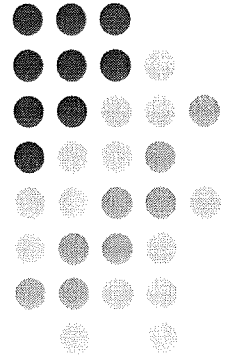


November 12, 2007



**PHASE I
ENVIRONMENTAL SITE ASSESSMENT**

Assessor's Parcel Numbers 3064-007-007, -008, -013, -014, -017 through -021;
3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001
Llano, California 93544

Partner Project No. 079050

Prepared for

UNITED DEVELOPMENT CORPORATION
660 West Southlake Boulevard, Suite 200
Southlake, Texas 76092

Prepared By

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245
(800) 419-4923

EXECUTIVE SUMMARY

Partner Engineering and Science, Inc. (Partner) has performed a Phase I Environmental Site Assessment (ESA) in general accordance with the scope of work and limitations of ASTM Standard Practice E1527-05, the Environmental Protection Agency Standards and Practices for All Appropriate Inquiries (AAI) (40 CFR Part 312) and set forth by United Development Corporation for the property identified by Assessor's Parcel Numbers (APNs) 3064-007-007, -008, -013, -014, -017 through -021; 3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001 in the unincorporated City of Llano, Los Angeles County, California (the "subject property"). The Phase I Environmental Site Assessment is designed to provide United Development Corporation with an assessment concerning environmental conditions (limited to those issues identified in the report) as they exist at the subject property.

Property Description

The subject property is located to the west of Mescal Canyon Road and east of Largo Vista Road in a mixed undeveloped and residential area of Llano. 213th Street East and Graham Canyon Road run north-to-south through the subject property and Panorama Road runs east-to-west along the southern portion of the subject property. Please refer to the table below for further description of the subject property:

Address:	300 East Avenue Z12
Assessor's Parcel Number (APNs):	3064-007-007, -008, -013, -014, -017 through -021; 3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001
Nature of Use :	Residential/Vacant Land
Number of Buildings:	Ten (10)
Number of Floors:	One (1)
Type of Construction:	Stone/Wood-frame
Building Square Footage (SF):	All individual structures total less than 1,000 SF
Land Acreage (Ac):	1,234 Ac
Date of Construction:	Approx. 1910
Current Tenants:	One (1) residential tenant (property caretaker)

In addition to the current structures, the subject property consists of vacant, undeveloped land.

The immediately surrounding properties consist primarily of vacant, undeveloped land, although several single-family residential dwellings are located to the east, west, and north.

APPENDIX D: QUALIFICATIONS

APPENDIX C: DATABASE

TRACK ► INFO SERVICES, LLC

Environmental FirstSearch™ Report

Target Property:

INDIAN CANYON ROAD

LLANO CA 93544

Job Number: 079050

PREPARED FOR:

Partner Engineering and Science
2101 Rosecrans Avenue, Suite 4270
El Segundo, CA 90245

11-06-07



Tel: (866) 664-9981

Fax: (818) 249-4227

Environmental FirstSearch Search Summary Report

Target Site: INDIAN CANYON ROAD

LLANO CA 93544

FirstSearch Summary

Database	Sel	Updated	Radius	Site	1/8	1/4	1/2	1/2>	ZIP	TOTALS
NPL	Y	09-10-07	0.25	0	0	0	-	-	0	0
NPL Delisted	Y	09-10-07	0.25	0	0	0	-	-	0	0
CERCLIS	Y	10-08-07	0.25	0	0	0	-	-	0	0
NFRAP	Y	10-08-07	0.25	0	0	0	-	-	0	0
RCRA COR ACT	Y	06-06-06	0.25	0	0	0	-	-	0	0
RCRA TSD	Y	06-06-06	0.25	0	0	0	-	-	0	0
RCRA GEN	Y	06-06-06	0.25	0	0	0	-	-	0	0
RCRA NLR	Y	06-06-06	0.12	0	0	-	-	-	0	0
Federal IC / EC	Y	10-02-07	0.25	0	0	0	-	-	0	0
ERNS	Y	12-31-06	0.12	0	0	-	-	-	0	0
Tribal Lands	Y	12-01-05	0.25	0	0	0	-	-	0	0
State/Tribal Sites	Y	08-08-07	0.25	0	0	0	-	-	0	0
State Spills 90	Y	01-03-07	0.12	0	0	-	-	-	0	0
State/Tribal SWL	Y	09-24-07	0.25	0	0	0	-	-	0	0
State/Tribal LUST	Y	10-18-07	0.25	0	0	0	-	-	0	0
State/Tribal UST/AST	Y	01-03-07	0.25	0	0	0	-	-	0	0
State/Tribal EC	Y	NA	0.25	0	0	0	-	-	0	0
State/Tribal IC	Y	04-27-07	0.25	0	0	0	-	-	0	0
State/Tribal VCP	Y	08-15-06	0.25	0	0	0	-	-	0	0
State/Tribal Brownfields	Y	03-27-06	0.25	0	0	0	-	-	0	0
State Permits	Y	03-29-07	0.25	0	0	0	-	-	0	0
State Other	Y	08-08-07	0.25	0	0	0	-	-	0	0
- TOTALS -				0	0	0	0	0	0	0

Notice of Disclaimer

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

Waiver of Liability

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

***Environmental FirstSearch
Site Information Report***

Request Date: 11-06-07
Requestor Name: Ryan Golden
Standard: AREA

Search Type: AREA
2.13 sq mile(s)
Job Number: 079050
Filtered Report

Target Site: INDIAN CANYON ROAD
LLANO CA 93544

Demographics

Sites: 0	Non-Geocoded: 0	Population: NA
Radon: NA		

Site Location

	<u>Degrees (Decimal)</u>	<u>Degrees (Min/Sec)</u>		<u>UTMs</u>
Longitude:	-117.735356	-117:44:7	Easting:	432444.441
Latitude:	34.443789	34:26:38	Northing:	3811413.55
			Zone:	11

Comment

Comment:

Additional Requests/Services

Adjacent ZIP Codes: 0 Mile(s)					Services:	
ZIP Code	City Name	ST	Dist/Dir	Sel	Requested?	Date
					Sanborns	No
					Aerial Photographs	No
					Historical Topos	No
					City Directories	No
					Title Search/Env Liens	No
					Municipal Reports	No
					Online Topos	No

Environmental FirstSearch
Sites Summary Report

Target Property: INDIAN CANYON ROAD
LLANO CA 93544

JOB: 079050

TOTAL: 0 **GEOCODED:** 0 **NON GEOCODED:** 0 **SELECTED:** 0

<u>Page No.</u>	<u>DB Type</u>	<u>Site Name/ID/Status</u>	<u>Address</u>	<u>Dist/Dir</u>	<u>Map ID</u>
-----------------	----------------	----------------------------	----------------	-----------------	---------------

Environmental FirstSearch
Site Detail Report

Target Property: INDIAN CANYON ROAD
LLANO CA 93544

JOB: 079050

No sites were found!

Environmental FirstSearch
Site Detail Report

Target Property: INDIAN CANYON ROAD
LLANO CA 93544

JOB: 079050

No sites were found!

Environmental FirstSearch Descriptions

NPL: EPA NATIONAL PRIORITY LIST - The National Priorities List is a list of the worst hazardous waste sites that have been identified by Superfund. Sites are only put on the list after they have been scored using the Hazard Ranking System (HRS), and have been subjected to public comment. Any site on the NPL is eligible for cleanup using Superfund Trust money.

A Superfund site is any land in the United States that has been contaminated by hazardous waste and identified by the Environmental Protection Agency (EPA) as a candidate for cleanup because it poses a risk to human health and/or the environment.

FINAL - Currently on the Final NPL

PROPOSED - Proposed for NPL

NPL DELISTED: EPA NATIONAL PRIORITY LIST Subset - Database of delisted NPL sites. The National Oil and Hazardous Substances Pollution Contingency Plan (NCP) establishes the criteria that the EPA uses to delete sites from the NPL. In accordance with 40 CFR 300.425.(e), sites may be deleted from the NPL where no further response is appropriate.

DELISTED - Deleted from the Final NPL

CERCLIS: EPA COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY INFORMATION SYSTEM (CERCLIS)- CERCLIS is a database of potential and confirmed hazardous waste sites at which the EPA Superfund program has some involvement. It contains sites that are either proposed to be or are on the National Priorities List (NPL) as well as sites that are in the screening and assessment phase for possible inclusion on the NPL.

PART OF NPL- Site is part of NPL site

DELETED - Deleted from the Final NPL

FINAL - Currently on the Final NPL

NOT PROPOSED - Not on the NPL

NOT VALID - Not Valid Site or Incident

PROPOSED - Proposed for NPL

REMOVED - Removed from Proposed NPL

SCAN PLAN - Pre-proposal Site

WITHDRAWN - Withdrawn

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

NFRAP – No Further Remedial Action Plan

P - Site is part of NPL site

D - Deleted from the Final NPL

F - Currently on the Final NPL

N - Not on the NPL

O - Not Valid Site or Incident

P - Proposed for NPL

R - Removed from Proposed NPL

S - Pre-proposal Site

W – Withdrawn

RCRA COR ACT: EPA RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM SITES - Database of hazardous waste information contained in the Resource Conservation and Recovery Act Information (RCRAInfo), a national program management and inventory system about hazardous waste handlers. In general, all generators, transporters, treaters, storers, and disposers of hazardous waste are required to provide information about their activities to state environmental agencies. These agencies, in turn pass on the information to regional and national EPA offices. This regulation is governed by the Resource Conservation and Recovery Act (RCRA), as amended by the Hazardous and Solid Waste Amendments of 1984.

RCRAInfo facilities that have reported violations and subject to corrective actions.

RCRA TSD: EPA RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM

TREATMENT, STORAGE, and DISPOSAL FACILITIES. - Database of hazardous waste information contained in the Resource Conservation and Recovery Act Information (RCRAInfo), a national program management and inventory system about hazardous waste handlers. In general, all generators, transporters, treaters, storers, and disposers of hazardous waste are required to provide information about their activities to state environmental agencies. These agencies, in turn pass on the information to regional and national EPA offices. This regulation is governed by the Resource Conservation and Recovery Act (RCRA), as amended by the Hazardous and Solid Waste Amendments of 1984.

Facilities that treat, store, dispose, or incinerate hazardous waste.

RCRA GEN: EPA RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM GENERATORS - Database of hazardous waste information contained in the Resource Conservation and Recovery Act Information (RCRAInfo), a national program management and inventory system about hazardous waste handlers. In general, all generators, transporters, treaters, storers, and disposers of hazardous waste are required to provide information about their activities to state environmental agencies. These agencies, in turn pass on the information to regional and national EPA offices. This regulation is governed by the Resource Conservation and Recovery Act (RCRA), as amended by the Hazardous and Solid Waste Amendments of 1984. Facilities that generate or transport hazardous waste or meet other RCRA requirements.

LGN - Large Quantity Generators

SGN - Small Quantity Generators

VGN – Conditionally Exempt Generator.

Included are RAATS (RCRA Administrative Action Tracking System) and CMEL (Compliance Monitoring & Enforcement List) facilities.

RCRA NLR: EPA RESOURCE CONSERVATION AND RECOVERY INFORMATION SYSTEM SITES - Database of hazardous waste information contained in the Resource Conservation and Recovery Act Information (RCRAInfo), a national program management and inventory system about hazardous waste handlers. In general, all generators, transporters, treaters, storers, and disposers of hazardous waste are required to provide information about their activities to state environmental agencies. These agencies, in turn pass on the information to regional and national EPA offices. This regulation is governed by the Resource Conservation and Recovery Act (RCRA), as amended by the Hazardous and Solid Waste Amendments of 1984.

Facilities not currently classified by the EPA but are still included in the RCRAInfo database. Reasons for non classification:

Failure to report in a timely matter.

No longer in business.

No longer in business at the listed address.

No longer generating hazardous waste materials in quantities which require reporting.

Federal IC / EC: EPA BROWNFIELD MANAGEMENT SYSTEM (BMS) - database designed to assist EPA in collecting, tracking, and updating information, as well as reporting on the major activities and accomplishments of the various Brownfield grant Programs.

FEDERAL ENGINEERING AND INSTITUTIONAL CONTROLS- Superfund sites that have either an engineering or an institutional control. The data includes the control and the media contaminated.

ERNS: EPA/NRC EMERGENCY RESPONSE NOTIFICATION SYSTEM (ERNS) - Database of incidents reported to the National Response Center. These incidents include chemical spills, accidents involving chemicals (such as fires or explosions), oil spills, transportation accidents that involve oil or chemicals, releases of radioactive materials, sightings of oil sheens on bodies of water, terrorist incidents involving chemicals, incidents where illegally dumped chemicals have been found, and drills intended to prepare responders to handle these kinds of incidents. Data since January 2001 has been received from the National Response System database as the EPA no longer maintains this data.

Tribal Lands: DOI/BIA INDIAN LANDS OF THE UNITED STATES - Database of areas with boundaries established by treaty, statute, and (or) executive or court order, recognized by the Federal Government as territory in which American Indian tribes have primary governmental authority. The Indian Lands of the United States map layer shows areas of 640 acres or more, administered by the Bureau of Indian Affairs. Included are Federally-administered lands within a reservation which may or may not be considered part of the reservation.

State/Tribal Sites: CA EPA SMBRPD / CAL SITES- The California Department of Toxic Substances Control (DTSC) has developed an electronic database system with information about sites that are known to be contaminated with hazardous substances as well as information on uncharacterized properties where further studies may reveal problems. The Site Mitigation and Brownfields Reuse Program Database (SMBRPD), also known as CalSites, is used primarily by DTSC's staff as an informational tool to evaluate and track activities at

properties that may have been affected by the release of hazardous substances.

The SMBRPD displays information in six categories. The categories are:

1. CalSites Properties (CS)
2. School Property Evaluation Program Properties (SCH)
3. Voluntary Cleanup Program Properties (VCP)
4. Unconfirmed Properties Needing Further Evaluation (RFE)

Please Note: FirstSearch Reports list the above sites as DB Type (STATE).

5. Unconfirmed Properties Referred to Another Local or State Agency (REF)

6. Properties where a No Further Action Determination has been made (NFA)

Please Note: FirstSearch Reports list the above sites as DB Type (OTHER).

Each Category contains information on properties based upon the type of work taking place at the site. For example, the CalSites database is now one of the six categories within SMPBRD and contains only confirmed sites considered as posing the greatest threat to the public and/or the potential public school sites will be found within the School Property Evaluation Program, and those properties undergoing voluntary investigation and/or cleanup are in the Voluntary Cleanup Program.

CORTESE LIST-Pursuant to Government Code Section 65962.5, the Hazardous Waste and Substances Sites List has been compiled by Cal/EPA, Hazardous Materials Data Management Program. The CAL EPA Dept. of Toxic Substances Control compiles information from subsets of the following databases to make up the CORTESE list:

1. The Dept. of Toxic Substances Control; contaminated or potentially contaminated hazardous waste sites listed in the CAL Sites database. Formerly known as ASPIS are included (CALSITES formerly known as ASPIS).
2. The California State Water Resources Control Board; listing of Leaking Underground Storage Tanks are included (LTANK)
3. The California Integrated Waste Management Board; Sanitary Landfills which have evidence of groundwater contamination or known migration of hazardous materials (formerly WB-LF, now AB 3750).

Note: Track Info Services collects each of the above data sets individually and lists them separately in the following First Search categories in order to provide more current and comprehensive information: CALSITES: SPL, LTANK: LUST, WB-LF: SWL

State Spills 90: *CA EPA* SLIC REGIONS 1 - 9- The California Regional Water Quality Control Boards maintain report of sites that have records of spills, leaks, investigation, and cleanups.

State/Tribal SWL: *CA IWMB/SWRCB/COUNTY* SWIS SOLID WASTE INFORMATION SYSTEM-The California Integrated Waste Management Board maintains a database on solid waste facilities, operations, and disposal sites throughout the state of California. The types of facilities found in this database include landfills, transfer stations, material recovery facilities, composting sites, transformation facilities, waste tire sites, and closed disposal sites. For more information on individual sites call the number listed in the source field..

Please Note: This database contains poor site location information for many sites in the First Search reports; therefore, it may not be possible to locate or plot some sites in First Search reports.

WMUDS-The State Water Resources Control Board maintained the Waste Management Unit Database System (WMUDS). It is no longer updated. It tracked management units for several regulatory programs related to waste management and its potential impact on groundwater. Two of these programs (SWAT & TPCA) are no longer on-going regulatory programs as described below. Chapter 15 (SC15) is still an on-going regulatory program and information is updated periodically but not to the WMUDS database. The WMUDS System contains information from the following agency databases: Facility, Waste Management Unit (WMU), Waste Discharger System (WDS), SWAT, Chapter 15, TPCA, RCRA, Inspections, Violations, and Enforcement's.

Note: This database contains poor site location information for many sites in the First Search reports; therefore, it may not be possible to locate or plot some sites in First Search reports.

ORANGE COUNTY LANDFILLS LIST- A list maintained by the Orange County Health Department.

State/Tribal LUST: *CA SWRCB/COUNTY* LUSTIS- The State Water Resources Control Board maintains a database of sites with confirmed or unconfirmed leaking underground storage tanks. Information for this database is collected from the states regional boards quarterly and integrated with this database.

SAN DIEGO COUNTY LEAKING TANKS- The San Diego County Department of Environmental Health maintains a database of sites with confirmed or unconfirmed leaking underground storage tanks within its HE17/58 database. For more information on a specific file call the HazMat Duty Specialist at phone number listed in the source information field.

State/Tribal UST/AST: *CA EPA/COUNTY/CITY* ABOVEGROUND STORAGE TANKS LISTING-The Above Ground Petroleum Storage Act became State Law effective January 1, 1990. In general, the law requires owners or operators of AST's with petroleum products to file a storage statement and pay a fee by July 1, 1990 and every two years thereafter, take specific action to prevent spills, and in certain instances implement a

groundwater monitoring program. This law does not apply to that portion of a tank facility associated with the production oil and regulated by the State Division of Oil and Gas of the Dept. of Conservation.

SWEEPS / FIDS STATE REGISTERED UNDERGROUND STORAGE TANKS- Until 1994 the State Water Resources Control Board maintained a database of registered underground storage tanks statewide referred to as the SWEEPS System. The SWEEPS UST information was integrated with the CAL EPA's Facility Index System database (FIDS) which is a master index of information from numerous California agency environmental databases. That was last updated in 1994. Track Info Services included the UST information from the FIDS database in its First Search reports for historical purposes to help its clients identify where tanks may possibly have existed. For more information on specific sites from individual paper files archived at the State Water Resources Control Board call the number listed with the source information.

INDIAN LANDS UNDERGROUND STORAGE TANKS LIST- A listing of underground storage tanks currently on Indian Lands under federal jurisdiction. California Indian Land USTs are administered by US EPA Region 9.

CUPA DATABASES & SOURCES- Definition of a CUPA: A Certified Unified Program Agency (CUPA) is a local agency that has been certified by the CAL EPA to implement six state environmental programs within the local agency's jurisdiction. These can be a county, city, or JPA (Joint Powers Authority). This program was established under the amendments to the California Health and Safety Code made by SB 1082 in 1994.

A Participating Agency (PA) is a local agency that has been designated by the local CUPA to administer one or more Unified Programs within their jurisdiction on behalf of the CUPA. A Designated Agency (DA) is an agency that has not been certified by the CUPA but is the responsible local agency that would implement the six unified programs until they are certified.

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

State/Tribal IC: CA EPA DEED-RESTRICTED SITES LISTING- The California EPA's Department of Toxic Substances Control Board maintains a list of deed-restricted sites, properties where the DTSC has placed limits or requirements on the future use of the property due to varying levels of cleanup possible, practical or necessary at the site.

State/Tribal VCP: CA EPA SMBRPD / CAL SITES- The California Department of Toxic Substances Control (DTSC) has developed an electronic database system with information about sites that are known to be contaminated with hazardous substances as well as information on uncharacterized properties where further studies may reveal problems. The Site Mitigation and Brownfields Reuse Program Database (SMBRPD), also known as CalSites, is used primarily by DTSC's staff as an informational tool to evaluate and track activities at properties that may have been affected by the release of hazardous substances.

The SMBRPD displays information in six categories. The categories are:

1. CalSites Properties (CS)
2. School Property Evaluation Program Properties (SCH)
3. Voluntary Cleanup Program Properties (VCP)
4. Unconfirmed Properties Needing Further Evaluation (RFE)
5. Unconfirmed Properties Referred to Another Local or State Agency (REF)
6. Properties where a No Further Action Determination has been made (NFA)

Please Note: FirstSearch Reports list the above sites as DB Type VC. Each Category contains information on properties based upon the type of work taking place at the site. The VC category contains only those properties undergoing voluntary investigation and/or cleanup and which are listed in the Voluntary Cleanup Program.

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

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

SAN BERNARDINO COUNTY HAZARDOUS MATERIALS PERMITS- Handlers and Generators Permit Information Maintained by the Hazardous Materials Division.

State Other: CA EPA/COUNTY SMBRPD / CAL SITES- The California Department of Toxic Substances

Control (DTSC) has developed an electronic database system with information about sites that are known to be contaminated with hazardous substances as well as information on uncharacterized properties where further studies may reveal problems. The Site Mitigation and Brownfields Reuse Program Database (SMBRPD), also known as CalSites, is used primarily by DTSC's staff as an informational tool to evaluate and track activities at properties that may have been affected by the release of hazardous substances.

The SMBRPD displays information in six categories. The categories are:

1. CalSites Properties (CS)
2. School Property Evaluation Program Properties (SCH)
3. Voluntary Cleanup Program Properties (VCP)
4. Unconfirmed Properties Needing Further Evaluation (RFE)
- Please Note: FirstSearch Reports list the above sites as DB Type (STATE).
5. Unconfirmed Properties Referred to Another Local or State Agency (REF)
6. Properties where a No Further Action Determination has been made (NFA)

Please Note: FirstSearch Reports list the above sites as DB Type (OTHER).

Each Category contains information on properties based upon the type of work taking place at the site. For example, the CalSites database is now one of the six categories within SMPBRD and contains only confirmed sites considered as posing the greatest threat to the public and/or the potential public school sites will be found within the School Property Evaluation Program, and those properties undergoing voluntary investigation and/or cleanup are in the Voluntary Cleanup Program.

LA COUNTY SITE MITIGATION COMPLAINT CONTROL LOG- The County of Los Angeles Public Health Investigation Compliant Control Log.

ORANGE COUNTY INDUSTRIAL SITE CLEANUPS- List maintained by the Orange County Environmental Health Agency.

RIVERSIDE COUNTY WASTE GENERATORS-A list of facilities in Riverside County which generate hazardous waste.

SACRAMENTO COUNTY MASTER HAZMAT LIST-Master list of facilities within Sacramento County with potentially hazardous materials.

SACRAMENTO COUNTY TOXIC SITE CLEANUPS-A list of sites where unauthorized releases of potentially hazardous materials have occurred.

Environmental FirstSearch Database Sources

NPL: *EPA* Environmental Protection Agency

Updated quarterly

NPL DELISTED: *EPA* Environmental Protection Agency

Updated quarterly

CERCLIS: *EPA* Environmental Protection Agency

Updated quarterly

NFRAP: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA COR ACT: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA TSD: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA GEN: *EPA* Environmental Protection Agency.

Updated quarterly

RCRA NLR: *EPA* Environmental Protection Agency

Updated quarterly

Federal IC / EC: *EPA* Environmental Protection Agency

Updated quarterly

ERNS: *EPA/NRC* Environmental Protection Agency

Updated semi-annually

Tribal Lands: *DOI/BIA* United States Department of the Interior

Updated annually

State/Tribal Sites: *CA EPA* The CAL EPA, Depart. Of Toxic Substances Control

Phone: (916) 323-3400

Updated quarterly/when available

State Spills 90: CA EPA The California State Water Resources Control Board

Updated when available

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

Phone:(916) 255-2331

The State Water Resources Control Board

Phone:(916) 227-4365

Orange County Health Department

Updated quarterly/when available

State/Tribal LUST: CA SWRCB/COUNTY The California State Water Resources Control Board

Phone:(916) 227-4416

San Diego County Department of Environmental Health

Updated quarterly/when available

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

Phone:(916) 227-4364

CAL EPA Department of Toxic Substances Control

Phone:(916)227-4404

US EPA Region 9 Underground Storage Tank Program

Phone: (415) 972-3372

ALAMEDA COUNTY CUPAS:

- * County of Alameda Department of Environmental Health

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

ALPINE COUNTY CUPA:

- * Health Department (Only updated by agency sporadically)

AMADOR COUNTY CUPA:

- * County of Amador Environmental Health Department

BUTTE COUNTY CUPA

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

CALAVERAS COUNTY CUPA:

- * County of Calaveras Environmental Health Department

COLUSA COUNTY CUPA:

- * Environmental Health Dept.

CONTRA COSTA COUNTY CUPA:

- * Hazardous Materials Program

DEL NORTE COUNTY CUPA:

- * Department of Health and Social Services

EL DORADO COUNTY CUPAS:

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

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

FRESNO COUNTY CUPA:

- * Haz. Mat and Solid Waste Programs

GLENN COUNTY CUPA:

- * Air Pollution Control District

HUMBOLDT COUNTY CUPA:

- * Environmental Health Division

IMPERIAL COUNTY CUPA:

- * Department of Planning and Building

INYO COUNTY CUPA:

- * Environmental Health Department

KERN COUNTY CUPA:

- * County of Kern Environmental Health Department
- * City of Bakersfield Fire Department

KINGS COUNTY CUPA:

- * Environmental Health Services

LAKE COUNTY CUPA:

- * Division of Environmental Health

LASSEN COUNTY CUPA:

- * Department of Agriculture

LOS ANGELES COUNTY CUPAS:

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

- * County of Los Angeles Environmental Programs Division

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

MADERA COUNTY CUPA:

- * Environmental Health Department

MARIN COUNTY CUPA:

- * County of Marin Office of Waste Management

- * City of San Rafael Fire Department

MARIPOSA COUNTY CUPA:

- * Health Department

MENDOCINO COUNTY CUPA:

- * Environmental Health Department

MERCED COUNTY CUPA:

- * Division of Environmental Health

MODOC COUNTY CUPA:

- * Department of Agriculture

MONO COUNTY CUPA:

- * Health Department

MONTEREY COUNTY CUPA:

- * Environmental Health Division

NAPA COUNTY CUPA:

- * Hazardous Materials Section

NEVADA COUNTY CUPA:

- * Environmental Health Department

ORANGE COUNTY CUPAS:

- * County of Orange Environmental Health Department

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

- * County of Orange Environmental Health Department

PLACER COUNTY CUPAS:

- * County of Placer Division of Environmental Health Field Office

- * Tahoe City

- * City of Roseville Roseville Fire Department

PLUMAS COUNTY CUPA:

- * Environmental Health Department

RIVERSIDE COUNTY CUPA:

- * Environmental Health Department

SACRAMENTO COUNTY CUPA:

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

SAN BENITO COUNTY CUPA:

- * City of Hollister Environmental Service Department

SAN BERNARDINO COUNTY CUPAS:

- * County of San Bernardino Fire Department, Haz. Mat. Div.

- * City of Hesperia Hesperia Fire Prevention Department

- * City of Victorville Victorville Fire Department

SAN DIEGO COUNTY CUPA:

- * The San Diego County Dept. of Environmental Health HE 17/58

SAN FRANCISCO COUNTY CUPA:

- * Department of Public Health

SAN JOAQUIN COUNTY CUPA:

- * Environmental Health Division

SAN LUIS OBISPO COUNTY CUPAS:

- * County of San Luis Obispo Environmental Health Division
- * City of San Luis Obispo City Fire Department

SAN MATEO COUNTY CUPA:

- * Environmental Health Department

SANTA BARBARA COUNTY CUPA:

- * County Fire Dept Protective Services Division

SANTA CLARA COUNTY CUPAS:

- * County of Santa Clara Hazardous Materials Compliance Division
- * Santa Clara County Central Fire Protection District (Covers Campbell, Cupertino, Los Gatos, & Morgan Hill)
- * Cities of Gilroy, Milpitas, Mountain View, Palo Alto, San Jose Fire, Santa Clara, Sunnyvale

SANTA CRUZ COUNTY CUPA:

- * Environmental Health Department

SHASTA COUNTY CUPA:

- * Environmental Health Department

SIERRA COUNTY CUPA:

- * Health Department

SISKIYOU COUNTY CUPA:

- * Environmental Health Department

SONOMA COUNTY CUPAS:

- * County of Sonoma Department Of Environmental Health
- * Cities of Healdsburg / Sebastopol, Petaluma, Santa Rosa

STANISLAUS COUNTY CUPA:

- * Department of Environmental Resources Haz. Mat. Division

SUTTER COUNTY CUPA:

- * Department of Agriculture

TEHAMA COUNTY CUPA:

- * Department of Environmental Health

TRINITY COUNTY CUPA:

- * Department of Health

TULARE COUNTY CUPA:

- * Environmental Health Department

TUOLUMNE COUNTY CUPA:

- * Environmental Health

VENTURA COUNTY CUPAS:

- * County of Ventura Environmental Health Division
- * Cities of Oxnard, Ventura

YOLO COUNTY CUPA:

- * Environmental Health Department

YUBA COUNTY CUPA:

Updated quarterly/annually/when available

State/Tribal IC: CA EPA The California EPA Department of Toxic Substances Control.

Updated Updated quarterly/annually/when available

State/Tribal VCP: CA EPA The California EPA Department of Toxic Substances Control.

Updated Updated quarterly/annually/when available

RADON: NTIS Environmental Protection Agency, National Technical Information Services

Updated periodically

State Permits: CA COUNTY The San Diego County Depart. Of Environmental Health
Phone:(619) 338-2211
San Bernardino County Fire Department

Updated quarterly/when available

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

Phone: (916) 323-3400

The Los Angeles County Hazardous Materials Division

Phone: (323) 890-7806

Orange County Environmental Health Agency

Phone: (714) 834-3536

Riverside County Department of Environmental Health, Hazardous Materials Management Division

Phone:(951) 358-5055

Sacramento County Environmental Management Department

Updated quarterly/when available

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

Target Property: INDIAN CANYON ROAD
LLANO CA 93544

JOB: 079050

Street Name	Dist/Dir	Street Name	Dist/Dir
213th St EAST	0.00 --		
223rd St EAST	0.00 --		
Desert Star Rd	0.23 NE		
Indian Canyon Rd	0.00 --		
Mescal Highlands Dr	0.00 --		
Panorama Rd	0.00 --		
Pinon Rd	0.00 --		
Pvt Dr	0.00 --		
Pvt Rd	0.19 -E		
Yucca Circle Dr	0.20 NE		



Environmental FirstSearch

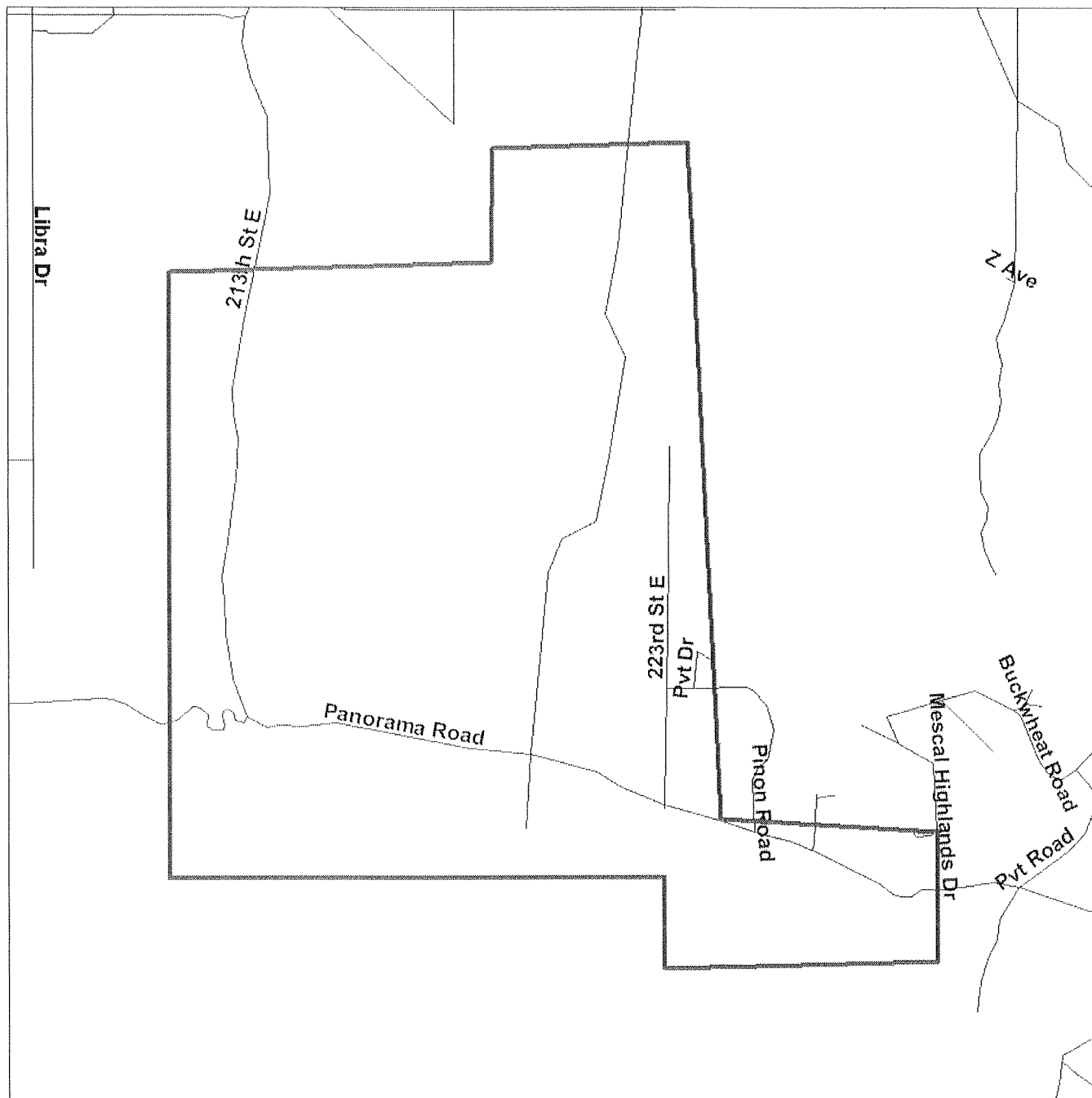
.25 Mile Radius from Area

AREA: Multiple Databases

Environmental
FIRSTSEARCH



INDIAN CANYON ROAD, LLANO CA 93544



Source: U.S. Census TIGER Files

Area Polygon			
Identified Site, Multiple Sites, Receptor			
NPL, DELNPL, Brownfield, Solid Waste Landfill (SWL), Hazardous Waste			
Triballand.....			
Railroads			

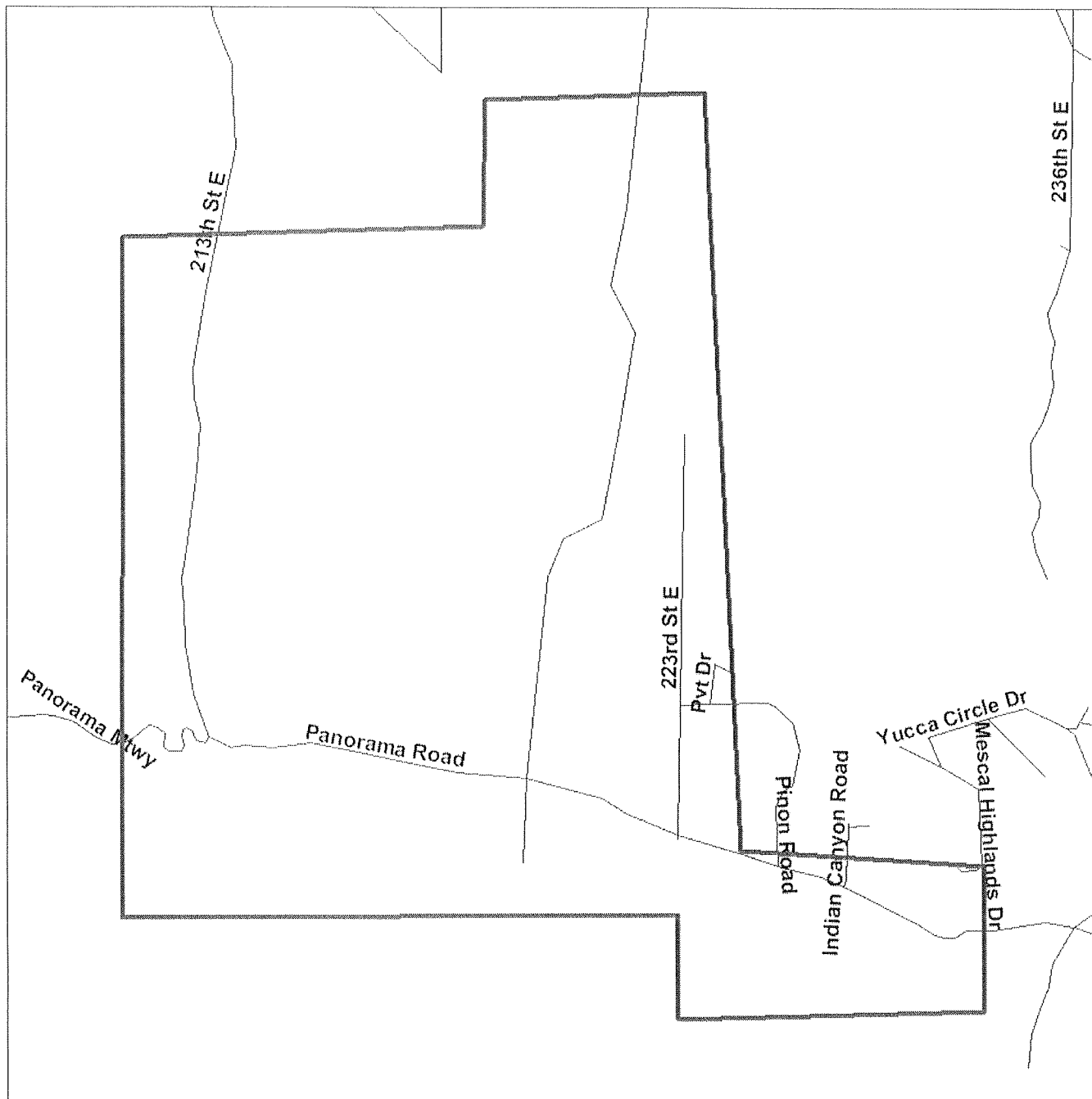


Environmental FirstSearch

.12 Mile Radius from Area
AREA: SPILLS90, ERNS, RCRANLR



INDIAN CANYON ROAD, LLANO CA 93544



Source: U.S. Census TIGER Files

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

According to historical sources, the majority of the subject property has been uninhabited and undeveloped since as early as 1968, although a few residential tenants/property caretakers have occupied the onsite residential structures on the western portion of the subject property. Prior to that, the western portion of the subject property was formerly developed with a hog ranch (Hagenbaugh Ranch) from as early as 1928 until as late as 1954. Prior to that, a 723 square foot structure of an unspecified nature (likely residential) was constructed on the western portion of the subject property in 1910. The eastern portion of the subject property (owned by Mr. Steven Sinkin) has been undeveloped, vacant land since as early as 1928.

According to groundwater monitoring data provided by Rottman Drilling Co. and topographic map interpretation, the depth and direction of groundwater in the vicinity of the subject property is inferred to be present at approximately 95 to 135 feet below ground surface (bgs) and flow to the north.

Findings

A *recognized environmental condition (REC)* refers to the presence or likely presence of any hazardous substance or petroleum product on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property. The term REC includes hazardous substances and petroleum products even under conditions that might be in compliance with laws. The term is not intended to include "de minimis" conditions that do not present a threat to human health and/or the environment and that would not be subject to an enforcement action if brought to the attention of appropriate governmental agencies. The following was identified during the course of this investigation:

- According to one of the owners of the subject property, Mr. Bill Davis, an underground storage tank (UST) was identified on the subject property based on the observation of a pipe extending to the surface. Mr. Davis indicated that he removed this UST himself and that no unusual hydrocarbon or other odors or staining were encountered during the removal process. Mr. Davis accompanied Partner during the site inspection and indicated the approximate location of the UST that was removed from the property. Based on the rural nature of the subject property and the time period (prior to 1970) that the UST was likely installed, no records regarding this former UST were encountered during this investigation. Therefore, it cannot be determined if this UST was used for petroleum (gasoline, diesel, heating oil, etc.) storage or for some other use. The relatively small size (less than 500 gallons, according to Mr. Davis) of this UST suggests that it was not used for water storage in the water-intensive operations at the former ranch. When a UST is removed, especially with the unknown nature of this UST, regulatory protocol typically requires that soil sampling in the vicinity of the UST be conducted under the supervision of the Los Angeles County Department of Public Works (LACDPW) in order to determine if a release of hazardous materials has occurred as a result of UST leakage. Based on the lack of sampling upon removal, the presence of the former UST onsite is a recognized environmental condition.

A *historical recognized environmental condition (HREC)* refers to an environmental condition which would have been considered a REC in the past, but which may or may not be considered a REC currently. The following was identified during the course of this investigation:

- Partner did not identify any historical recognized environmental conditions during the course of this investigation.

An *environmental issue* refers to environmental concerns identified by Partner, which do not qualify as RECs; however, require discussion. The following was identified during the course of this investigation:

- Based on the age (pre-1960) of the structures located on the subject property, there is a potential that asbestos-containing materials (ACMs) and lead-based paint (LBP) are present. According to the EPA, ACMs that are intact and in good condition can, in general, be managed safely in-place under an Operations and Maintenance (O&M) program until removal is dictated by renovation, demolition, or deteriorating material condition. A residential subdivision development is planned for the subject property; therefore, a comprehensive ACM and LBP survey is recommended prior to any renovation or demolition activities.
- According to the Los Angeles County's Department of Regional Planning's (LACDRP) GIS-NET online mapping application, a flood zone runs parallel to 213th Street East on the western portion of the subject property. This represents a potential safety concern to the future residents of the proposed residential subdivision on the subject property and should be addressed prior to any development in this area of the subject property.
- Richard C. Slade and Associates, LLC (RCS&A) completed an evaluation of the groundwater resources at the subject property in January of 2007 in order to determine the feasibility of supplying potable water to the proposed residential subdivision development. This assessment was prepared on behalf of Mr. Bill Davis (Huntington Group). Three (3) wells were identified on the western portion of the subject property. Preliminary laboratory analysis of groundwater samples indicated that the subject property's groundwater meets applicable drinking water standards. RCS&A concluded that the existing wells should be properly abandoned and approximately seven (7) new wells will need to be drilled and tested for water quality (to "Title 22" standards) in order to meet the domestic water needs of the proposed development.

Conclusions, Opinions, and Recommendations

Partner has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-05 of APNs 3064-007-007, -008, -013, -014, -017 through -021; 3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001 in the unincorporated City of Llano, Los Angeles County, California (the "subject property"). Any exceptions to or deletions from this practice are described in Section 1.4 of this report. This assessment has revealed evidence of recognized environmental conditions in connection with the

subject property. Based on the conclusions of this assessment, Partner recommends the performance of a *Phase II Subsurface Investigation* in the vicinity of the former UST to determine if a release of hazardous materials has occurred beyond the regulatory threshold criteria.

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FIGURES

Figure 1- Site Location Map

Figure 2- Site Plan

Figure 3- Aerial Photographs

APPENDICES

Appendix A- Site Photographs

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Appendix C- Regulatory Database Report

Appendix D- Qualifications

1.0 INTRODUCTION

Partner has performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of ASTM Standard Practice E1527-05 and AAI for the property identified by Assessor's Parcel Numbers (APNs) 3064-007-007, -008, -013, -014, -017 through -021; 3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001 in the unincorporated City of Llano, Los Angeles County, California. Any exceptions to, or deletions from, this scope of work are described in the report.

1.1 Purpose

The purpose of this Phase I Environmental Site Assessment ("ESA") is to identify existing or potential Recognized Environmental Conditions (as defined by ASTM Standard E-1527-05) affecting the subject property that: 1) constitute or result in a material violation or a potential material violation of any applicable environmental law; 2) impose any material constraints on the operation of the subject property or require a material change in the use thereof; 3) require clean-up, remedial action or other response with respect to Hazardous Substances or Petroleum Products on or affecting the subject property under any applicable environmental law; 4) may affect the value of the subject property, and; 5) may require specific actions to be performed with regard to such conditions and circumstances. The information contained in the ESA Report will be used by Client to: 1) evaluate its legal and financial liabilities for transactions related to foreclosure, purchase, sale, loan origination, loan workout or seller financing, 2) evaluate the subject property's overall development potential, the associated market value and the impact of applicable laws that restrict financial and other types of assistance for the future development of the subject property, and/or; 3) determine whether specific actions are required to be performed prior to the foreclosure, purchase, sale, loan origination, loan workout or seller financing of the subject property.

This ESA was performed to permit the *User* to satisfy one of the requirements to qualify for the innocent landowner, contiguous property owner, or bona fide prospective purchaser limitations on scope of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. §9601) liability (hereinafter, the "*landowner liability protections*," or "*LLPs*"). ASTM Standard E-1527-05 constitutes "*all appropriate inquiry* into the previous ownership and uses of the *property* consistent with good commercial or customary practice" as defined at 42 U.S.C. §9601(35)(B).

1.2 Scope of Work

The scope of work for this ESA is in general accordance with the requirements of ASTM Standard E 1527-05. This assessment included: 1) a property and adjacent site reconnaissance; 2) interviews with key personnel; 3) a review of historical sources; 4) a review of regulatory agency records; and 5) a review of a regulatory database report provided by a third-party vendor.

If requested by Client, this report may also include the identification, discussion of, and/or limited sampling of asbestos-containing materials (ACMs), lead-based paint (LBP), mold, and/or radon.

1.3 Limitations

Partner warrants that the findings and conclusions contained herein were accomplished in accordance with the methodologies set forth in the Scope of Work. These methodologies are described as representing good commercial and customary practice for conducting an ESA of a property for the purpose of identifying recognized environmental conditions. There is a possibility that even with the proper application of these methodologies there may exist on the subject property conditions that could not be identified within the scope of the assessment or which were not reasonably identifiable from the available information. Partner believes that the information obtained from the record review and the interviews concerning the site is reliable. However, Partner cannot and does not warrant or guarantee that the information provided by these other sources is accurate or complete. The conclusions and findings set forth in this report are strictly limited in time and scope to the date of the evaluations. The conclusions presented in the report are based solely on the services described therein, and not on scientific tasks or procedures beyond the scope of agreed-upon services or the time and budgeting restraints imposed by the Client. No other warranties are implied or expressed.

Some of the information provided in this report is based upon personal interviews, and research of available documents, records, and maps held by the appropriate government and private agencies. This report is subject to the limitations of historical documentation, availability, and accuracy of pertinent records, and the personal recollections of those persons contacted.

This practice does not address requirements of any state or local laws or of any federal laws other than the all appropriate inquiry provisions of the LLPs. Further, this report does not intend to address all of the safety concerns, if any, associated with the subject property.

Environmental concerns, which are beyond the scope of a Phase I ESA as defined by ASTM include the following: asbestos-containing materials, lead-based paint, radon, and lead in drinking water. These issues may affect environmental risk at the subject property and may warrant discussion and/or assessment; however, are considered non-scope issues. If specifically requested by the Client, these non-scope issues are discussed in Section 6.3.

1.4 User Reliance

All reports, both verbal and written, are for the sole use and benefit of United Development Corporation. This report has no other purpose and may not be relied upon by any other person or entity without the written consent of Partner.

1.5 Limiting Conditions

The findings and conclusions contain all of the limitations inherent in these methodologies that are referred to in ASTM E1527-05.

Specific limitations and exceptions to this ESA are more specifically set forth below:

- Interviews with past owners, operators and occupants were not reasonably ascertainable and thus constitute a data gap. Based on information obtained from other historical sources (as discussed in Section 3.0), this data gap is not expected to alter the findings of this investigation.
- The Los Angeles County Assessor's Office identifies Assessor Parcel Number (APN) 3064-017-007 as 300 East Avenue Z12; however, East Avenue Z12 terminates approximately 0.40 mile to the west of the subject property and is not visible in the 1953 aerial photograph, therefore, it is unlikely that this address is historically or currently associated with the subject property. Therefore, based on the lack of physical addresses associated with the subject property, city directories were not researched as part of this investigation. Based on the quality of information obtained from other sources, including interviews, onsite observations, and historic aerial photographs, the lack of city directories for the subject property is not expected to alter the overall findings of this investigation.
- Several of the onsite structures were locked and/or inaccessible; however, these structures appeared to be vacant based on observations through the windows. Based on the presumed residential nature of these structures, this lack of access is not expected to alter the overall findings of this investigation.
- As of the issue date of this report, the User (United Development Corporation) has not completed the User Questionnaire.

Due to time constraints associated with this report, the Client has requested the report despite the above-listed limitations.

2.0 SITE DESCRIPTION

2.1 Site Location and Legal Description

The subject property is located to the west of Mescal Canyon Road and east of Largo Vista Road. 213th Street East and Graham Canyon Road run north-to-south through the subject property and Panorama Road runs east-to-west along the southern portion of the subject property. Please refer to the table below for further description of the subject property:

Address:	300 East Avenue Z12
Assessor's Parcel Number (APNs):	3064-007-007, -008, -013, -014, -017 through -021; 3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001
Nature of Use :	Residential/Vacant Land
Number of Buildings:	Ten (10)
Number of Floors:	One (1)
Type of Construction:	Stone/Wood-frame
Building Square Footage (SF):	All individual structures total less than 1,000 SF
Land Acreage (Ac):	1,234 Ac
Date of Construction:	Approx. 1910
Current Tenants:	One (1) residential tenant (property caretaker)

In addition to the current structures, the subject property consists of vacant, undeveloped land.

The subject property was not identified in the regulatory database report as further discussed in Section 4.2.

Please refer to Figure 1: Site Location Map, Figure 2: Site Plan, and Appendix A: Site Photographs.

2.2 Current Property Use

One (1) of the residential dwellings on the western portion of the subject property is currently occupied by a property caretaker. The remainder of the subject property consists of undeveloped, vacant land and uninhabited structures.

2.3 Current Use of Adjoining Properties

The subject property is located in a mixed undeveloped and residential area of Llano. During the vicinity reconnaissance, Partner observed the following land use on properties in the immediate vicinity of the subject property:

Immediately surrounding properties

Direction	Adjacent Property
North	Vacant land, beyond which are residential dwellings.
South	Vacant, mountainous terrain
East	Vacant land and residential dwellings
West	Vacant land and a residential dwelling

None of the adjacent properties were identified in the regulatory database report, as further discussed in Section 4.2.

2.4 Physical Setting Sources

2.4.1 Topography

The United States Geological Survey (USGS), Mescal Creek Quadrangle 7.5 minute series topographic map was reviewed for this ESA. According to the contour lines on the topographic map, the subject property is located between approximately 4,000 and 5,000 feet above mean sea level (MSL). The contour lines in the area of the subject property indicate the area is sloping both moderately and steeply to the north.

Please refer to Figure 1: Site Location Map.

2.4.2 Hydrology

According to groundwater monitoring data provided by Rottman Drilling Co. and topographic map interpretation, the depth and direction of groundwater in the vicinity of the subject property is inferred to be present at approximately 95 to 135 feet below ground surface (bgs) and flow to the north. The nearest surface water in the vicinity of the subject property is an unnamed creek that flows from north to south along the western portion of the subject property during the wet season. No settling ponds, lagoons, surface impoundments, wetlands or natural catch basins were observed at the subject property during this investigation.

2.4.3 Soils/Geology

According to the United States Department of Agriculture's (USDA) General Soil Report for Los Angeles County, the subject property is underlain by soils of the Hanford-Greenfield Association. The soils of this association occur on gently sloping alluvial fans and valley floors. The Hanford-Greenfield Association is well drained, has moderately rapid subsoil permeability, with deep sandy loams. These soils are primarily used for non-irrigated grain production. Smaller areas are used for irrigated alfalfa, sugar beets, fruit and nut trees.

3.0 HISTORICAL USE INFORMATION

Partner obtained historical use information about the subject property from a variety of sources. A chronological listing of the historical data found is summarized in the table below:

Historical Use Information

Period/Date	Source	Description/Use
1910	Assessor's Data	The subject property is developed with a 723 square foot structure (likely residential) on the southwestern portion
1928	Aerial Photograph	The subject property appears developed with the Hagenbaugh Ranch (livestock production) on the western portion of the subject property and undeveloped, vacant land on the remainder of the subject property
1953	Aerial Photograph/ Owner Interview	The subject property is developed with the Hagenbaugh Ranch (livestock production) on the western portion of the subject property and undeveloped, vacant land on the remainder of the subject property
1968	Aerial Photograph	The subject property appears developed with vacant structures (Hagenbaugh Ranch appears to be out-of-commission) on the western portion of the subject property and undeveloped, vacant land on the remainder of the subject property
Present	Onsite Observations/ Owner Interview	The subject property is developed with vacant structures associated with the former Hagenbaugh Ranch on the western portion of the subject property and undeveloped, vacant land on the remainder of the subject property (one residential tenant/property caretaker resides onsite)

Potential environmental concerns associated with a former underground storage tank (UST) that was removed from the subject property are discussed in Section 5.1.

3.1 Aerial Photograph Review

On November 8, 2007, Partner reviewed available aerial photographs of the subject property and surrounding area for indications of previous uses. The aerial photographs are discussed below:

Date: 1928 **Scale: 1:18,000**

The southwestern portion of the subject property appears to be developed with several small structures that were likely associated with the former Hagenbaugh Ranch. 213th Street East appears to run along the western portion of the subject property. The remainder of the subject property appears to consist of undeveloped, vacant land; however, the southeastern portion of the subject property is not visible in this aerial photograph. The immediately surrounding properties appear to be undeveloped, vacant land.

Date: 1953 **Scale: 1:20,000**

The southwestern portion of the subject property appears to be developed with the former Hagenbaugh Ranch, which appears to consist of a main livestock corral, utility/storage sheds, residential dwellings, and holding pens. The remainder of the subject property appears to consist of undeveloped, vacant land; however, the southeastern portion of the subject property is not visible in this aerial photograph. The immediately surrounding properties appear to be undeveloped, vacant land.

Date: 1954 **Scale:** 1:20,000

The southeastern and eastern portions of the subject property are depicted as vacant, undeveloped land. The western portion is not visible in the 1954 aerial photograph. No other significant changes were noted on the subject property or surrounding properties.

Date: 1968 **Scale:** 1:40,000

Native vegetation appears to have overtaken the former Hagenbaugh Ranch area, indicating that it is no longer in use, although the structures are still visible. Panorama Road and Graham Canyon Road are visible on the southern and eastern portions of the subject property, respectively. No other significant changes were noted on the subject property or surrounding properties.

Date: 1989 **Scale:** 1:40,000

Residential dwellings appear to be located beyond the southeastern portion of the subject property. No other significant changes were noted on the subject property or surrounding properties.

Date: 1994 **Scale:** 1:40,000

No significant changes were noted on the subject property or surrounding properties.

Date: 2002 **Scale:** 1:40,000

No significant changes were noted on the subject property or surrounding properties.

Copies of selected aerial photographs are included as Figure 3 of this report.

3.2 Sanborn Fire Insurance Maps

Sanborn maps were originally created in the late 1800s and early 1900s for assessing fire insurance liability in urbanized areas of the United States. These maps include detailed town and building information.

A search was made of the Seattle Public Library's online collection of Sanborn Fire Insurance maps on November 1, 2007.

Sanborn map coverage was not available for the subject property.

3.3 City Directories

City directories have been produced for most urban and some rural areas since the late 1800s. The directories are generally not comprehensive and may contain gaps in time periods.

The Los Angeles County Assessor's Office identifies Assessor Parcel Number (APN) 3064-017-007 as 300 East Avenue Z12; however, East Avenue Z12 terminates approximately 0.40 mile to the west of the subject property and is not visible in the 1953 aerial photograph, therefore, it is unlikely that this address is historically or currently associated with the subject property. Based on the lack of physical addresses associated with the subject property, city directories were not researched as part of this investigation. Based on the quality of information obtained from other sources, including interviews, onsite observations, and historic aerial photographs, the lack of city directories for the subject property is not expected to alter the overall findings of this investigation.

4.0 REGULATORY RECORDS REVIEW

4.1 Regulatory Agencies

Partner contacted local agencies, such as environmental health departments, fire departments and building departments in order to determine any current and/or historic hazardous materials usage, storage and/or releases of hazardous substances on the subject property. Additionally, Partner researched information on the presence of activity and use limitations (AULs) at these agencies. As defined by ASTM E1527-05, AULs are the legal or physical restrictions or limitations on the use of, or access to, a site or facility: 1) to reduce or eliminate potential exposure to hazardous substances or petroleum products in the soil or groundwater on the subject property; or 2) to prevent activities that could interfere with the effectiveness of a response action, in order to ensure maintenance of a condition of no significant risk to public health or the environment. These legal or physical restrictions, which may include institutional and/or engineering controls (IC/ECs), are intended to prevent adverse impacts to individuals or populations that may be exposed to hazardous substances and petroleum products in the soil or groundwater on the property.

4.1.1 Health Department

Partner requested records from the Los Angeles County Department of Health Services (LACDHS) on October 30, 2007 for the subject property. These records may contain evidence indicating current and/or historical hazardous materials usage, storage or releases as well as the presence of underground storage tanks.

No records were on file for the subject property (300 East Avenue Z12). Based on the lack of a physical address for the remaining parcels, LACDHS records could not be researched.

4.1.2 Department of Public Works

Partner requested records from the Los Angeles County Department of Public Works (LACDPW) on October 30, 2007 for the subject property. These records may contain evidence indicating the presence of underground storage tanks (USTs).

No records were on file for the subject property (300 East Avenue Z12). Based on the lack of a physical address for the remaining parcels, LACDPW records could not be researched.

4.1.3 Air Quality Management District

Partner researched the South Coast Air Quality Management District's (SCAQMD) online database (FINDS) on October 30, 2007 for information regarding any Permits to Operate (PTO), Notices of Violation (NOV), or Notices to Comply (NTC) records for the subject property related to air emission equipment, which may include dry cleaning machines and underground storage tanks.

No records pertaining to the subject property or immediately surrounding properties were on file with the SCAQMD (300 East Avenue Z12). Based on the lack of a physical address for the remaining parcels, LACDPW records could not be researched.

4.1.4 Regional Water Quality Control Board

Partner researched the Regional Water Quality Control Board's (RWQCB) Geotracker website on October 30, 2007, for information regarding any releases to the subsurface which may have impacted or threatened a body of water.

No records regarding a release or the presence of AULs on the subject property (300 East Avenue Z12) or nearby properties were on file with the RWQCB. Based on the lack of a physical address for the remaining parcels, LACDPW records could not be researched.

4.1.5 Building Department

Partner contacted the Los Angeles County Department of Building and Safety (LACDBS) on November 7, 2007, for information regarding historical tenants and property use of the subject property.

No records for the subject property (300 East Avenue Z12) were on file at the LACDBS. However, the Los Angeles County Assessor's Office indicates that a 723 square foot structure of an unspecified nature (likely residential) was constructed on Assessor Parcel Number (APN) 3064-017-007 (site of the former Hagenbaugh Ranch) in 1910. The Los Angeles County Assessor's Office identifies this parcel as 300 East Avenue Z12; however, East Avenue Z12 terminates approximately 0.40 mile to the west of the subject property and is not visible in the 1953 aerial photograph, therefore, it is unlikely that this address is historically or currently associated with the subject property.

4.1.6 Planning Department

Partner contacted the Los Angeles County Department of Regional Planning (LACDRP) on November 6, 2007, for information on the subject property in order to identify AULs associated with the subject property.

No AULs were found for the subject property (300 East Avenue Z12) at the LACDRP. The subject property is currently zoned for A1 (agricultural) usage. A Conditional Use Permit (CUP) will need to be issued by the LACDRP prior to the proposed residential subdivision development.

According to the LACDRP's GIS-NET online mapping application, a flood zone runs parallel to 213th Street East on the western portion of the subject property. This represents a potential safety concern to the future residents of the proposed residential subdivision on the subject property and should be addressed prior to any development in this area of the subject property.

4.1.7 Division of Oil, Gas and Geothermal Resources

Division of Oil, Gas and Geothermal Resources (DOGGR) maps contain information regarding oil and gas development. According to the DOGGR maps, no oil or gas wells are located on or adjacent to the subject property.

4.2 Mapped Database Records Search

Information from standard federal, state, county, and city environmental record sources was provided by Track Info Services Environmental FirstSearch. Data from governmental agency lists are updated and integrated into one database, which is updated as these data are released. The information contained in this report was compiled from publicly available sources and the locations of the sites are plotted utilizing a geographic information system, which geocodes the site addresses. The accuracy of the geocoded locations is approximately +/-300 feet. Please refer to the radius map for a complete listing (Appendix C).

The subject property was not identified in the regulatory database report.

The adjacent properties were not identified in the regulatory database report.

Federal NPL

The National Priorities List (NPL) is the Environmental Protection Agency (EPA) database of uncontrolled or abandoned hazardous waste sites identified for priority remedial actions under the Superfund Program.

No NPL sites are located within one mile of the subject property.

Federal CERCLIS List

The Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) list is a compilation of sites that the EPA has investigated or is currently investigating for a release or threatened release of hazardous substances.

No CERCLIS sites are listed within ½-mile of the subject property.

Federal CERCLIS-NFRAP Sites List

The CERCLIS No Further Remedial Action Planned (NFRAP) List is a compilation of sites that the EPA has investigated, and has determined that the facility does not pose a threat to human health or the environment, under the CERCLA framework. .

No CERCLIS-NFRAP sites are listed on or adjacent to the subject property.

Federal RCRA CORRACTS Facilities List

The RCRA CORRACTS database is the EPA's list of TSD facilities subject to corrective action under RCRA.

No RCRA CORRACTS facilities are listed within one mile of the subject property.

Federal Resource Conservation and Recovery Act (RCRA) TSD Facilities List

The RCRA Treatment, Storage and Disposal (TSD) database is a compilation by the EPA of reporting facilities that treat, store or dispose of hazardous waste.

No RCRA TSD sites are listed within ½- mile of the subject property.

Federal RCRA Generator List

The EPA Resource Conservation and Recovery Act (RCRA) Program RCRA program identifies and tracks hazardous waste from the point of generation to the point of disposal. The RCRA Generators database is a compilation by the EPA of reporting facilities that generate hazardous waste.

No RCRA Generator facilities are listed on the subject property or within 1/8-mile of the subject property.

Federal Institutional Controls/Engineering Controls (IC/EC)

The Federal IC/EC database is designed to assist the EPA in collecting, tracking, and updating information, as well as repoting on the major activities and accomplishments of the various Brownfield grant programs. The IC/EC sites are superfund sites that have either engineering or an institutional control in place. The data includes the control and the media contaminated.

No Federal IC/EC sites were found within ¼ mile of the subject property.

Federal Emergency Notification System (ERNS)

The Emergency Response Notification System (ERNS) is a national database used to collect information or reported release of oil or hazardous substances.

No ERNS sites were listed on the subject property or on the adjacent properties.

Tribal Lands

The Tribal Lands database consists of areas with boundaries established by treaty, statute, and/or executive or court order, recognized by the Federal Government as territory in which American Indian tribes have primary governmental authority. The Indian Lands of the United States map layer shows areas of 640 acres or more, administered by the Bureau of Indian Affairs. Included are Federally-administered lands within a reservation which may or may not be considered part of the resevation.

No Tribal Land sites were found within 1-mile of the subject property.

State/Tribal Sites

The State of California Environmental Protection Agency, Department Toxics Substance Control maintains a State Priority List (SPL) of sites considered to be actually or potentially contaminated and a State CERCLIS-equivalent list (SCL) of sites under investigation that could be actually or potentially contaminated and presenting a possible threat to human health and the environment.

No CalSites are listed within one mile of the subject property.

State Spills Sites (SPILLS)

The California Regional Water Quality Control Board maintains reports of sites that have records of spills, leaks, investigations and cleanups.

No SPILLS sites are listed within $\frac{1}{8}$ - mile of the subject property.

Solid Waste/Landfill Facilities (SWLF)

A database of SWLF is prepared by State of California Integrated Waste Management Board.

No SWLF facilities are listed within $\frac{1}{2}$ - mile of the subject property.

State/Tribal Leaking Underground Storage Tank List (LUST)

The California Regional Water Quality Control Board compiles lists of all leaks of hazardous substances from underground storage tanks.

No LUST sites are listed within $\frac{1}{2}$ - mile of the subject property.

State/Tribal Underground Storage Tank/Aboveground Storage Tank List (UST/AST)

The California Regional Water Quality Control Board compiles a list of UST and AST locations.

No registered UST/AST facilities are listed on or adjacent to the subject property.

State/Tribal VCP sites

The California Department of Toxic Substances Control has developed an electronic database system with information about sites that are known to be contaminated with hazardous substances as well as information on uncharacterized properties where further studies may reveal problems. The Site Mitigation and Brownfields Reuse Program Database (SMBRPD), also known as CalSites, is used primarily by DTSC's staff as an informational tool to evaluate and track activities at properties that may have been affected by the release of hazardous substances.

No State/Tribal VCP sites were found within $\frac{1}{2}$ -mile of the subject property.

State/Tribal Brownfield sites

The California Department of Toxic Substances Control has developed an electronic database system with information about sites that are known to be contaminated with hazardous substances as well as information on uncharacterized properties where further studies may reveal problems. The Site Mitigation and Brownfields Reuse Program Database (SMBRPD), also known as CalSites, is used primarily by DTSC's staff as an informational tool to evaluate and track activities at properties that may have been affected by the release of hazardous substances.

No State/Tribal Brownfield sites were found within ½-mile of the subject property.

5.0 USER PROVIDED INFORMATION AND INTERVIEWS

Pursuant to ASTM E1527-05, Partner requested the following site information from the purchaser of the subject property, United Development Corporation (User of this report).

5.1 Interviews

5.1.1 Interview with Owners

Mr. Bill Davis, owner of 402 acres on the western portion of the subject property, was not aware of any pending, threatened, or past litigation relevant to hazardous substances or petroleum products in, on, or from the subject property; any pending, threatened, or past administrative proceedings relevant to hazardous substances or petroleum products in, on, or from the subject property; or any notices from a governmental entity regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

Mr. Davis indicated that he has been involved with the subject property since approximately 1989 and that his portion of the subject property was occupied by a hog ranch (Hagenbaugh Ranch) prior to the 1960s. Mr. Davis indicated that a caretaker resides in one of the subject property's residential structures and that no other activities are currently conducted onsite.

According to Mr. Davis, an underground storage tank (UST) was identified on the subject property based on the observation of a pipe extending to the surface. Mr. Davis indicated that he removed this UST himself and that no unusual hydrocarbon or other odors or staining were encountered during the removal process. Mr. Davis accompanied Partner during the site inspection and indicated the approximate location of the UST that was removed from the property. Based on the rural nature of the subject property and the time period (prior to 1970) that the UST was likely installed, no records regarding this former UST were encountered during this investigation. Therefore, it cannot be determined if this UST was used for petroleum (gasoline, diesel, heating oil, etc.) storage or for some other use. The relatively small size (less than 500 gallons, according to Mr. Davis) of this UST suggests that it was not used for water storage in the water-intensive operations at the former ranch. When a UST is removed, especially with the unknown nature of this UST, regulatory protocol typically requires that soil sampling in the vicinity of the UST be conducted under the supervision of the Los Angeles County Department of Public Works (LACDPW) in order to determine if a release of hazardous materials has occurred as a result of UST leakage. Based on the lack of sampling upon removal, the presence of the former UST onsite is a recognized environmental condition.

Mr. Steven Sinkin, owner of 832 acres on the eastern portion of the subject property, was not aware of any pending, threatened, or past litigation relevant to hazardous substances or petroleum products in, on, or from the subject property; any pending, threatened, or past administrative proceedings relevant to hazardous substances or petroleum products in, on, or from the subject property; or any notices from a governmental entity regarding any possible

violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

Mr. Sinkin indicated that his portion of the subject property has never been developed.

5.1.2 Interview with Report User

As of the issue date of this report, the User (United Development Corporation) has not completed the User Questionnaire.

5.1.3 Interview with Key Site Manager

Mr. Bill Davis, key site manager and owner, was not aware of any pending, threatened, or past litigation relevant to hazardous substances or petroleum products in, on, or from the subject property; any pending, threatened, or past administrative proceedings relevant to hazardous substances or petroleum products in, on, or from the subject property; or any notices from a governmental entity regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

5.1.4 Interviews with Past Owners, Operators and Occupants

Interviews with past owners, operators and occupants were not reasonably ascertainable and thus constitute a data gap. Based on information obtained from other historical sources (as discussed in Section 3.0), this data gap is not expected to alter the findings of this investigation.

5.1.5 Interview with Others

As the subject property is not an abandoned property as defined in ASTM 1527-05, interview with others were not performed.

5.2 User Provided Information

5.2.1 Title Records

Mr. Bill Davis provided title records for the subject property (prepared by First American Title Insurance Company). No Environmental liens were identified; however, several easements for public highways and utilities were noted.

5.2.2 Environmental Liens or Activity and Use Limitation

As of the issue date of this report, the User (United Development Corporation) has not completed the User Questionnaire.

5.2.3 Specialized Knowledge

As of the issue date of this report, the User (United Development Corporation) has not completed the User Questionnaire.

5.2.4 Commonly Known or Reasonably Ascertainable Information

As of the issue date of this report, the User (United Development Corporation) has not completed the User Questionnaire.

5.2.5 Valuation Reduction for Environmental Issues

As of the issue date of this report, the User (United Development Corporation) has not completed the User Questionnaire.

5.2.6 Previous Reports and Other Provided Documentation

The following information was provided to Partner by Mr. Bill Davis for review during the course of this investigation:

Well Water Analytical Report, Richard C. Slade and Associates, LLC (January 2007)

Richard C. Slade and Associates, LLC (RCS&A) completed an evaluation of the groundwater resources at the subject property in January of 2007 in order to determine the feasibility of supplying potable water to the proposed residential subdivision development. This assessment was prepared on behalf of Mr. Bill Davis (Huntington Group). Three (3) wells were identified on the western portion of the subject property. Preliminary laboratory analysis of groundwater samples indicated that the subject property's groundwater meets applicable drinking water standards. RCS&A concluded that two (2) of the existing wells should be properly abandoned and approximately seven (7) new wells will need to be drilled and tested for water quality (to "Title 22" standards) in order to meet the domestic water needs of the proposed development.

6.0 SITE RECONNAISSANCE

The subject property was inspected by Ryan Golden of Partner on November 5, 2007. The weather at the time of the site visit was sunny and clear. Mr. Bill Davis, owner of the subject property, provided site access.

All areas of the subject property were accessible at the time of the site inspection.

There were no physical or visual obstructions of the subject property.

The subject property is currently occupied by a single residential tenant (property caretaker). No potential environmental concerns were identified during the onsite reconnaissance.

6.1 General Site Characteristics

6.1.1 Solid Waste Disposal

Solid waste generated at the subject property is disposed of offsite.

6.1.2 Sewage Discharge and Disposal

Sanitary discharges on the subject property are directed into a septic tank. Presently none of the operations on the property perform operations that would require a clarifier or other wastewater treatment system.

6.1.3 Surface Water Drainage

Surface water drainage at the subject property is via sheet flow to the two (2) canyons that run parallel to Graham Canyon Road and 213th Street East.

6.1.4 Source of Heating and Cooling

Electricity and natural gas are not currently provided to the subject property.

6.1.5 Wells and Cisterns

Two (2) of the three (3) groundwater wells were observed on the western portion of the subject property. According to Mr. Davis, these wells will be used to supply potable water to the proposed residential subdivision development.

6.1.6 Wastewater

Domestic wastewater generated at the subject property is disposed of into a septic tank. No industrial process is currently performed at the subject property.

6.1.7 *Septic Systems*

Wastewater produced at the occupied residence is directed into a septic tank.

6.1.8 *Additional Site Observations*

No additional relevant general site characteristics were observed.

6.2 Potential Environmental Hazards

6.2.1 *Hazardous Materials and Petroleum Products Used or Stored at the Site*

No hazardous materials or petroleum products were observed on the subject property.

6.2.2 *Aboveground & Underground Hazardous Substance or Petroleum Product Storage Tanks (ASTs/USTs)*

Two (2) empty approximately 1,000-gallon water ASTs were noted on the western portion of the subject property. Based on the nature of the material stored in these ASTs, they are not expected to represent a significant environmental concern.

6.2.3 *Evidence of Releases*

No spills, stains or other indications that a surficial release has occurred at the subject property were observed.

6.2.4 *Polychlorinated Biphenyls (PCBs)*

No potential PCB-containing equipment (interior transformers, oil-filled switches, hoists, lifts, dock levelers, hydraulic elevators, etc) were observed on the subject property during Partner's reconnaissance.

6.2.5 *Strong, Pungent or Noxious Odors*

No strong, pungent or noxious odors were evident during the site reconnaissance.

6.2.6 *Pools of Liquid*

No pools of liquid were observed on the subject property.

6.2.7 *Drains, Sumps and Clarifiers*

No drains, sumps or clarifiers were observed on the subject property.

6.2.8 *Pits, Ponds and Lagoons*

No pits, ponds and lagoons were observed on the subject property.

6.2.9 Stressed Vegetation

No stressed vegetation was observed on the subject property.

6.2.10 Additional Potential Environmental Hazards

No additional potential environmental hazards were observed.

6.3 Non-ASTM Services

6.3.1 Asbestos-Containing Materials (ACMs)

Asbestos is the name given to a number of naturally occurring, fibrous silicate minerals mined for their useful properties such as thermal insulation, chemical and thermal stability, and high tensile strength. Asbestos is commonly used as an acoustic insulator, thermal insulation, fire proofing and in other building materials. Exposure to airborne friable asbestos may result in a potential health risk because persons breathing the air may breathe in asbestos fibers. Continued exposure can increase the amount of fibers that remain in the lung. Fibers embedded in lung tissue over time may cause serious lung diseases including: asbestosis, lung cancer, or mesothelioma.

The Occupational Safety and Health Administration (OSHA) regulation 29 CFR 1926.1101, requires certain construction materials to be *presumed* to contain asbestos, for purposes of this regulation. All thermal system insulation (TSI), surfacing material, and asphalt/vinyl flooring that are present in a building constructed prior to 1980 and have not been appropriately tested are “presumed asbestos containing material” (PACM).

The subject property buildings were constructed prior to 1953, as early as 1910. Partner has conducted a limited, visual evaluation of accessible areas for the presence of suspect asbestos containing materials (ACMs) at the subject property. The objective of this visual survey was to note the presence and condition of suspect ACM observed. Please refer to the table below for identified suspect ACMs:

Suspect Asbestos Containing Materials (ACMs)

Suspect ACM	Location	Physical Condition
Plaster	Building Interiors	Fair
Roofing Mastic	Roofs	Not Inspected
Stucco	Building Exteriors	Fair

The visual survey consisted of noting observable materials (materials which were readily accessible and visible during the course of the site reconnaissance) that are commonly known to potentially contain asbestos. This activity was not designed to discover all sources of suspect ACM, PACM, or asbestos at the site; or to comply with any regulations and/or laws relative to planned disturbance of building materials such as renovation or demolition, or any other regulatory purpose. Rather, it is intended to give the lender an indication if significant (significant due to

quantity, accessibility, or condition) potential sources of ACM or PACM are present at the subject property. Additional sampling, inspection, and evaluation will be warranted for any other use.

No building plans or specifications, which may be useful in determining areas likely to have used ACM, were made available for review.

According to the EPA, ACM and PACM that is intact and in good condition can, in general, be managed safely in-place under an Operations and Maintenance (O&M) program until removal is dictated by renovation, demolition, or deteriorating material condition. Prior to the demolition of the onsite structures, a comprehensive ACM survey is recommended.

6.3.2 Lead-Based Paint

Lead is a highly toxic metal that affects virtually every system of the body. While adults can suffer from excessive lead exposures, the groups most at risk are fetuses, infants and children under 6. Congress passed the Residential Lead-Based Paint Hazard Reduction Act of 1992, also known as "Title X", to protect families from exposure to lead from paint, dust, and soil. Section 1018 of this law directed the Housing and Urban Development (HUD) and EPA to require the disclosure of known information on lead-based paint and lead-based paint hazards before the sale or lease of most housing built before 1978. Sellers, landlords, and their agents are responsible for providing this information to the buyer or renter before sale or lease.

According to Section 1017 of Title X, "lead-based paint hazard is any condition that causes exposure to lead from lead-contaminated dust; bare, lead-contaminated soil; or lead-based paint that is deteriorated or intact lead-based paint present on accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects". Therefore, under Title X intact lead-based paint on most walls and ceilings is not considered a "hazard", although the condition of the paint should be monitored and maintained to ensure that it does not become deteriorated. Lead-based paint is defined as any paint, varnish, stain, or other applied coating that has 1 mg/cm² (or 5,000 ug/g by weight) or more of lead.

Based on the age of the subject property buildings (pre-1978), there is a potential that lead-based paint is present. Interior and exterior painted surfaces were observed in decent condition and therefore not expected to represent a "hazard", although the condition of the paint should be monitored and maintained to ensure that it does not become deteriorated.

Actual material samples would need to be collected in order to determine if lead-based paint is present. A residential subdivision development is planned for the subject property; therefore, a comprehensive lead-based paint survey is recommended prior to any renovation or demolition activities.

6.3.3 Radon

Radon is a colorless, odorless, naturally occurring, radioactive, inert, gaseous element formed by radioactive decay of radium (Ra) atoms. The US EPA has prepared a map to assist National, State, and local organizations to target their resources and to implement radon-resistant building codes. The map divides the country into three Radon Zones, Zone 1 being those areas with the

average predicted indoor radon concentration in residential dwellings exceeding the EPA Action limit of 4.0 picoCuries per Liter (pCi/L). It is important to note that the EPA has found homes with elevated levels of radon in all three zones, and the EPA recommends site specific testing in order to determine radon levels at a specific location. However, the map does give a valuable indication of the propensity of radon gas accumulation in structures.

Radon sampling was not conducted as part of this investigation. Review of the EPA Map of Radon Zones places the subject property in Zone 2, where average predicted radon levels are between 2.0 and 4.0 pCi/L.

6.3.4 *Lead in Drinking Water*

The subject property's potable water supply consists of groundwater wells located on the subject property. According to an analysis performed by Antelope Valley Analytical Laboratory in July of 2007, the lead levels in the groundwater supplied to the subject property were non-detect (ND) and are within state and federal standards.

6.3.5 *Mold*

Molds are microscopic organisms found virtually everywhere, indoors and outdoors. Mold will grow and multiply under the right conditions, needing only sufficient moisture (e.g. in the form of very high humidity, condensation, or water from a leaking pipe, etc.) and organic material (e.g., ceiling tile, drywall, paper, or natural fiber carpet padding). Mold growths often appear as discoloration, staining, or fuzzy growth on building materials or furnishings and are varied colors of white, gray, brown, black, yellow, and green. In large quantities, molds can cause allergic symptoms when inhaled or through the toxins the molds emit.

Partner observed accessible, interior areas for the subject property buildings for significant evidence of mold growth; however, this ESA should not be used as a mold survey or inspection. Additionally, this inspection was not designed to assess all areas of potential mold growth.

No obvious indications of water damage or mold growth were observed during Partner's visual inspection.

6.4 Adjacent Property Reconnaissance

The adjacent property reconnaissance consisted of observing the adjacent properties from the subject property premises. No items of environmental concern were identified on the adjacent properties during the site inspection.

7.0 FINDINGS AND CONCLUSIONS

Findings

A *recognized environmental condition (REC)* refers to the presence or likely presence of any hazardous substance or petroleum product on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property. The term REC includes hazardous substances and petroleum products even under conditions that might be in compliance with laws. The term is not intended to include "de minimis" conditions that do not present a threat to human health and/or the environment and that would not be subject to an enforcement action if brought to the attention of appropriate governmental agencies. The following was identified during the course of this investigation:

- According to one of the owners of the subject property, Mr. Bill Davis, an underground storage tank (UST) was identified on the subject property based on the observation of a pipe extending to the surface. Mr. Davis indicated that he removed this UST himself and that no unusual hydrocarbon or other odors or staining were encountered during the removal process. Mr. Davis accompanied Partner during the site inspection and indicated the approximate location of the UST that was removed from the property. Based on the rural nature of the subject property and the time period (prior to 1970) that the UST was likely installed, no records regarding this former UST were encountered during this investigation. Therefore, it cannot be determined if this UST was used for petroleum (gasoline, diesel, heating oil, etc.) storage or for some other use. The relatively small size (less than 500 gallons, according to Mr. Davis) of this UST suggests that it was not used for water storage in the water-intensive operations at the former ranch. When a UST is removed, especially with the unknown nature of this UST, regulatory protocol typically requires that soil sampling in the vicinity of the UST be conducted under the supervision of the Los Angeles County Department of Public Works (LACDPW) in order to determine if a release of hazardous materials has occurred as a result of UST leakage. Based on the lack of sampling upon removal, the presence of the former UST onsite is a recognized environmental condition.

A *historical recognized environmental condition (HREC)* refers to an environmental condition which would have been considered a REC in the past, but which may or may not be considered a REC currently. The following was identified during the course of this investigation:

- Partner did not identify any historical recognized environmental conditions during the course of this investigation.

An *environmental issue* refers to environmental concerns identified by Partner, which do not qualify as RECs; however, require discussion. The following was identified during the course of this investigation:

- Based on the age (pre-1960) of the structures located on the subject property, there is a potential that asbestos-containing materials (ACMs) and lead-based paint (LBP) are present. According to the EPA, ACMs that are intact and in good condition can, in general, be managed safely in-place under an Operations and Maintenance (O&M) program until removal is dictated by renovation, demolition, or deteriorating material condition. A residential subdivision development is planned for the subject property; therefore, a comprehensive ACM and LBP survey is recommended prior to any renovation or demolition activities.
- According to the Los Angeles County's Department of Regional Planning's (LACDRP) GIS-NET online mapping application, a flood zone runs parallel to 213th Street East on the western portion of the subject property. This represents a potential safety concern to the future residents of the proposed residential subdivision on the subject property and should be addressed prior to any development in this area of the subject property.
- Richard C. Slade and Associates, LLC (RCS&A) completed an evaluation of the groundwater resources at the subject property in January of 2007 in order to determine the feasibility of supplying potable water to the proposed residential subdivision development. This assessment was prepared on behalf of Mr. Bill Davis (Huntington Group). Three (3) wells were identified on the western portion of the subject property. Preliminary laboratory analysis of groundwater samples indicated that the subject property's groundwater meets applicable drinking water standards. RCS&A concluded that two (2) of the existing wells should be properly abandoned and approximately seven (7) new wells will need to be drilled and tested for water quality (to "Title 22" standards) in order to meet the domestic water needs of the proposed development.

Conclusions, Opinions, and Recommendations

Partner has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-05 of APNs 3064-007-007, -008, -013, -014, -017 through -021; 3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001 in the unincorporated City of Llano, Los Angeles County, California (the "subject property"). Any exceptions to or deletions from this practice are described in Section 1.4 of this report. This assessment has revealed evidence of recognized environmental conditions in connection with the subject property. Based on the conclusions of this assessment, Partner recommends the performance of a *Phase II Subsurface Investigation* in the vicinity of the former UST to determine if a release of hazardous materials has occurred beyond the regulatory threshold criteria.

8.0 SIGNATURES OF ENVIRONMENTAL PROFESSIONALS

Partner has performed a Phase I Environmental Site Assessment on the property identified by Assessor's Parcel Numbers (APNs) 3064-007-007, -008, -013, -014, -017 through -021; 3064-017-001, -002, -004 through -007, -021; 3064-016-001, and 3064-028-001 in the unincorporated City of Llano, Los Angeles County, California in general conformance with the scope and limitations of the protocol and the limitations stated earlier in this report. Exceptions to or deletions from this protocol are discussed earlier in this report.

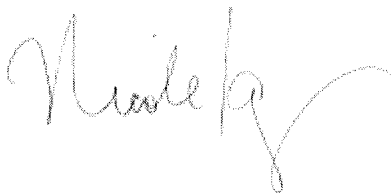
By signing below, Partner declares that, to the best of our professional knowledge and belief, the undersigned meet the definition of an *Environmental Professional* as defined in §312.10 of 40 CFR 312 and have the specific qualifications based on education, training, and experience to assess a *property* of the nature, history, and setting of the subject *property*.

Prepared By:



Ryan Golden
Project Manager

Reviewed By:



Nicole TK Moore, REA
Senior Author



FIGURES

- 1- Site Location Map**
- 2- Site Plan**
- 3- Aerial Photographs**

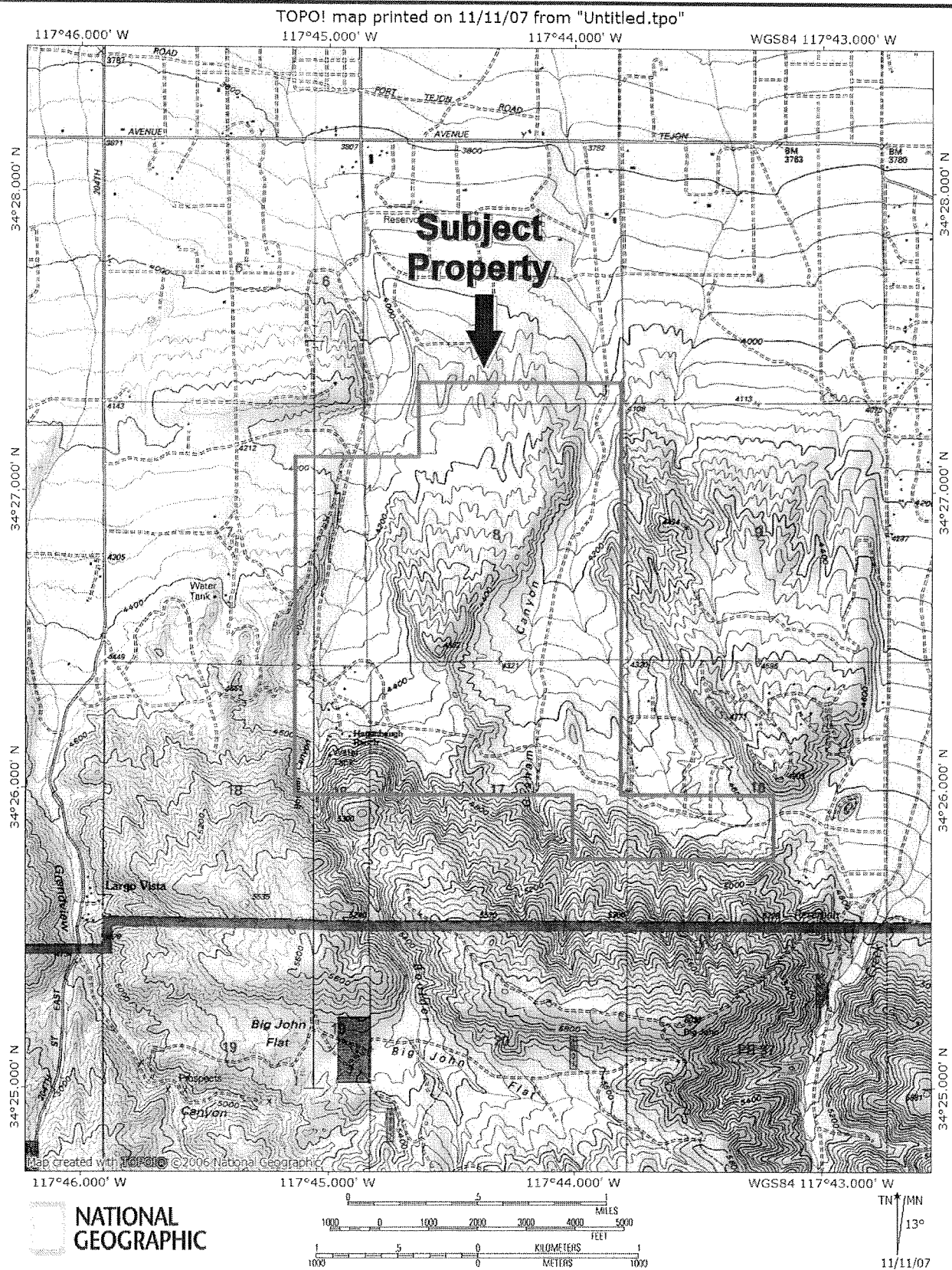


FIGURE 1: SITE LOCATION MAP

Site Address:

18 Parcels
Llano, California 93544

USGS Mescal Creek Quadrangle
Revised: 1995

PARTNER
Engineering and Science

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

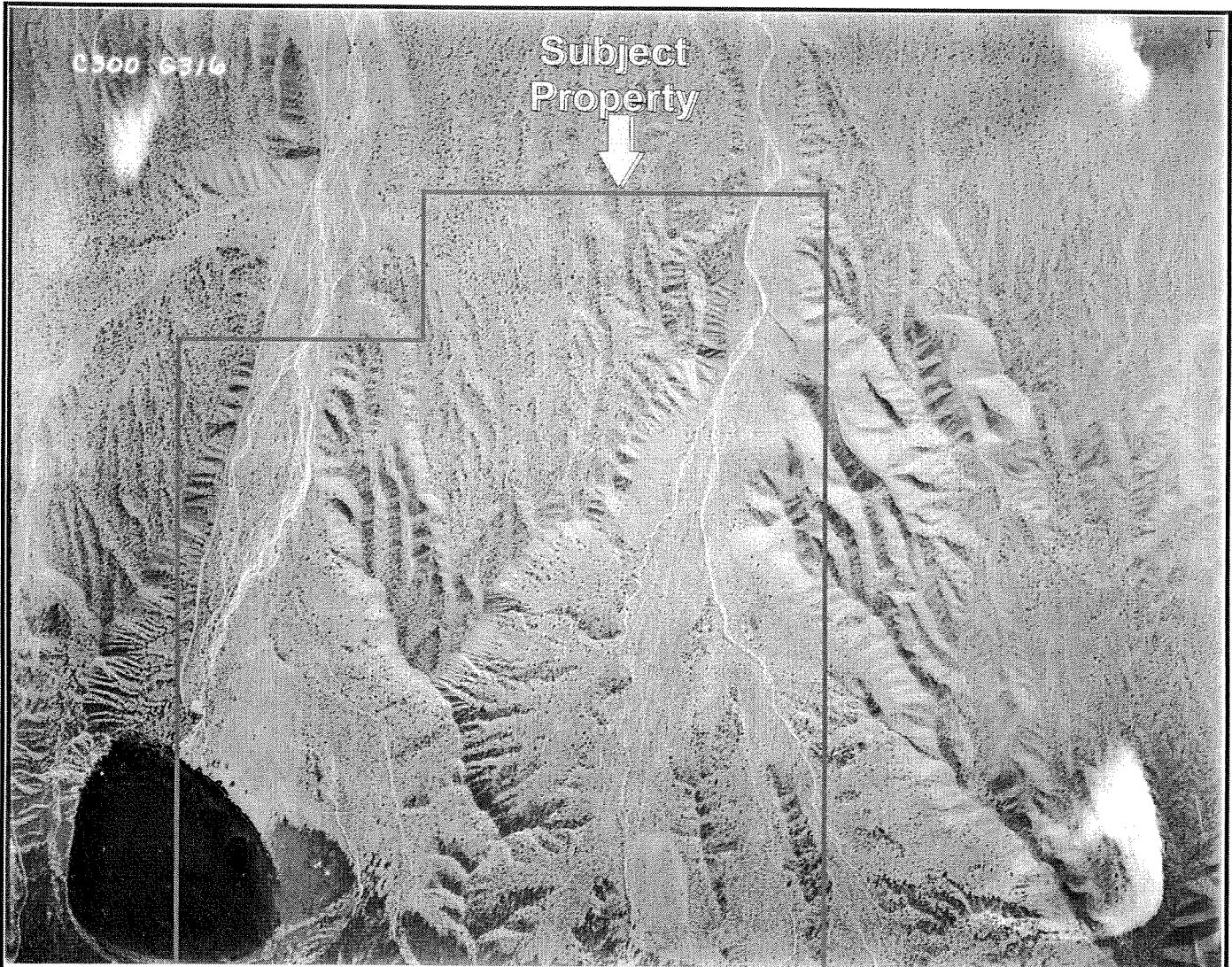


FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

Date: 1928

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050



FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

Date: 1953

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050



FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

Date: 1953

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

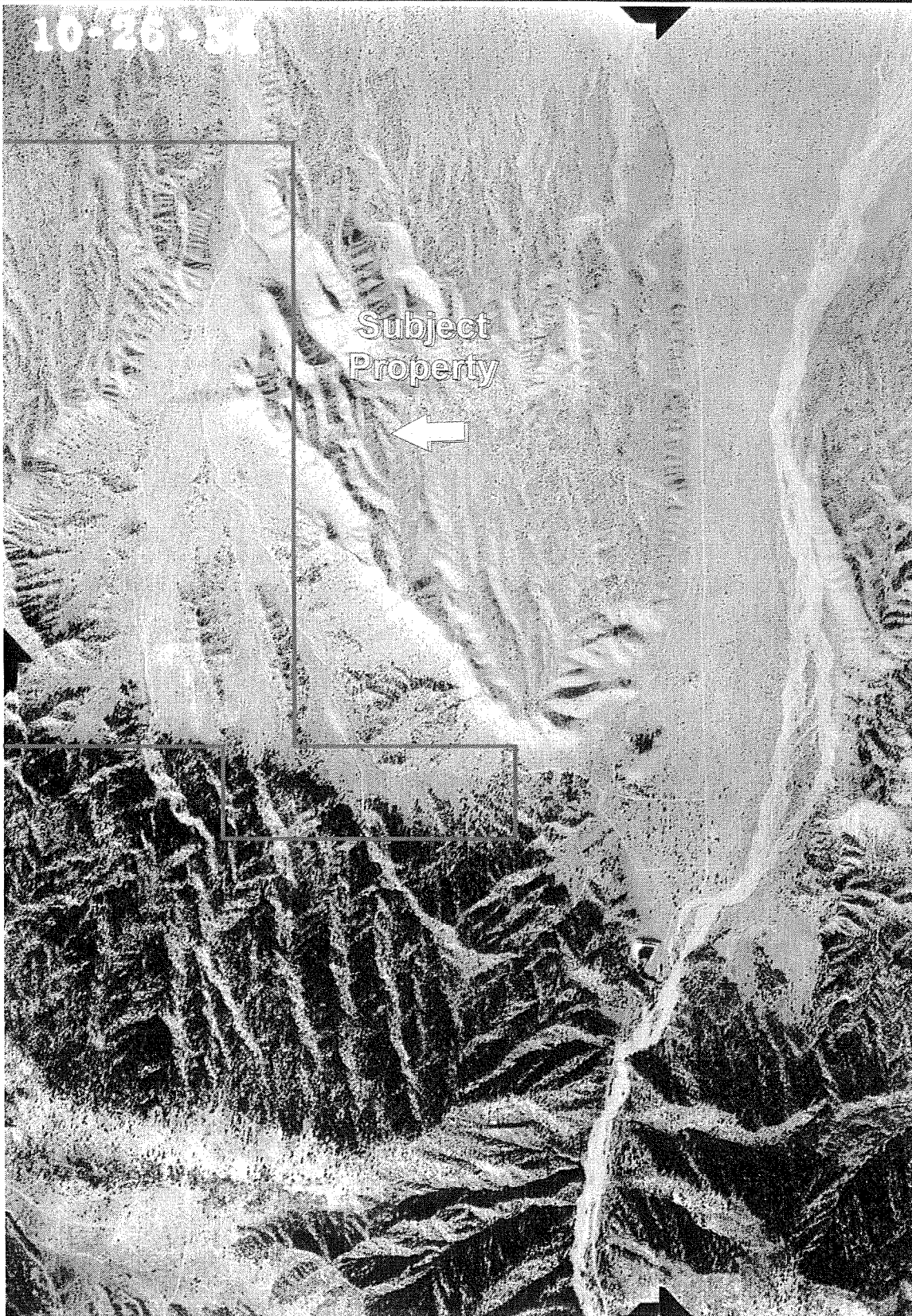


FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

Date: 1954

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

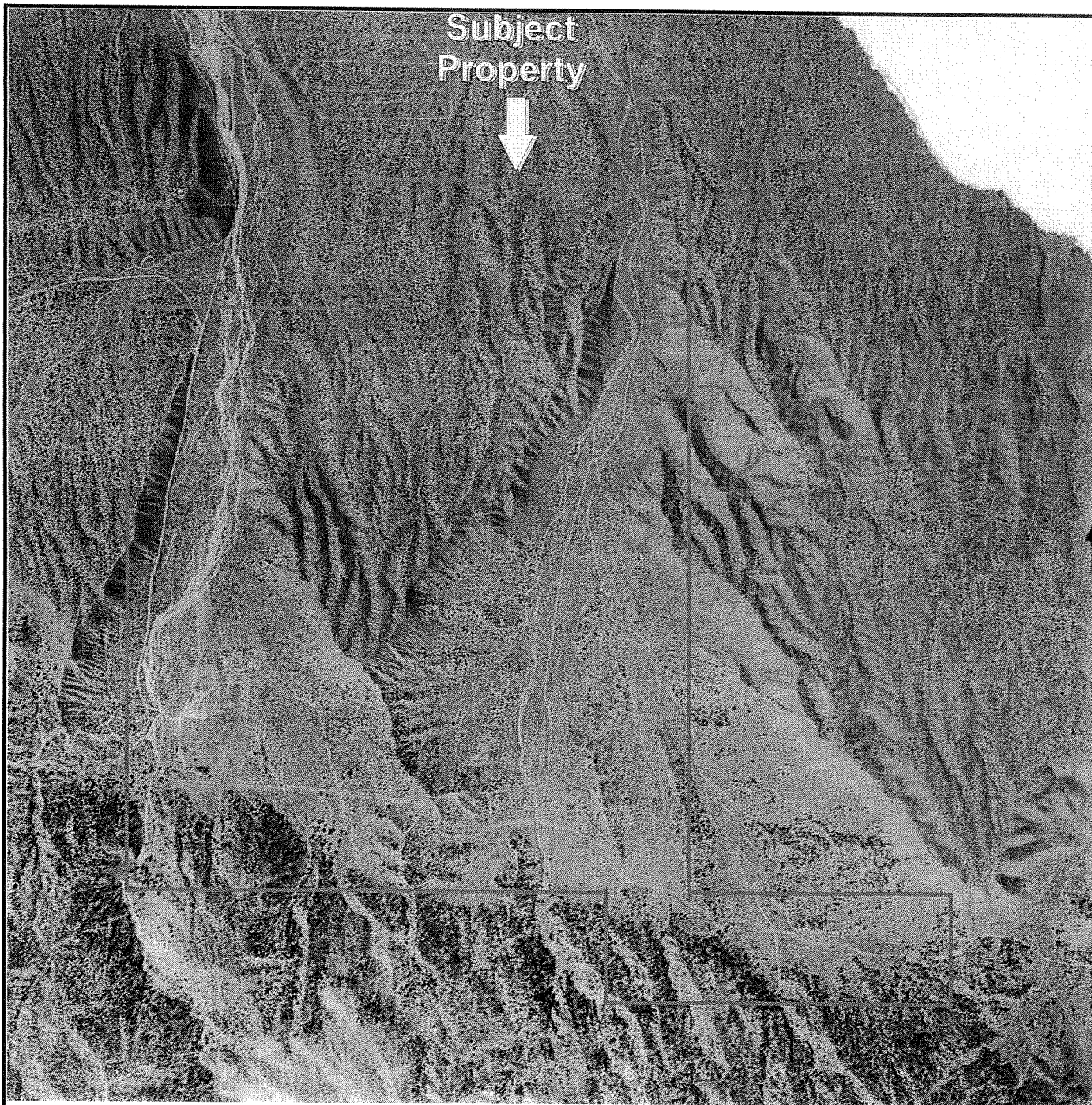


FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

Date: 1968

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

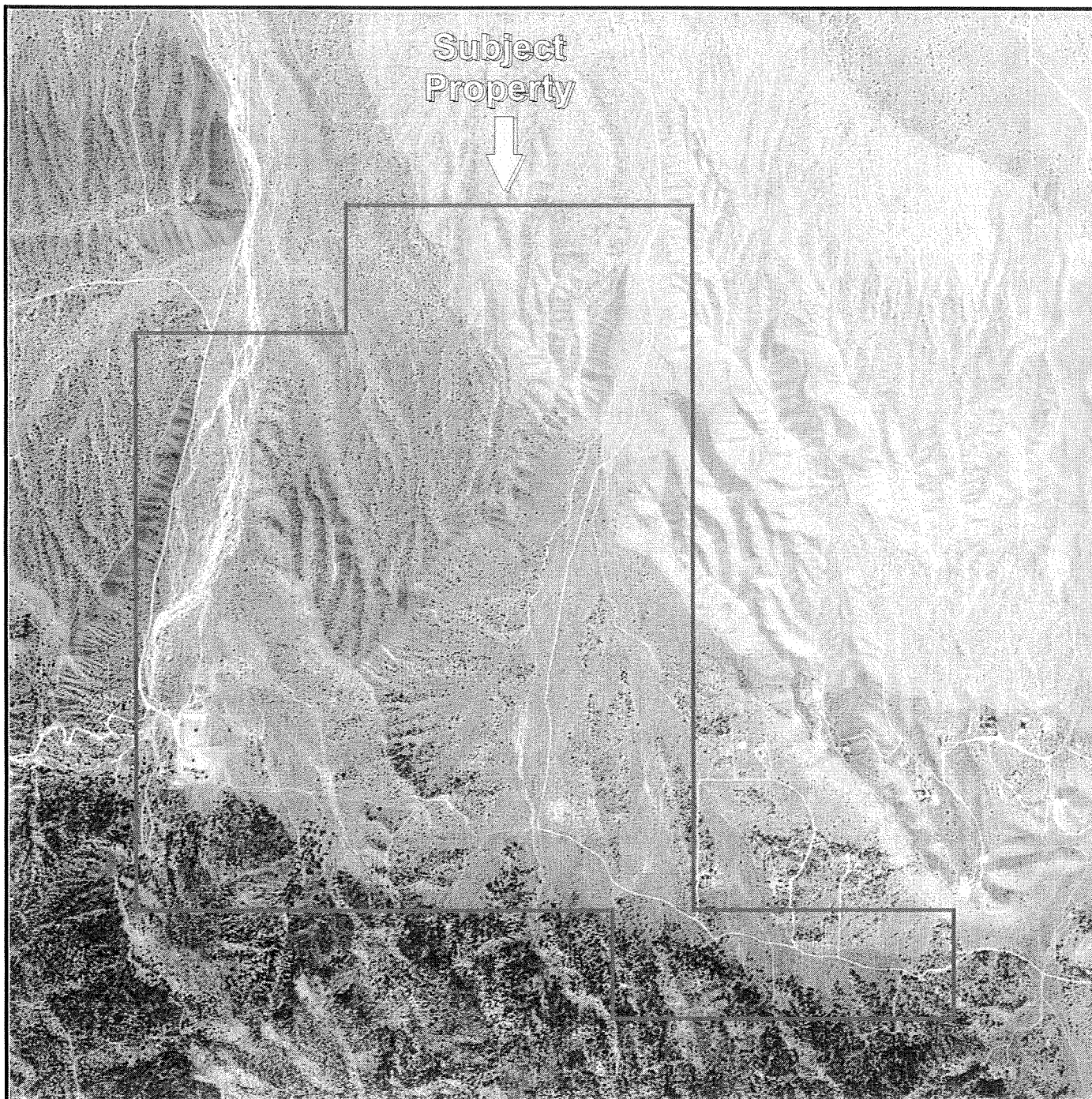


FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

Date: 1989

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

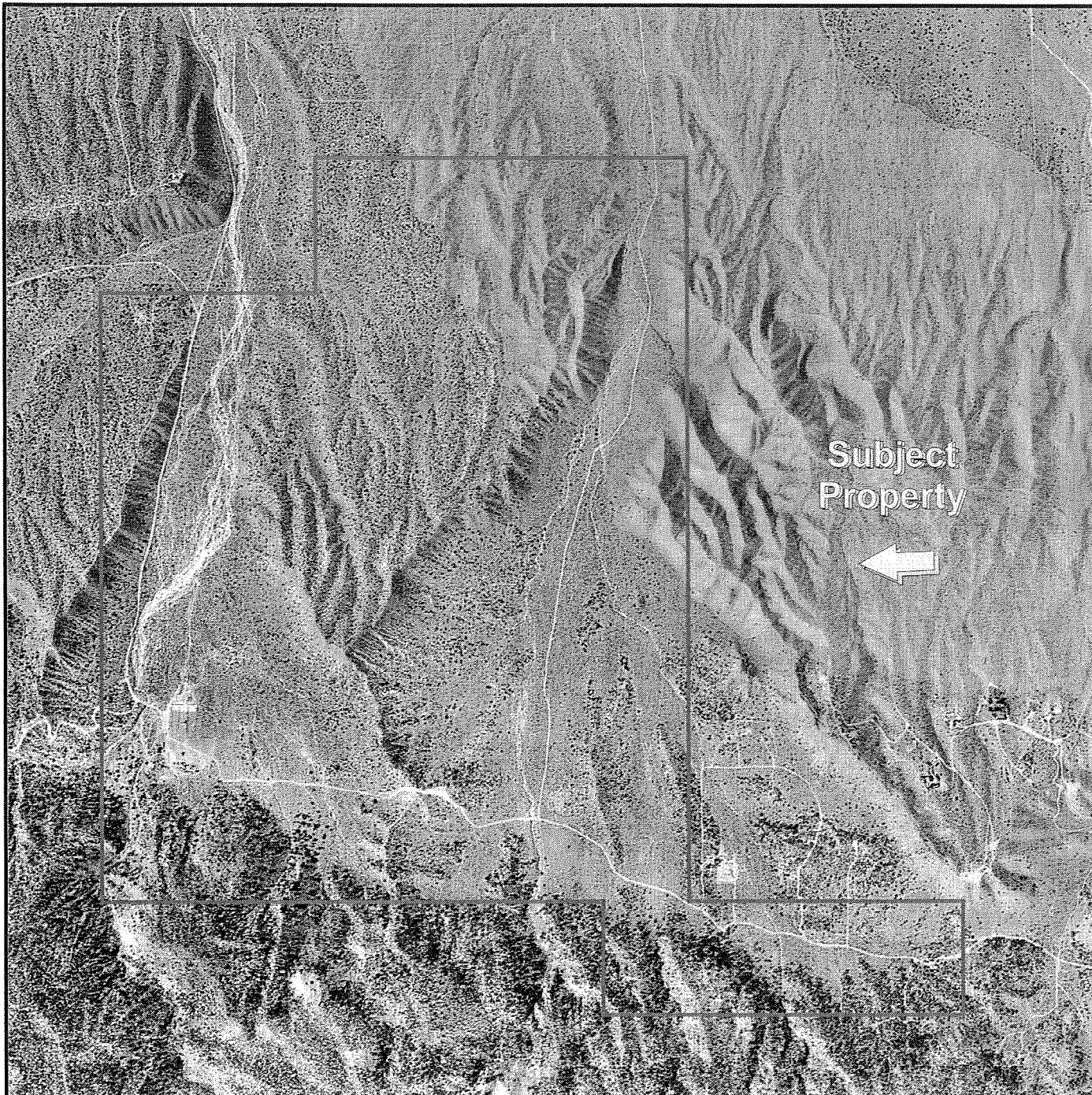


FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

Date: 1994

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

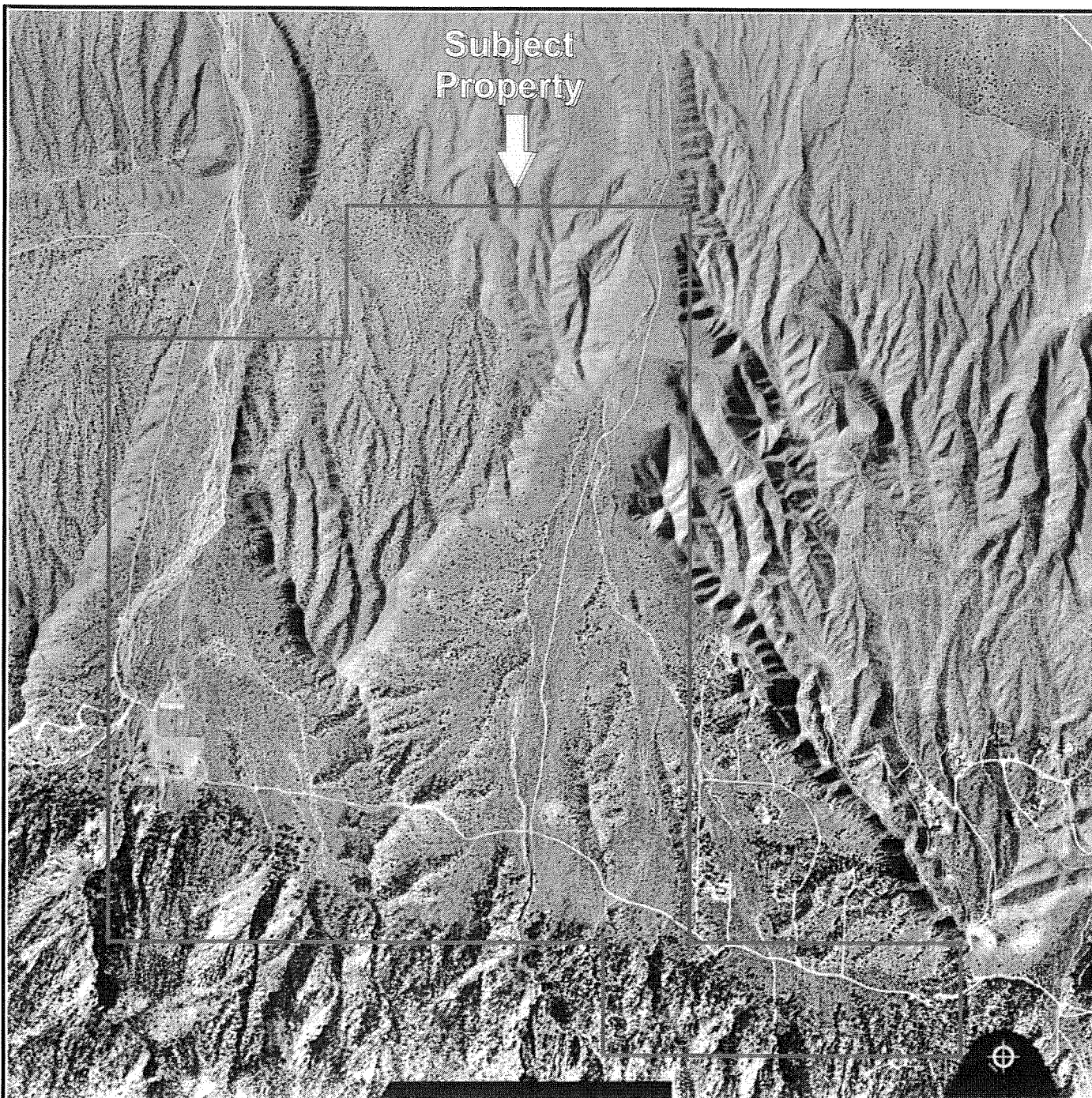


FIGURE 3: AERIALS

Site Address:

18 Parcels
Llano, California 93544

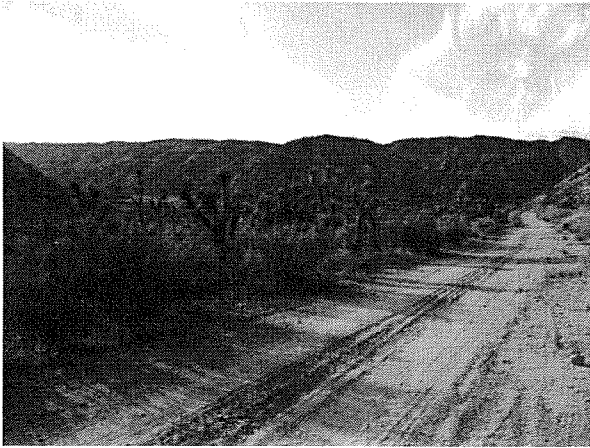
Date: 2002

PARTNER
Engineering and Science, Inc.

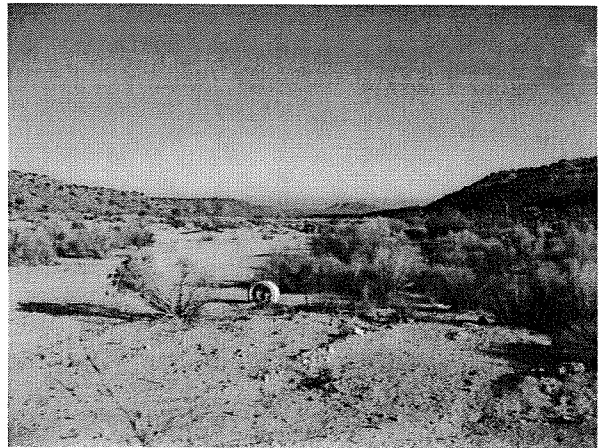
2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

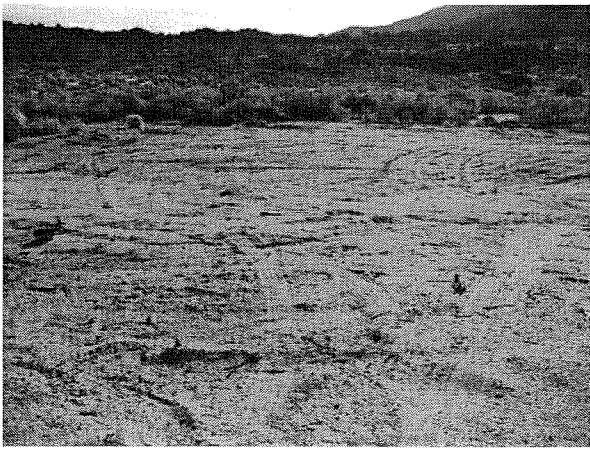
APPENDIX A: PHOTOGRAPHS



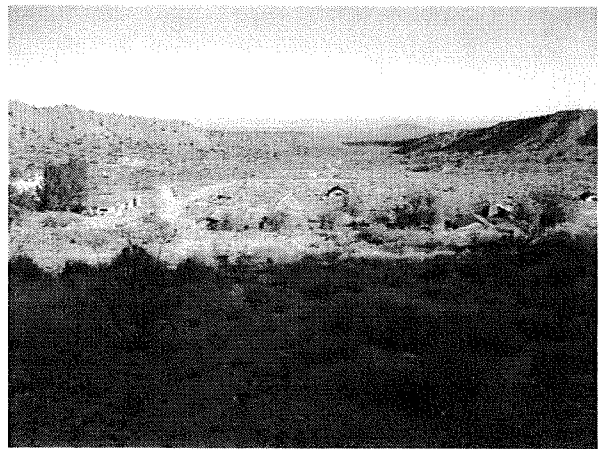
1. View of the subject property from 213th Street East (facing south).



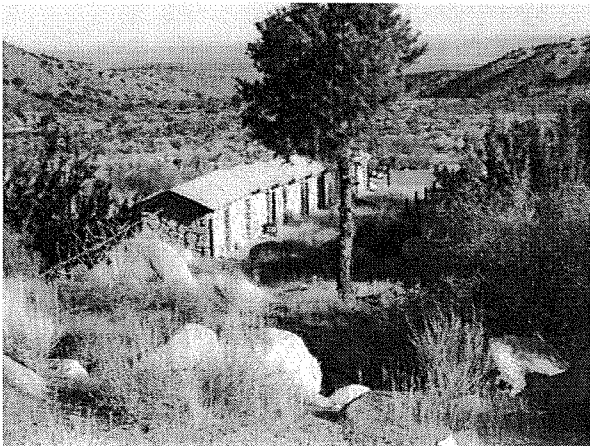
2. View of the subject property (facing north).



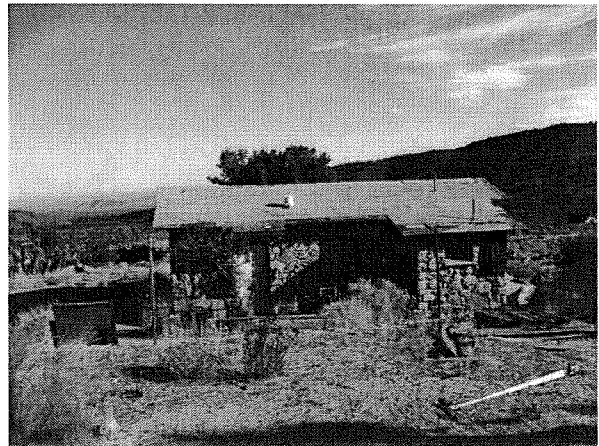
3. View of the area where a former UST was removed (facing east).



4. View of the former ranch area and structures (facing north).



5. View of former livestock pens.



6. View of uninhabited residential dwelling.

SITE PHOTOGRAPHS

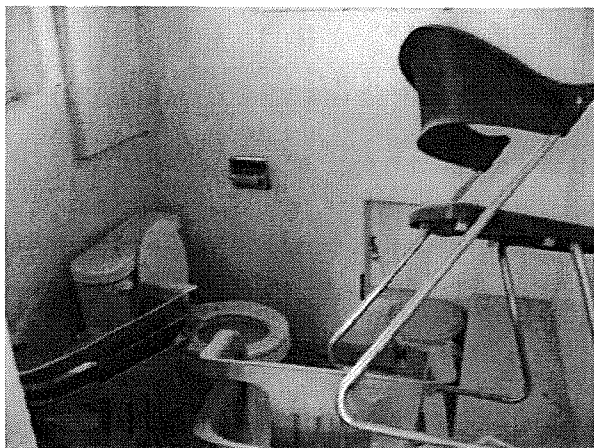
Site Address:

18 Parcels
Llano, California 93544

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

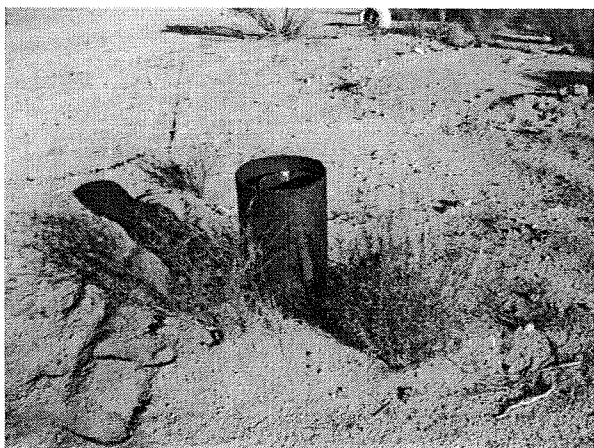
Job Number: 079050



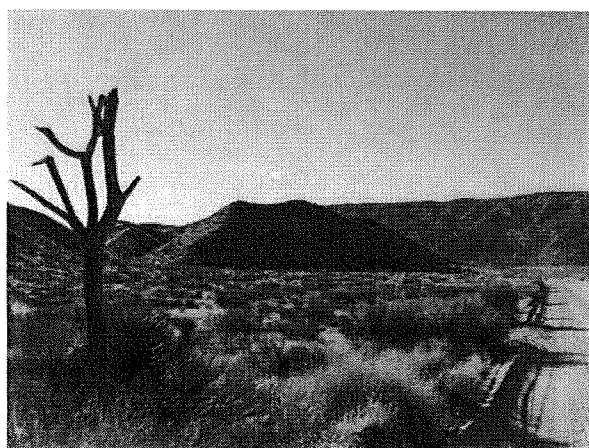
7. View of bathroom area in one of the residential dwellings.



8. View of one of the water tanks.



9. View of water well located on western portion of the subject property.



10. View of the subject property from Graham Canyon Road (facing south).

SITE PHOTOGRAPHS

Site Address:

18 Parcels
Llano, California 93544

PARTNER
Engineering and Science, Inc.

2101 Rosecrans Avenue, Suite 4270
El Segundo, California 90245

Job Number: 079050

APPENDIX B: REFERENCES

Education

Bachelor of Science in Environmental Science (Biology Emphasis)
University of Southern California
Wrigley Institute for Environmental Studies Research Program, Catalina Island

Registrations

Registered Environmental Assessor (REA I #08219) - California
OSHA 40-Hour Health and Safety Training
EPA Accredited Asbestos Inspector



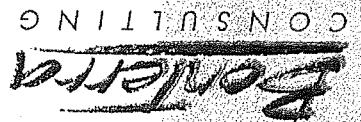
Ms. Moore has more than 7 years of experience in the environmental consulting field. Ms. Moore is able to offer the most efficient and cost-effective means of regulatory compliance due to her background in environmental science and direct experience in environmental auditing and compliance, in addition to her knowledge of current environmental and health and safety regulations.

Ms. Moore has project experience in Phase I Environmental Site Assessments (ESAs), Environmental Transaction Screens, radon screening, asbestos inspections, and lead-based paint inspections. Ms. Moore is familiar with all aspects of Due Diligence Property Assessments and the needs and requirements of a varied number of reporting standards, including the new standard ASTM E1527-05, EPA's All Appropriate Inquiry (AAI), Fan-nie Mae DUS, Freddie Mac, HUD, and customized client formats.

Ms. Moore's consulting experience has enabled her to create relationships with various regulatory agencies including the following:

- California Occupational Safety and Health Administration (Cal OSHA) during numerous environmental health and safety inspections of industrial businesses throughout Los Angeles, Orange, Riverside and San Bernardino counties
- California Environmental Protection Agency (Cal EPA) while representing a Los Angeles-based plating facility in violation of State and Federal hazardous waste management regulations
- South Coast Air Quality Management (SCAQMD) while creating a specialized permit for a patent-pending rivets coating machine designed for the aerospace industry, and on several occasions representing small plating facilities to re-permit degreasing equipment and abate violations

As a senior member of the ESA staff, Ms. Moore provides senior review expertise on a company-wide basis to ensure ASTM and AAI compliance and satisfaction of client requirements for Phase I Environmental Site Assessments and Transaction Screens. Furthermore, Ms. Moore is responsible for ensuring consistency and quality of due diligence services. Partner's review process provides for customization of reports to client needs, as well as strict conformance to ASTM and AAI standards. Day to day responsibilities include project oversight, staff supervision, employee training, report review, and client management.



An Environmental Planning/Resource Management Corporation

October 22, 2007

Mr. Bill Davis
Huntington Group
305 Pasadena Avenue
South Pasadena, CA 91030

Subject: Proposal to Provide Initial Biological Consulting Services for the Juniper Falls Project in Antelope Valley, Los Angeles County, California

Dear Mr. Davis:

Bonterra Consulting is pleased to submit this proposal for initial biological consulting services for the approximately 1,234-acre Juniper Falls project in an un-incorporated portion of the Antelope Valley, Los Angeles County, California. We have prepared a scope of work and associated professional fees (Attachment A) to conduct a habitat assessment for the Mohave ground squirrel and Nelson's antelope squirrel, and to perform a preliminary agency consultation regarding jurisdictional wetland resources that may be present on the project site.

We are available to begin work upon written authorization to proceed. We look forward to assisting you with this project. If you have any questions regarding this proposed scope of work please contact me at (626) 351-2000.

Respectfully submitted,

BONTERRA CONSULTING

Thomas E. Smith, D.C. / S.M.
Thomas E. Smith, Jr., AICP, FSMPS
Principal

Marc Blain
Biological Resources Manager

Attachment: A – Biological Services Scope of Work and Fees

R:\PAS\Proposals\Hunt\Grip\003\ISOW Initial Bio-102207.doc

3452 E. Foothill Blvd.

Suite 420

Pasadena

California 91107

(626) 351-2000

(626) 351-2030 fax

www.bonterraconsulting.com

ATTACHMENT A

BIOLOGICAL SERVICES
SCOPE OF WORK AND FEES
JUNIPER FALLS PROJECT SITE

October 22, 2007

TASK 1 **MOHAVE GROUND SQUIRREL AND NELSON'S ANTELOPE SQUIRREL HABITAT ASSESSMENT** **\$6,755.00**

A preliminary review of the known distribution and preferred habitat types of the Mohave ground squirrel (*Spermophilus mohavensis*) and Nelson's antelope squirrel (*Ammospermophilus nelsoni*) indicate that the project site may contain potentially suitable habitat for these species. In order to make a formal determination of the potential for these species to occur on the site, a focused habitat assessment survey will be conducted by a qualified wildlife biologist with appropriate State and Federal permits and/or Memorandum of Agreements. If applicable, the size and location of potentially occupied areas will be determined. A letter report describing the methods and results will be prepared at the conclusion of the field survey and will include recommendations on how to satisfy State, Federal, and County requirements regarding the status of these species on the project site. This task does not include focused protocol surveys for these species. Focused protocol surveys may be recommended at a later date.

TASK 2 **PRELIMINARY AGENCY CONSULTATION** **\$1,425.00**

BonTerra Consulting will prepare a formal written inquiry, including exhibits showing project location and local drainage patterns, describing the site conditions based on potential jurisdictional features observed during the biological reconnaissance survey. This inquiry will be submitted to the appropriate U.S. Army Corps of Engineers (USACE), California Department of Fish and Game (CDFG), and Regional Water Quality Control Board (RWQCB) staff to review the proposed project impacts with regard to potential jurisdictional features, and request a response indicating whether or not each agency would choose to take jurisdiction of wetland resources on the site. The primary purpose of the consultation is to ascertain the scope of anticipated mitigation that would be needed to off-set impacts to jurisdictional resources resulting from project implementation, and to determine what permits will be necessary. BonTerra Consulting will attend a meeting with agency representatives to discuss these issues; this work effort assumes up to 5 hours for agency discussions/meetings and any time necessary beyond this will be billed on a time and materials basis after prior approval. This task does not include a field delineation to determine the extent of jurisdictional "waters of the United States".

TOTAL PROFESSIONAL FEES AND DIRECT EXPENSES **\$8,180.00**