherwise have as a result of the legal doctrine that any ambiguity in an agreement is to be construed against the interests of the party who or whose attorney drafted the Agreement.

12.9 Headings. The headings in this Agreement are for the purpose of reference only and shall not limit or define the interpretation of the content of this Agreement.

12.10 Counterparts. This Agreement may be executed in any number of counterparts or duplicate originals, each of which is an original for all purposes.

12.11 Governing Law This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first set forth above.

COUNTY:

PRESIDENT OF THE BOARD OF SUPERVISORS

By: _____
Jerry Hill, President

Attest: _____
CLERK OF THE BOARD

Resolution No: _____

OWNERS:

ANTHONY H. EREDIA, Trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84

By: _____
ANTHONY H. EREDIA

VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, Trustees of the Molinaro Amended Trust, UTA dated 11/17/86

By: _____

MICHAEL MOLINARO, Successor Trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76

By: _____
MICHAEL MOLINARO

LELAND W. HANCOCK and BEVERLY J. HANCOCK, Husband and Wife, as Joint Tenants

By: _____
LELAND W. HANCOCK

By: _____
BEVERLY J. HANCOCK

MICHAEL D. MCCRACKEN and MARJERY R. MCCRACKEN, Husband and Wife as Joint Tenants

By: _____
MICHAEL D. MCCRACKEN

By: _____
MAJERY R. MCCRACKEN

DAVID J. BYERS and LINDA R.V. BYERS, Husband and Wife as
Joint Tenants

By: _____
DAVID J. BYERS

By: _____
LINDA R.V. BYERS

ANTHONY J. IEMMA, a married man as his sole and separate
property

By: _____
ANTHONY J. IEMMA

THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J.
IEMMA, Personal Representative

By: _____
ANTHONY J. IEMMA

The land referred to is situated in the State of California, County of San Mateo, in the unincorporated area, and is described as follows:

PARCEL ONE:

BEGINNING at a point where the property line common to Shore Line Investment Company and Shore Acres Subdivision intersects the Easterly line of the Ocean Shore Railway right of way; thence North $23^{\circ} 19'$ East 1822.84 feet; thence South $44^{\circ} 21'$ East 680 feet; thence South $59^{\circ} 21'$ East 350 feet; thence North $17^{\circ} 45'$ East 308 feet; thence North $32^{\circ} 15'$ West 2320 feet; thence South $74^{\circ} 38'$ West 560 feet to the point on Easterly line of Subdivision No. 1 of Granada; thence along the Easterly line of Granada the following courses and distances: South $4^{\circ} 38.3'$ East 188.67 feet; thence North $85^{\circ} 26.7'$ East 498.75 feet; thence by a circular curve to the left which tangent at this point bears South $47^{\circ} 15.5'$ East, radius 617.275 feet, length 319.68 feet; thence by a circular curve to the right, radius 978.166 feet, length 265.86 feet; thence by a circular curve to the left, radius 978.166 feet, length 266.71 feet; thence by a circular curve to the right radius 250.487 feet, length 200.83 feet; thence South $85^{\circ} 26.7'$ West 2294.85 feet along the southerly side of Santiago Avenue to a point on the Easterly line of Ocean Shore Railway right of way; thence along said Easterly line of Ocean Shore Railway right of way by a circular curve to the right, radius 978.166 feet, length 44.49 feet; thence South $47^{\circ} 03'$ East 1906.91 feet to the point of beginning.

EXCEPTING THEREFROM so much as lies within the lands described in the Deed from Dante Diana, et al. to State of California, dated September 20, 1949 and recorded November 18, 1949 in Book 1747 of Official Records of San Mateo County at Page 22 (21131-1).

ALSO EXCEPTING THEREFROM any portion lying within the Subdivision entitled, "SHORE ACRES HALF MOON BAY, CAL. (FIRST ADDITION TO THE CITY OF SALMON)", filed December 18, 1905 in Book "E" of Maps at Page 12, and a copy entered in Book 3 of Maps at Page 68.

ALSO EXCEPTING THEREFROM so much as lies Southwesterly of the lands described in the Deed from Dante Diana, et al. to State of California, dated September 20, 1949 and recorded November 18, 1949 in Book 1747 of Official Records of San Mateo County at Page 22 (21131-1).

ALSO EXCEPTING THEREFROM the following described property:

BEGINNING at a concrete highway monument on the Northeastly line of the State Highway, designated as State Highway District IV-San Mateo County, Route 56, Section D, directly opposite Engineer's Station 31 plus 00 of the above mentioned Highway; thence North $64^{\circ} 07' 20''$ East 533.70 feet along the Northeastly line of said Highway to an Iron pipe monument; thence leaving said line of the Highway, North $7^{\circ} 21' 10''$ East 58.34 feet to an iron pipe monument set at the point of intersection of the Southwesterly line of Avenue Alhambra with the southerly line of Santiago Avenue, as said Avenue are shown on that certain Map entitled, "PLAN OF SUBDIVISION NO. 1 OF GRANADA, SAN MATEO COUNTY, CALIFORNIA", filed in the Office of the County Recorder of the San Mateo County on November 18, 1907 in Book 3 of Maps at Page 43; thence along the southerly line of Santiago Avenue, North $85^{\circ} 26' 40''$ East 977.48 feet to 25 1/2 feet

EXHIBIT A

pipe monument set at the intersection of said southerly line of Santiago Avenue with the Southwesterly line of Columbus St. projected; thence South $4^{\circ} 37' 20''$ East 253.80 feet to an iron pipe monument; thence South $25^{\circ} 52' 40''$ East 257.23 feet to the point of beginning, containing 7.74 acres of land and being a portion of the Rancho Corral de Tierra Palomares.

A.P.N. 047-220-010

J.P.N. 47-33-330-01

PARCEL TWO:

The land referred to is situated in the State of California, County of San Mateo, an unincorporated area, and is described as follows:

BEGINNING at the intersection of the Northwesterly line of Lot 5, Block 2, as shown on the Map entitled, "SHORE ACCESS, HALF MOON BAY, CALIF. FIRST ADDITION TO THE CITY OF BRISBANE" filed in the Office of the Recorder of San Mateo County on December 18, 1908, in Book "14" of Maps at page 12 and a copy entered in Book 3 of Maps at page 52, and the Southwesterly line of the lands described in Parcel One of the Deed from Dante Bianda et al. to the State of California, dated September 20, 1949 and recorded November 18, 1949 in Book 1747 of Official Records of San Mateo County at page 22 (21131-1); thence from said point of beginning, along the Southwesterly line of said lands of the State of California, North $64^{\circ} 07' 20''$ West 1521.53 feet and Northerly, Westerly and Southerly, along the arc of a curve to the left, tangent to the last mentioned line, said curve having a radius of 60 feet and a central angle of $128^{\circ} 36' 58''$, a distance of 135.72 feet to the Easterly line of the Old State Highway from Half Moon Bay to Montara; thence along said Easterly line, South $13^{\circ} 24' 19''$ East 27.90 feet; thence crossing said Old Highway, South $76^{\circ} 15' 32''$ West 30.00 feet to the Northwesterly line of the lands described in Parcel Four of the above mentioned Deed to the State of California; thence along said Easterly line of Parcel Four, South $13^{\circ} 24' 19''$ East 126.26 feet, southerly along the arc of a tangent curve to the left, with a radius of 225 feet and a central angle of $22^{\circ} 17' 38''$, a distance of 67.86 feet to the Southeasterly line thereof and along said southeasterly line and its Southwesterly prolongation, South $32^{\circ} 51' 42''$ East to the Southwesterly line of an alias described in Deed from Shore Line Investment Company to Dante Bianda, et al., dated January 3, 1920 and recorded January 19, 1920, in Book 239 of Deeds, at page 173, Records of San Mateo County; thence southeasterly along said Southwesterly line to the Northwesterly line of the Subdivision as shown on the first above mentioned Map of Shore Lines; thence Northeasterly, along said Northwesterly subdivision line, to the point of beginning.

EXCEPTING THEREFROM any portion thereof lying below the high water mark of the Pacific Ocean.

A.P.N. 047-221-010

J.P.N. 047-223-331-01

County Manager's Office

BOARD OF SUPERVISOR
MARK CHURCH
JERRY HILL
RICHARD S. GORDON
ROSE JACOBS GIBSON
MICHAEL D. NEVIN

JOHN L. MALTBIE
COUNTY MANAGER
CLERK OF THE BOARD



COUNTY OF SAN MATEO

COUNTY GOVERNMENT CENTER • REDWOOD CITY • CALIFORNIA 94063-1662
WEB PAGE ADDRESS: <http://www.co.sanmateo.ca.us>

(650) 363-4123
FAX: (650) 363-1916

January 4, 2002

Mike McCracken, Esq.
McCracken, Byers & Haesloop
1528 So. El Camino Real, Suite 306
San Mateo, CA 94402

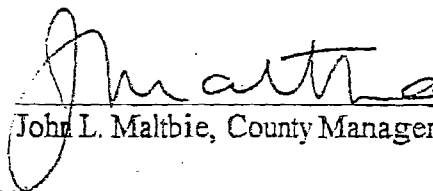
Re: San Mateo County's Acquisition of Mirada Surf Property

Dear Mike:

As you know, we have been negotiating for the County's purchase of the Mirada Surf property and the County has, with certain qualifications, effectively offered to pay \$6,000,000 for the entirety of the property. I wish to reiterate that offer and the fact that it is, of course, conditioned on the Board of Supervisors' ratification of the proposal (as may be evidenced by execution of a contract of acquisition).

I understand, however, that at this time you have found one or more of the terms of the County's purchase proposal unacceptable. This is to inform you that if we can't negotiate the purchase and sale of the property consistent with the current proposal, I am going to put on the agenda for the Board of Supervisors, the consideration of a resolution of public use and necessity regarding the Mirada Surf property.

Sincerely,



John L. Maltbie, County Manager

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EXHIBIT B I



OLD REPUBLIC TITLE COMPANY

601 ALLERTON STREET • REDWOOD CITY, CA • 94063 • (650) 365-8080 • Fax: (650) 365-9524

PRELIMINARY REPORT

Issued for the sole use of:

COUNTY OF SAN MATEO
455 COUNTY CENTER, 5TH FLOOR
REDWOOD CITY, California 94063

Attention: Steve Alms

Our Order No. 297906

Reference

When Replying Please Contact:

Rhonda Watts (650) 365-8080

Property Address:

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC 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 of said Policy or Policies may be set forth in Exhibit A attached. 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 December 27th, 2001, at 7:30 A.M.

OLD REPUBLIC TITLE COMPANY

For Exceptions Shown or Referred to, See Attached

Page 1 of 15 Pages

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

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

a CLTA Standard Coverage (1990) Owner's Policy. A specific request should be made if another form or additional coverage is desired.

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:

ANTHONY H. EREDIA, trustee of the Anthony H. Eredia Trust; UDT dated 10/11/84, as to an undivided 16.175% interest; VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, trustees of the Molinaro Amended Trust, UTA dated 11/17/86, as to an undivided 16.175% interest; MICHAEL MOLINARO, successor trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76, as to an undivided 3.215% interest; LELAND W. HANCOCK and BEVERLY J. HANCOCK, husband and wife as Joint Tenants, as to an undivided 17.875% interest; MICHAEL D. MCCRACKEN AND MARJERY R. MCCRACKEN, husband and wife as Joint Tenants and DAVID J. BYERS and LINDA R. V. BYERS, husband and wife as Joint Tenants, as to an undivided 12.99% interest; ANTHONY J. IEMMA, a married man as his sole and separate property, as to an undivided 23.265% interest; and THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J. IEMMA, personal representative, as to an undivided 10.305% interest

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

The land referred to in this Report is situated in the County of San Mateo, in the unincorporated area, State of California, and is described as follows:

PARCEL ONE:

BEGINNING at a point where the property line common to Shore Line Investment Company and Shore Acres Subdivision intersects the Easterly line of the Ocean Shore Railway right of way; thence North $45^{\circ} 39'$ East 1822.84 feet; thence South $44^{\circ} 21'$ East 650 feet; thence South $59^{\circ} 31'$ East 350 feet; thence North $37^{\circ} 45'$ East 308 feet; thence North $52^{\circ} 15'$ West 2320 feet; thence South $74^{\circ} 38'$ West 660 feet to the point on Easterly line of Subdivision No. 1 of Granada; thence along the Easterly line of Granada the following courses and distances: South $4^{\circ} 38.3'$ East 188.67 feet; thence North $85^{\circ} 26.7'$ East 498.76 feet; thence by a circular curve to the left which tangent at this point bears South $47^{\circ} 35.5'$ East, radius 617.275 feet, length 215.68 feet; thence by a circular curve to the right, radius 975.366 feet, length 305.96 feet; thence by a circular curve to the left, radius 935.366 feet, length 293.71 feet; thence by a circular curve to the right radius 260.487 feet, length 200.93 feet; thence South $85^{\circ} 26.7'$ West 2294.86 feet along the Southerly side of Santiago Avenue to a point on the Easterly line of Ocean Shore Railway right of way; thence along said Easterly line of Ocean Shore Railway right of way by a circular curve to the right, radius 5759.65 feet, length 44.49 feet; thence South $47^{\circ} 03'$ East 1506.91 feet to the point of beginning.

EXCEPTING THEREFROM so much as lies within the lands described in the Deed from Dante Dianda, et al. to State of California, dated September 20, 1949 and recorded November 18, 1949 in Book 1747 of Official Records of San Mateo County at Page 22 (21131-I).

ALSO EXCEPTING THEREFROM any portion lying within the Subdivision entitled, "SHORE ACRES HALF MOON BAY, CAL. (FIRST ADDITION TO THE CITY OF BALBOA)", filed December 18, 1905 in Book "B" of Maps at Page 12, and a copy entered in Book 3 of Maps at Page 95.

ALSO EXCEPTING THEREFROM so much as lies Southwesterly of the lands described in the Deed from Dante Dianda, et al to State of California, dated September 20, 1949 and recorded November 18, 1949 in Book 1747 of Official Records of San Mateo County at Page 22 (21131-I).

ALSO EXCEPTING THEREFROM the following described property:

BEGINNING at a concrete highway monument on the Northeasterly line of the State Highway, designated as State Highway District IV-San Mateo County, Route 56, Section D, directly opposite Engineer's Station 31 plus 00 of the above mentioned highway; thence North $64^{\circ} 07' 20''$ West 999.70 feet along the Northeasterly line of said highway to an iron pipe monument; thence leaving said line of the highway, North $7^{\circ} 21' 10''$ East 69.54 feet to an iron pipe monument set at the point of intersection of the Southwesterly line of Avenue Alhambra with the Southerly line of Santiago Avenue, as said Avenues are shown on that certain Map entitled, "PLAT OF SUBDIVISION NO. 1 OF GRANADA, SAN MATEO COUNTY, CALIFORNIA"; filed in the Office of the County Recorder of the San Mateo County on November 18, 1907 in Book 5 of Maps at Page 43; thence along the Southerly

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

line of Santiago Avenue, North $85^{\circ} 22' 40''$ East 977.48 feet to an iron pipe monument set at the intersection of said Southerly line of Santiago Avenue with the Southwesterly line of Columbus St. projected; thence South $4^{\circ} 37' 20''$ East 353.80 feet to an iron pipe monument; thence South $25^{\circ} 52' 40''$ West 257.23 feet to the point of beginning, containing 7.74 acres of land and being a portion of the Rancho Corral de Tierra Palomares.

A.P.N. 047-330-010

J.P.N. 47-33-330-01

PARCEL TWO:

The land referred to is situated in the State of California, County of San Mateo, an unincorporated area, and is described as follows:

BEGINNING at the intersection of the Northwesterly line of Lot 5, Block 2, as shown on the Map entitled, "SHORE ACRES, HALF MOON BAY, CALIF. FIRST ADDITION TO THE CITY OF BALBOA" filed in the Office of the Recorder of San Mateo County on December 18, 1905, in Book "B" of Maps at Page 12 and a copy entered in Book 3 of Maps at Page 95, and the Southwesterly line of the lands described in Parcel One of the Deed from Dante Dianda et al. to the State of California, dated September 20, 1949 and recorded November 18, 1949 in Book 1747 of Official Records of San Mateo County at Page 22 (21131-I); thence from said point of beginning, along the Southwesterly line of said lands of the State of California, North $64^{\circ} 07' 20''$ West 1821.53 feet and Northerly, Westerly and Southerly, along the arc of a curve to the left, tangent to the last mentioned line, said curve having a radius of 60 feet and a central angle of $129^{\circ} 36' 58''$, a distance of 135.73 feet to the Easterly line of the Old State Highway from Half Moon Bay to Montara; thence along said Easterly line, South $13^{\circ} 44' 18''$ East 47.90 feet; thence crossing said old highway, South $76^{\circ} 15' 42''$ West 50.00 feet to the Northeasterly line of the lands described in Parcel Four of the above mentioned Deed to the State of California; thence along said Easterly line of Parcel Four, South $13^{\circ} 44' 18''$ East 128.26 feet, Southerly along the arc of a tangent curve to the left, with a radius of 225 feet and a central angle of $22^{\circ} 17' 38''$, a distance of 87.55 feet to the Southeasterly line thereof and along said Southeasterly line and its Southwesterly prolongation, South $32^{\circ} 55' 42''$ West to the Southwesterly line of the lands described in Deed from Shore Line Investment Company to Dante Dianda, et al., dated January 9, 1920 and recorded January 29, 1920, in Book 239 of Deeds, at Page 375, Records of San Mateo County; thence Southeasterly along said Southwesterly line to the Northwesterly line of the Subdivision as shown on the first above mentioned Map of Shore Acres; thence Northeasterly, along said Northwesterly subdivision line, to the point of beginning.

EXCEPTING THEREFROM any portion thereof lying below the high water mark of the Pacific Ocean.

A.P.N. 047-331-010

J.P.N. 47-33-331-01

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

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

1. Taxes and assessments, general and special, for the fiscal year 2001-2002 as follows:

Assessor's Parcel No.	: 047-330-010	
Code No.	: 87-036	
1st Installment	: \$ 7,320.17	Marked Paid
2nd Installment	: \$ 7,320.17	NOT Marked Paid
Land	: \$ 340,473.00	
Imp. Value	: \$ 0.00	
P.P. Value	: \$ 0.00	
Exemption	: \$ 0.00	

Affects Parcel One.

2. Taxes and assessments, general and special, for the fiscal year 2001-2002 as follows:

Assessor's Parcel No.	: 047-331-010	
Code No.	: 87-036	
1st Installment	: \$ 1,744.55	Marked Paid
2nd Installment	: \$ 1,744.55	NOT Marked Paid
Land	: \$ 297,238.00	
Imp. Value	: \$ 0.00	
P.P. Value	: \$ 0.00	
Exemption	: \$ 0.00	

Affects Parcel Two.

3. Said property having been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 1998-1999, and subsequent delinquencies

Amount to Redeem by January 31st, 2002, for the above stated year (and subsequent years, if any) is \$77,171.35

Assessor's Parcel No. : 047-330-010

Affects Parcel One.

OLD REPUBLIC TITLE COMPANY
ORDER NO. 297906

4. Said property having been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 1998-1999, and subsequent delinquencies

Amount to Redeem by January 31st, 2002, for the above stated year (and subsequent years, if any) is \$55,605.05

Assessor's Parcel No. : 047-331-010

Affects Parcel Two.

5. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

6. Assessment No. 047-330-010, Bond Series ---, under 1915 Act for Granada Sanitary District - Sewage Treatment Facility.

2001-2002 Assessment: \$11,004.68

Bond matures in 2022

For further information, please contact: County Treasurer

Affects Parcel One.

7. Assessment No. 047-331-010, Bond Series ---, under 1915 Act for Granada Sanitary District - Sewage Treatment Facility.

2001-2002 Assessment: \$318.66

Bond matures in 2022

For further information, please contact: County Treasurer

Affects Parcel Two

8. Any unpaid and/or delinquent bond or assessment or special tax ("Mello Roos") amounts which may have been removed from the rolls of the County Tax Assessor and which may have been removed from tax bills and tax default redemption amounts.

NOTE: An examination of these matters is being made at this time. Upon completion we will supplement our report, commitment, binder or policy accordingly.

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

Affects Parcel Two.

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

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

Affects Parcel Two.

11. Right of Way for road, 50 feet wide, as granted by Shore Line Investment Company to County of San Mateo, by Deed dated August 19th, 1914 and recorded September 5th, 1916 in Book 255 of Deeds, Page 384, Records of San Mateo County.

Affects PARCEL TWO.

12. Right of Way 6 feet in width for two outlet sewers, with the right of ingress and egress, as reserved in the Deed from Shore Line Investment Company, a corporation to Dante Dianda, Giovanni Patroni and Francesco Mori, dated January 9th, 1920 and recorded January 29th, 1920, in Book 289 of Deeds, Page 375, Records of San Mateo County.

The location of said Right of Way is not disclosed of record.

13. Waiver of any claims for damages to said property by reason of the location, construction, landscaping or maintenance of the freeway adjoining said property, as contained in the Deed to the State of California, recorded November 18th, 1949 in Book 1747 of Official Records, Page 22, and recorded November 18th, 1949 in Book 1747 of Official Records, Page 40.

14. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Easement
Granted to : The State of California
For : the construction and maintenance of drainage facilities and incidents thereto
Recorded : November 18th, 1949 in Book 1747 of Official Records, Page 28
Affects : a 25 foot wide strip across the most Easterly corner of PARCEL TWO

15. Right of Way over herein described property:

Grantor : Princeton Properties, Inc., a corporation
Grantee : Coastside County Water District, a public corporation
Recorded : October 3rd, 1955 in Book 2887 of Official Records, Page 195

Affects a strip of land for water pipe line 10 feet wide, crossing PARCEL ONE.

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

16. Right of Way over herein described property:

Grantor : Princeton Properties, Inc., a corporation
Grantee : Pacific Gas and Electric Company, a California corporation
Recorded : August 29th, 1968 in Book 5523 of Official Records, Page 245

Affects portions of varying width in the Easterly corner and along the
Northeasterly line of PARCEL TWO.

And re-recorded August 29th, 1968 in Book 5539 of Official Records, Page 122.

17. Right of Way over herein described property:

Grantor : Princeton Properties, Inc., a corporation
Grantee : Granada Sanitary District, a public corporation
Recorded : December 4th, 1968 in Book 5567 of Official Records, Page 338

Affects strip of land 10 feet in width along the Southeasterly and Northeasterly
lines of PARCEL TWO.

18. An easement affecting that portion of said land and for the purposes stated
herein and incidental purposes as provided in the following

Instrument : Corporation Grant Deed of Easement
Granted to : J.L. Johnston (JLJ), a married man
For : among other purposes, right-of-way, public and private utilities,
drainage, landscaping, fencing, construction of appurtenant
structures
Recorded : December 15th, 1983 in Official Records, under Recorder's Serial
Number 83138383
Affects : a 50 foot wide strip running in a general Southwesterly direction
across PARCEL ONE

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

19. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$875,000.00
Trustor/Borrower : ANTHONY H. EREDIA, trustee of the Anthony H. Eredia Trust, udt dated 10/11/84, as to an undivided 12.5% interest; VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, trustees of the Molinaro Amended Trust, uta dated 11/17/86, as to an undivided 12.5% interest; MICHAEL MOLINARO, successor trustee of the Molinaro 1976 Children Trusts, uta dated 12/23/76, as to an undivided 2.5% interest; LELAND W. HANCOCK and BEVERLY J. HANCOCK, husband and wife, as Joint Tenants, as to an undivided 13.75% interest; PRINCETON-ON-THE-BAY, a California corporation, as to a 22.75% interest; MICHAEL D. MCCRACKEN AND MARJERY R. MCCRACKEN, husband and wife, as Joint Tenants and DAVID J. BYERS and LINDA R. V. BYERS, husband and wife, as Joint Tenants, as to an undivided 10% interest; ANTHONY J. IEMMA, a married man, as his sole and separate property, as to an undivided 18% interest; and THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J. IEMMA, personal representative, as to an undivided 8% interest
Trustee : Marin Investments Bankers Corporation
Beneficiary/Lender : Marin Mortgage Bankers Corporation, a California Corporation
Dated : July 15th, 1997
Recorded : September 23rd, 1997 in Official Records under Recorder's Serial Number 97120991
Loan No. or "MIN" : 9707-045
Returned to Address: 1817 Grand Ave., San Rafael, CA 94901

OLD REPUBLIC TITLE COMPANY
ORDER NO. 297906

Assignment of the beneficial interest under said Deed of Trust,

From : Marin Mortgage Bankers Corporation
To : Greg K. Oppedal, a single man, as to an undivided 3.59753486% interest; Lilly E. Nelson, a widow, as to an undivided 5.71428571% interest; Lily Cuneo, Trustee of the Joseph D. Cuneo and Lily Cuneo 1986 Revocable Inter-Vivos Trust, as to an undivided 5.71428571% interest; Anthony J. Castellino, a single man, as to an undivided 1.90476229% interest; Robin L. Castellino, a single man, as to an undivided 1.90476229% interest; Jeffrey C. Castellino, a single man, as to an undivided 1.90476114% interest; James Plessas, Trustee for The James Plessas Inc. Pension & Profit Sharing Trust, as to an undivided 11.42857143% interest; and Mark Alan Button, as Trustee of The Mark Alan Button Revocable Separate Property Trust u/a dated March 3, 1997, as to an undivided 24.97389371% interest
Dated : October 14th, 1997
Recorded : February 13th, 1998 in Official Records, under Recorder's Serial Number 98018968
Loan No. : 9707-045
Returned to Address : 1817 Grand Avenue, San Rafael, CA 94901

Assignment of the beneficial interest under said Deed of Trust,

From : Marin Mortgage Bankers Corporation, a California corporation
To : Greg K. Oppedal, a single man, as to an undivided 2.33468229% interest; Orville G. Button and Pauline S. Button, Co-Trustees FBO The Button Family Trust U.A.D.T.D. 4/2/95, as to an undivided 2.85714286% interest; Joseph Floyd, Trustee of Floyd Construction Profit Sharing Trust, as to an undivided 2.28571429% interest; James D. Fagan, as to an undivided 4.57142857% interest; Kenneth P. Ruud and Valerie B. Ruud, Trustees of The Ruud Family Trust dated 8/19/98, as to an undivided 2.85714286% interest; Jay W. Pearce and Elaine Pearce Trustees of the Pearce 1990 Trust, as to an undivided 5.71428571% interest; Arthur H. Hedvall, a married man, as his sole and separate property, as to an undivided 6.34626171% interest; Janis McLennan Hedvall, a married woman, as to an undivided 1.49568114% interest; Gloria Samuel, an unmarried woman, as to an undivided 14.39480343% interest
Dated : July 28th, 1999
Recorded : August 12th, 1999 in Official Records, under Recorder's Serial Number 1999-137505
Loan No. : 9707-045
Returned to Address : 1299 Fourth Street, Ste. 304, San Rafael, CA 94901

OLD REPUBLIC TITLE COMPANY
ORDER NO. 297906

Notice of Default under the terms of said Deed of Trust,

Executed by : National Default Servicing Corporation, as Agent for Marin
Mortgage Bankers Corporation
Dated : May 15th, 2000
Recorded : May 17th, 2000 in Official Records, under Recorder's Serial
Number 2000-058367
Returned to : 145 North Redwood Drive, Suite 280, San Rafael, CA 94903

20. Proceedings pending in the Matter of the Estate of Samuel J. Iemma, Deceased,
Case No. 102946 Probate, San Mateo County Superior Court.

Attorney : Albert E. Polonsky S.B. #21590, 6798 Mission Street, Daly City, CA
94014

In connection therewith, the following is noted:

A. Anthony J. Iema was appointed Special Administrator of the Estate on August 25,
1997.

21. Terms and conditions contained in the Anthony H. Eredia Trust, UDT dated
October 11, 1984 as disclosed by Trustee's Deed, recorded November 15th, 1996 in
Official Records, under Recorder's Serial Number 96141138.

NOTE: The requirement that either:

a. a Certification of Trust be furnished in accordance with Probate Code Section
18100.5; or

b. a complete copy of the trust instrument(s), together with a statement that the
trust has not been revoked or otherwise terminated, be furnished for this
company's review.

The Company reserves the right to make additional exceptions and/or requirements
upon review of either of the above.

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

22. Terms and conditions contained in the Molinaro Amended Trust, UTA dated November 17, 1986 as disclosed by Trustee's Deed, recorded November 15th, 1996 in Official Records, under Recorder's Serial Number 96141138.

NOTE: The requirement that either:

a. a Certification of Trust be furnished in accordance with Probate Code Section 18100.5; or

b. a complete copy of the trust instrument(s), together with a statement that the trust has not been revoked or otherwise terminated, be furnished for this company's review.

The Company reserves the right to make additional exceptions and/or requirements upon review of either of the above.

23. Terms and conditions contained in the Molinaro 1976 Children Trusts UTA dated December 23, 1976 as disclosed by Trustee's Deed, recorded November 15th, 1996 in Official Records, under Recorder's Serial Number 96141138.

NOTE: The requirement that either:

a. a Certification of Trust be furnished in accordance with Probate Code Section 18100.5; or

b. a complete copy of the trust instrument(s), together with a statement that the trust has not been revoked or otherwise terminated, be furnished for this company's review.

The Company reserves the right to make additional exceptions and/or requirements upon review of either of the above.

24. Certificate of Compliances recorded November 2nd, 2000 in Official Records under Recorder's Serial Numbers 2000-137552, 2000-137553, 2000-137554 and 2000-137555.

25. Terms and provisions as contained in an instrument

Entitled : Certificate of Compliance

Executed by: County of San Mateo

Recorded : November 2nd, 2000 in Official Records under Recorder's Serial Number 2000-137552

Returned to

Address : 455 County Center, 2nd Floor Redwood City CA 94063

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

26. Terms and provisions as contained in an instrument

Entitled : Certificate of Compliance
Executed by: County of San Mateo
Recorded : November 2nd, 2000 in Official Records under Recorder's Serial
Number 2000-137553
Returned to
Address : 455 County Center, 2nd Floor Redwood City CA 94063

27. Terms and provisions as contained in an instrument

Entitled : Certificate of Compliance
Executed by: County of San Mateo
Recorded : November 2nd, 2000 in Official Records under Recorder's Serial
Number 2000-137554
Returned to
Address : 455 County Center, 2nd Floor Redwood City CA 94063

28. Terms and provisions as contained in an instrument

Entitled : Certificate of Compliance
Executed by: County of San Mateo
Recorded : November 2nd, 2000 in Official Records under Recorder's Serial
Number 2000-137555
Returned to
Address : 455 County Center, 2nd Floor Redwood City CA 94063

29. A Notice as follows:

Entitled : Notice of Intent to Remove Delinquent Assessment Installments
from the Tax Roll
By : Granada Sanitary District
Dated : April 23rd, 2001
Recorded : April 24th, 2001 in Official Records under Recorder's Serial
Number 2001-056390
Returned to Address : Granada Sanitary District P.O. Box 335, El Granada CA 94018

OLD REPUBLIC TITLE COMPANY
ORDER NO. 297906

30. Agreement for Exclusive Rights to Negotiate and Purchase Certain Real Property

Executed by : the County of San Mateo
and Between : Anthony H. Eredia, Trustee, et al

On the terms, covenants and conditions contained therein,

Dated : August 21st, 2001
Recorded : September 24th, 2001 in Official Records, under Recorder's Serial Number 2001-150155

31. Any question of delivery, defect or invalidity in the title to said land arising out of or occasioned by the Deed,

From : Princeton-on-the-Bay, a California corporation
To : ANTHONY H. EREDIA, trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84, as to an undivided 16.175% interest; VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, trustees of the Molinaro Amended Trust, UTA dated 11/17/86, as to an undivided 16.175% interest; MICHAEL MOLINARO, successor trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76, as to an undivided 3.215% interest; LELAND W. HANCOCK and BEVERLY J. HANCOCK, husband and wife as Joint Tenants, as to an undivided 17.875% interest; MICHAEL D. MCCRACKEN AND MARJERY R. MCCRACKEN, husband and wife as Joint Tenants and DAVID J. BYERS and LINDA R. V. BYERS, husband and wife as Joint Tenants, as to an undivided 12.99% interest; ANTHONY J. IEMMA, a married man as his sole and separate property, as to an undivided 23.265% interest; and THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J. IEMMA, personal representative, as to an undivided 10.305% interest

Recorded : October 1st, 2001 in Official Records under Recorder's Serial Number 2001-153853

NOTE: In connection therewith, this Company requires that a "new deed" or estoppel affidavit from Princeton-on-the-Bay, a California corporation be duly executed and acknowledged ---in one of our offices or an affiliate's--- and perhaps recorded.

----- Informational Notes -----

1. NOTE: According to the public records, there have been no deeds conveying the property described in this report recorded within a period of two years prior to the date hereof except as follows:

OLD REPUBLIC TITLE COMPANY

ORDER NO. 297906

A Corporation Grant Deed executed by Princeton-on-the-Bay, a California corporation to ANTHONY H. EREDIA, trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84, as to an undivided 16.175% interest; VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, trustees of the Molinaro Amended Trust, UTA dated 11/17/86, as to an undivided 16.175% interest; MICHAEL MOLINARO, successor trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76, as to an undivided 3.215% interest; LELAND W. HANCOCK and BEVERLY J. HANCOCK, husband and wife as Joint Tenants, as to an undivided 17.875% interest; MICHAEL D. MCCRACKEN AND MARJERY R. MCCRACKEN, husband and wife as Joint Tenants and DAVID J. BYERS and LINDA R. V. BYERS, husband and wife as Joint Tenants, as to an undivided 12.99% interest; ANTHONY J. IEMMA, a married man as his sole and separate property, as to an undivided 23.265% interest; and THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J. IEMMA, personal representative, as to an undivided 10.305% interest, recorded October 1st, 2001 in Official Records, under Recorder's Serial Number 2001-153853

2. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 2.1.

3. Short Term Rate ("STR") applies (but may be precluded or limited by application of the above shown section(s) of our Schedule of Fees and Charges).

4. Information shown by the public records and/or The San Mateo County Tax Rolls indicates the mailing address of the vestee(s) herein to be: 840 Malcolm Rd. #100, Burlingame, CA 94010.

FT/je

CC: 3 COUNTY OF SAN MATEO, 455 COUNTY CENTER, 5TH FLOOR, REDWOOD CITY, CA
940, Attn: Steve Alms

EXHIBIT A
CALIFORNIA LAND TITLE ASSOCIATION
HOMEOWNER'S POLICY OF TITLE INSURANCE (1998)
EXCLUSIONS

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

1. Governmental policy 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 violation 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.

CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY (1990)
EXCLUSIONS

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 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 of 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 enforcement 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
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the 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;
 - (e) or 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 or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS

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

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.

EXHIBIT A (Continued)

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.

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (1992) SCHEDULE OF EXCLUSIONS FROM COVERAGE

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 and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in loss or damage to the insured claimant; (d) attaching or creating 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.

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (1987) EXCLUSIONS

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

1. Governmental police power, and the existence or violation of any law or governmental regulation. This includes building and zoning ordinances and also law 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 appear 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.

EXHIBIT A (Continued)

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (1987) WITH REGIONAL EXCEPTIONS
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 governmental regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - land use
 - improvements on the land
 - land division
 - environmental protectionThis exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. 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 appear 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.

REGIONAL EXCEPTIONS

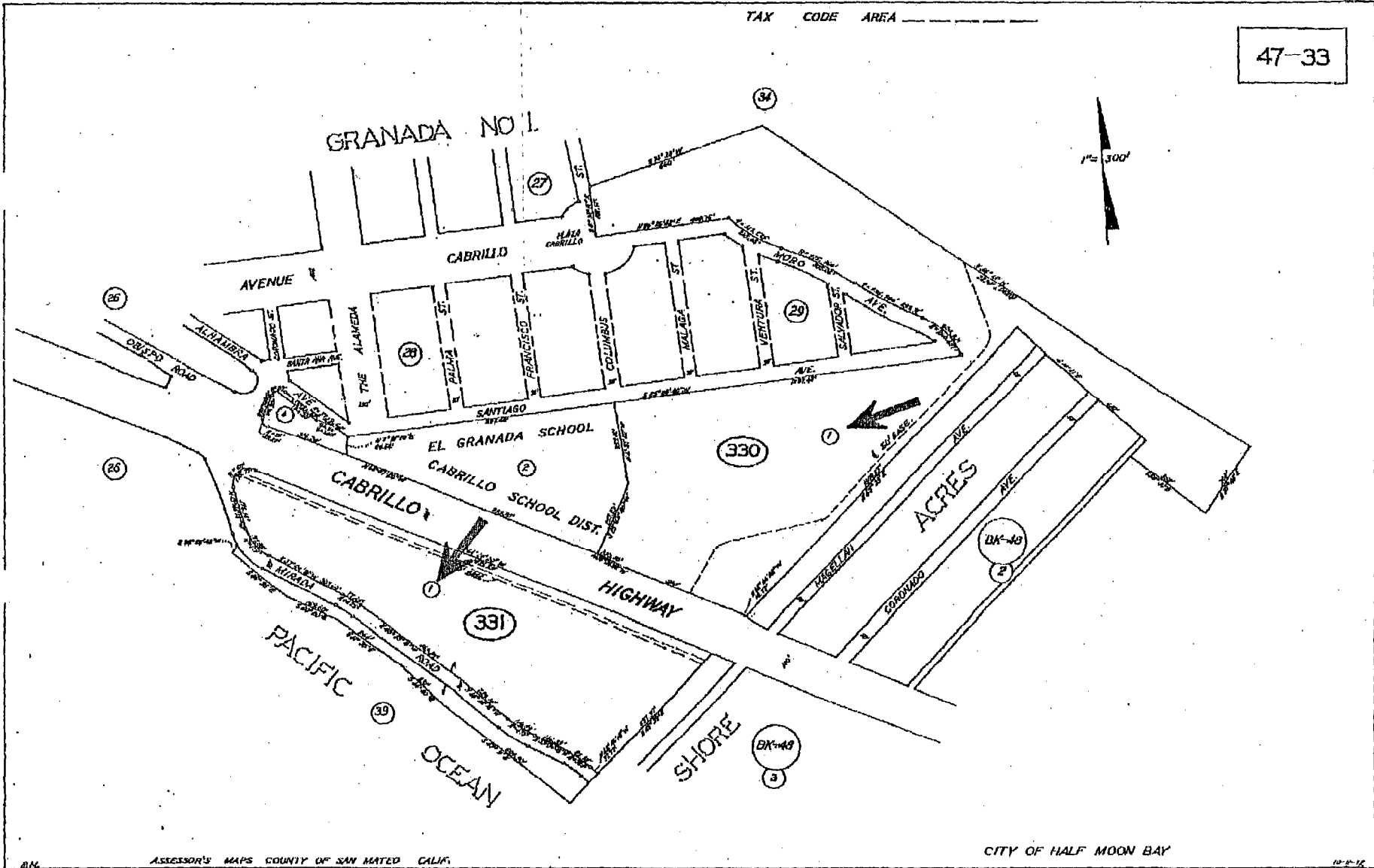
In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Any facts, rights, interests or claims which are not shown by the Public Records but which could be ascertained by making inquiry of parties in possession of the land.
2. Any liens or easements not shown by the Public Records. However, this does not limit the affirmative coverage in Item 8 of Covered Title Risks.
3. Any facts about the land not shown by the Public Records which a correct survey would disclose. However, this does not limit the affirmative coverage in Item 12 of Covered Title Risks.
4. (a) Any water rights or claims or title to water in or under the land; (b) unpatented mining claims; (c) reservations or exceptions in patents or in acts authorizing the issuance thereof.

NOTICE This is neither a plat nor a survey, it is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land. No liability is assumed by reason of any reliance hereon.

TAX CODE AREA _____

47-33



THIS MAP SHOULD BE USED FOR REFERENCE PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

Description: San Mateo, CA Assessor Map 47.33 Page: 1 of 1 - Order: 1 Comment:

McCracken, Byers & Haesloop

An Association of Attorneys at Law
 1528 S. El Camino Real, Suite 306
 San Mateo, CA 94402
 Tel: 650-377-4890
 Fax: 650-377-4895
 Dbyers@landuselaw.com

Michael D. McCracken
 David J. Byers
 Mark Haesloop, P.C.
 Beth C. Tenney

January 3, 2002

Of Counsel
 Patrick M. K. Richardson
 Paralegals
 Jill Briggs

Gina Holmes
 District Administrator
 Granada Sanitary District
 Post Office Box 335
 El Granada, CA 94018

Re: Reallocation by Granada Sanitary District of Sewer Connection Units
 on Mirada Surf Parcels

Dear Ms. Holmes:

As you know, this office represents the owners of the Mirada Surf property, described as APN 047-330-010, the eastern parcel, and APN 047-331-010, the western parcel.

Presently, Granada Sanitary District has allocated 35 equivalent dwelling units ("ERU") on the eastern parcel and 1 on the western parcel. The County of San Mateo is negotiating to purchase the property from the owners. By this letter, we would request that Granada Sanitary District immediately take the following action: (1) reduce the assessment on the eastern parcel to zero; (2) calculate the tax reduction and communicate this to the tax collector; and (3) transfer 3 of these ERU's to the western parcel so that there will be 4 ERU's on the western parcel.

In the past we have had considerable difficulties with the information Granada Sanitary District has conveyed to the taxing authorities. We want to ensure that there will not be improper taxes assessed on this property. Under the Stipulated Judgment in Anthony H. Fredia, et al. vs. Granada Sanitary District, et al., San Mateo County Case No. 407260, Granada Sanitary District is under obligation to:

- "4. GSD will support, in writing, Plaintiffs' efforts to secure relief from penalties and interest from the County of San Mateo for past property taxes due."
- "11. The parties shall cooperate with each other in good faith to fulfill the intentions of this Stipulated Judgment."

EXHIBIT D

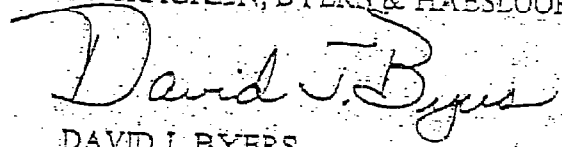
Gina Holmes
January 3, 2002
Page 2 of 2

I do not believe Granada Sanitary District has met its obligations.

Upon receipt of this letter please call me to discuss this matter.

Sincerely,

McCRACKEN, BYERS & HAESLOOP

A handwritten signature in cursive script that reads "David J. Byers".

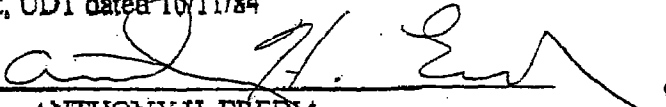
DAVID J. BYERS

DJB:ljs

cc: John Maltbie, County Manager
Lee Thompson, Deputy County Counsel
Lee Buffington, County Tax Collector
Jonathan Wittwer, Esq.

OWNERS:

ANTHONY H. EREDIA, Trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84

By: 
ANTHONY H. EREDIA

VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, Trustees of the Molinaro Amended Trust, UTA dated 11/17/86

By: _____

MICHAEL MOLINARO, Successor Trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76

By: _____
MICHAEL MOLINARO

LELAND W. HANCOCK and BEVERLY J. HANCOCK, Husband and Wife, as Joint Tenants

By: _____
LELAND W. HANCOCK

By: _____
BEVERLY J. HANCOCK

MICHAEL D. MCCRACKEN and MARJERY R. MCCRACKEN, Husband and Wife as Joint Tenants

By: _____
MICHAEL D. MCCRACKEN

By: _____
MARJERY R. MCCRACKEN

OWNERS:

ANTHONY H. EREDIA, Trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84

By: _____
ANTHONY H. EREDIA

VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, Trustees of the Molinaro Amended Trust, UTA dated 11/17/86

By: *Victor P. Molinaro*

Lael Janean Molinaro

MICHAEL MOLINARO, Successor Trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76

By: _____
MICHAEL MOLINARO

LELAND W. HANCOCK and BEVERLY J. HANCOCK, Husband and Wife, as Joint Tenants

By: _____
LELAND W. HANCOCK

By: _____
BEVERLY J. HANCOCK

MICHAEL D. MCCRACKEN and MARJERY R. MCCRACKEN, Husband and Wife as Joint Tenants

By: _____
MICHAEL D. MCCRACKEN

By: _____
MAJERY R. MCCRACKEN

OWNERS:


ANTHONY H. EREDIA, Trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84

By: _____
ANTHONY H. EREDIA

VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, Trustees of the Molinaro Amended Trust, UTA dated 11/17/86

By: _____

MICHAEL MOLINARO, Successor Trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76

By: 
MICHAEL MOLINARO

LELAND W. HANCOCK and BEVERLY J. HANCOCK, Husband and Wife, as Joint Tenants

By: _____
LELAND W. HANCOCK

By: _____
BEVERLY J. HANCOCK

MICHAEL D. MCCRACKEN and MARJERY R. MCCRACKEN, Husband and Wife as Joint Tenants

By: _____
MICHAEL D. MCCRACKEN

By: _____
MAJERY R. MCCRACKEN

OWNERS:

ANTHONY H. EREDIA, Trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84

By: _____
ANTHONY H. EREDIA

VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, Trustees of the Molinaro Amended Trust, UTA dated 11/17/86

By: _____

MICHAEL MOLINARO, Successor Trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76

By: _____
MICHAEL MOLINARO

LELAND W. HANCOCK and BEVERLY J. HANCOCK, Husband and Wife, as Joint Tenants

By: Leland W. Hancock
LELAND W. HANCOCK

By: Beverly J. Hancock
BEVERLY J. HANCOCK

MICHAEL D. MCCRACKEN and MARJERY R. MCCRACKEN, Husband and Wife as Joint Tenants

By: _____
MICHAEL D. MCCRACKEN

By: _____
MAJERY R. MCCRACKEN

OWNERS:

ANTHONY H. EREDIA, Trustee of the Anthony H. Eredia Trust, UDT dated 10/11/84

By: _____
ANTHONY H. EREDIA

VICTOR P. MOLINARO and LAEL JANEAN MOLINARO, Trustees of the Molinaro Amended Trust, UTA dated 11/17/86

By: _____

MICHAEL MOLINARO, Successor Trustee of the Molinaro 1976 Children Trusts, UTA dated 12/23/76

By: _____
MICHAEL MOLINARO

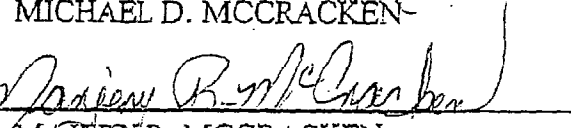
LELAND W. HANCOCK and BEVERLY J. HANCOCK, Husband and Wife, as Joint Tenants

By: _____
LELAND W. HANCOCK

By: _____
BEVERLY J. HANCOCK

MICHAEL D. MCCRACKEN and MARJERY R. MCCRACKEN, Husband and Wife as Joint Tenants

By: 
MICHAEL D. MCCRACKEN

By: 
MARJERY R. MCCRACKEN

DAVID J. BYERS and LINDA R.V. BYERS, Husband and Wife as
Joint Tenants

By: David J. Byers
DAVID J. BYERS

By: Linda R.V. Byers
LINDA R.V. BYERS

ANTHONY J. IEMMA, a married man as his sole and separate
property

By: _____
ANTHONY J. IEMMA

THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J.
IEMMA, Personal Representative

By: _____
ANTHONY J. IEMMA

DAVID J. BYERS and LINDA R.V. BYERS, Husband and Wife as
Joint Tenants

By: _____
DAVID J. BYERS

By: _____
LINDA R.V. BYERS

ANTHONY J. IEMMA, a married man as his sole and separate
property

By: Anthony J. Iemma
ANTHONY J. IEMMA

THE ESTATE OF SAMUEL J. IEMMA, Deceased, ANTHONY J.
IEMMA, Personal Representative

By: Anthony J. Iemma Trustee
ANTHONY J. IEMMA