

## EXHIBITS

Exhibit 1 - Bankruptcy Court documents in 2010. The footnote 1 on page 2 states the value of the

appraised property at \$40,250,000 as of December 1, 2009.

Exhibit 2 - e-mail from McNaughton's attorney explaining current ownership of the property.

Exhibit 3 - grant deed

Exhibit 4 judgment

Exhibit 5 charging order

# EXHIBIT 1

1 Jennifer A. Smith (NV Bar No. 610)  
jsmith@lionelsawyer.com  
2 LIONEL SAWYER & COLLINS  
1100 Bank of America Plaza  
3 50 West Liberty Street  
Reno, Nevada 89501  
4 (775) 788-8624 (Telephone)  
(775) 788-8682 (Fax)

5 Richard W. Esterkin (CA Bar No. 70769)  
resterkin@morganlewis.com  
6 MORGAN, LEWIS & BOCKIUS LLP  
300 South Grand Avenue, 22<sup>nd</sup> Fl.  
7 Los Angeles, CA 90071-3132  
(213) 612-1163 (Telephone)  
8 (213) 612-2501 (Fax)

9 Attorneys for Deutsche Bank National  
10 Trust Company, as Indenture Trustee

11 **UNITED STATES BANKRUPTCY COURT**  
12 **FOR THE DISTRICT OF NEVADA**

13 In re:  
14 SPECIALTY TRUST, INC., et al.  
Debtor.

Chapter 11

Jointly Administered under  
Case No.: 10-51432-GWZ

Case Nos.  
10-51432  
10-51437  
10-51440  
10-51441

18 AFFECTS ALL DEBTORS

19 **DEUTSCHE BANK NATIONAL**  
20 **TRUST COMPANY AS INDENTURE**  
21 **TRUSTEE'S LIMITED OPPOSITION**  
22 **TO MOTION FOR ENTRY OF ORDER**  
23 **(1) AUTHORIZING POSTPETITION**  
24 **FINANCING, ETC.**

Date: December 7, 2010  
Time: 2:00 p.m.

25 Deutsche Bank National Trust Company ("DBNTC"), solely in its capacity as indenture  
26 trustee for the Specialty Trust, Inc. Secured Investment Notes pursuant to the terms and  
27 conditions of that certain Second Amended and Restated Indenture dated as of March 1, 2009 (the  
28 "Indenture") respectfully submits the following limited objection to the *Debtors' Motion for*  
*Entry of Order (1) Authorizing Postpetition Financing Pursuant to 11 U.S.C. § § 105; 363(c) and*

1 364(c) and (d); (2) Authorizing Use of Cash Collateral; (3) Granting Security Interests and  
 2 Superpriority Claims; and (4) Granting Related Relief (Docket No. 495) (the "Motion") as  
 3 follows:

4 1. This limited opposition is being filed at this time pursuant to an agreement  
 5 between DBNTC and the Debtors pursuant to which DBNTC deferred filing this opposition while  
 6 the Debtors were continuing their negotiations with potential lenders and with DBNTC.

7 2. The Notes for which DBNTC acts as indenture trustee (the "Notes") are secured  
 8 by the following property of the Debtors' estates that, according to the Debtors' Schedules, have  
 9 the following value:

Property	Debtors' Value	Senior Encumbrance	Collateral Value
Consolidated	\$1,165,000.00	None	\$900,000.00
Cotton Lane	\$1,350,000.00	None	\$1,000,000.00
Oak Creek (2nd D/T)	\$3,440,000.00	\$3,840,000.00	\$0.00
Vero D.L. (Mezz.) <sup>1</sup>	\$14,087,000.00	Unknown	Unknown
Waterfront (2nd D/T)	\$18,000,000.00	\$4,000,000.00	\$14,000,000.00
Nadador (2nd D/T)	\$23,577,000.00	\$18,076,350.05 <sup>2</sup>	\$5,500,649.95
Nadador (Mezz.).	\$23,577,000.00	\$32,670,619.19	\$0.00
Desert Land	\$671,000.00	None	\$671,000.00
SAC II Membership Interests	\$42,457,918.00	\$40,289,167.97	\$2,168,750.03 <sup>3</sup>

<sup>1</sup> The Vero Desert Lakes real estate was appraised at \$40,250,000.00 as of December 1, 2009. This property is owned 35% by Specialty Desert Lakes and 65% by Lennar Desert Lakes. DBNTC's collateral consists of Vero Desert Lakes' interest in Specialty Desert Lakes. Assuming that the title report is correct, and Specialty Desert Lakes owns 35% of the real property, the "value" of its interest may be 35% of 40,250,000.00, or \$14,087,500.00, assuming that the 35% fractional interest is worth 35% of the appraised value of the property. The collateral for the loan is subordinate to each of the following: (a) a trust deed in favor of Desert Lakes Development Company, LLC securing an unknown obligation incurred in connection with Lennar Desert Lakes' acquisition of the property and (b) the unsecured obligations, if any, of Specialty Desert Lakes. In addition, the value of this collateral will be affected by any agreement that may exist between Specialty Desert Lakes and Lennar Desert Lakes with respect to the management of the property.

<sup>2</sup> The first trust deed is held by Specialty Trust.

1           3.     Excluding the value of DBNTC's security interest in the Vero Desert Lakes  
2 mezzanine loan because the Debtors have not provided sufficient information to support any  
3 value for that interest, at the Debtors' valuations, the total value available to secure the Notes is  
4 \$19,290,399.98. Even if one were to fully credit the value of the Vero Desert Lakes mezzanine  
5 loan (ignoring the fact that DBNTC's security interest is subordinate to a recorded trust deed  
6 against that property and an unknown amount of unsecured claims against Specialty Desert  
7 Lakes), the total value of the collateral securing the Notes is \$33,377,399.97.<sup>4</sup> The holders of the  
8 Notes were owed \$35,205,982.70 as of the petition date.<sup>5</sup> Thus, even at the Debtors' own  
9 valuations of the properties securing the Notes, the Notes are "undersecured."

10           4.     The Motion seeks this Court's approval of a post-petition loan to Specialty Trust  
11 in the sum of \$3,000,000, with each of the Debtors being co-liable on the loan and with certain of  
12 SAC II's real property being pledged as security for the loan. Were the proposed loan to be  
13 approved, DBNTC's collateral position would be eroded by the amount of the loan because,  
14 whether SAC II is a co-borrower, a guarantor or pledges its property to secure the proposed loan,  
15 DBNTC's security interest in Specialty Trust's membership interests would be subordinate to the  
16 repayment of the loan. As an undersecured creditor, DBNTC is not adequately protected by an  
17 equity cushion and the Debtors have not otherwise offered to provide DBNTC with adequate  
18 protection for their proposed use of DBNTC's collateral (the equity that presently exists in SAC  
19 II). Accordingly, the Court should not approve the proposed borrowing, to the extent that the  
20 Debtors seek to make SAC II liable for that borrowing or seek to pledge SAC II's property as  
21 security for that borrowing. 11 U.S.C. §§ 363(e) and 364(d)(1)(B).

22  
23  
24 <sup>3</sup> Based upon the total of all assets less the total of all liabilities as set forth in SAC II's second amended  
schedules (Docket No. 59).

25 <sup>4</sup> Based upon the appraisal work performed to date by DBNTC, DBNTC believes that the true value of the  
26 collateral securing the notes issued pursuant to the 2008 indenture is substantially less than the values asserted  
27 by the Debtors. In the event that the Court believes that valuation evidence is required, DBNTC requests that  
the Court continue the hearing of the Motion so as to allow DBNTC a reasonable amount of time to present that  
evidence.

28 <sup>5</sup> See *Proof of Claim* filed by DBNTC in the Specialty Trust case (Claim No. 37).



# EXHIBIT 2

Subj: **Legal for Desert Lakes Master LLC 1900 acres.pdf - Adobe Acrobat Standard**  
Date: 4/17/2014 3:00:33 P.M. Pacific Daylight Time  
From: [PSievers@manlystewart.com](mailto:PSievers@manlystewart.com)  
To: [TOCOLLECT@aol.com](mailto:TOCOLLECT@aol.com)

Larry:

Attached is the Legal Description for Desert Lakes Master, LLC

Desert Lakes Master, LLC is a California Ltd. Liability Company

Ownership:

50% Desert Lakes Development Company

50% Specialty Desert Lakes, LLC

Specialty Desert Lakes is the Manager of the Desert Lakes Master, LLC.

Mr. McNaughton's interest is in Desert Lakes Development Company.

Paul J. Sievers  
**MANLY, STEWART & FINALDI**  
19100 Von Karman Ave., Suite 800  
Irvine, CA 92612  
(949) 252-9990  
(949) 943-8425 (direct)  
(949) 252-9991 (fax)  
[psievers@manlystewart.com](mailto:psievers@manlystewart.com)



**Privileged And Confidential Information**

This electronic transmission and any documents attached hereto (i) are protected by the Electronic Communications Privacy Act (18 USC sections 2510-2521), (ii) may contain confidential information, and (iii) are for the sole use of the intended recipient named above. If you have received this electronic message in error, please notify the sender and delete the electronic message. Any disclosure, copying, distribution, or use of the contents of a message received in error is strictly prohibited.



**LEGAL DESCRIPTION**

Real property in the City of , County of Riverside, State of California, described as follows:

PARCEL 1: (APNS: 603-180-002-6 AND 603-200-001-6)

PARCEL 1 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2005-03 AS EVIDENCED BY DOCUMENT RECORDED MAY 10, 2005 AS INSTRUMENT NO. 2005-0368578 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT CERTAIN PORTION OF LAND SITUATED IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING A PORTION OF SECTION 26 TOGETHER WITH THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, BOTH SECTIONS BEING WITHIN TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, MORE PARTICULARLY.

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 26 AS DESCRIBED IN THE ORIGINAL FIELD NOTES OF THE SUBDIVISION OF TOWNSHIP 5 SOUTH, RANGE 8 EAST, EXECUTED BY F.W. RASE AND GEORGE W. PEARSON BETWEEN DECEMBER 10, 1911 AND DECEMBER 27, 1911, ON FILE IN THE GOVERNMENT LAND OFFICE;

THENCE ALONG THE WEST LINE OF SAID SECTION 26 SOUTH 0°01' EAST 40.00 CHAINS TO THE QUARTER SECTION CORNER;

THENCE EASTERLY TO A POINT ON THE EAST LINE OF SAID SECTION 26, SAID POINT BEING THE EAST QUARTER CORNER OF SAID SECTION 26;

THENCE ALONG SAID EAST LINE OF SAID SECTION 26, NORTH 0°01' WEST 40.00 CHAINS TO THE NORTHEAST CORNER OF SAID SECTION 26;

THENCE WESTERLY ALONG THE NORTH LINE OF SAID SECTION 26 TO THE NORTHWEST CORNER OF SAID SECTION, SAID POINT ALSO BEING THE POINT OF BEGINNING.

TOGETHER WITH THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN.

EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;

ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND

OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 2: (APN: 603-200-005-0)

THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;

EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;

ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 3: (APN: 603-210-002-8)

THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;

EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;

ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON

**SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 4: (603-210-005-1)**

**THE NORTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 5: (APN: 603-210-006-2)**

**THE SOUTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO THE STATE OF CALIFORNIA BY DOCUMENT RECORDED OCTOBER 24, 1962 AS INSTRUMENT NO. 98430 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND**

**EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 6: (APNS: 603-210-008-4; 603-210-009-5 AND 603-210-010-5)**

**THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 7: (APN: 603-210-012-7)**

**THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE**

REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;

ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 8: (APN: 603-210-001-7)

THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY THE UNITED STATES GOVERNMENT SURVEY THEREOF;

EXCEPTING THEREFROM A RIGHT OF WAY 30 FEET WIDE ALONG ALL SECTION LINES FOR PUBLIC HIGHWAYS, AS SHOWN BY DOCUMENT RECORDED FEBRUARY 13, 1930 IN BOOK 839 PAGE 199 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 9: (APN: 603-200-003-8)

THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;

RESERVING UNTO FLORENCE MARCUS A ONE HALF (1/2) INTEREST INTO ALL OIL, GAS, ASPHALTUM, MINERALS AND ALL OTHER HYDROCARBON SUBSTANCES, WITHOUT THE RIGHT OF SURFACE ENTRY THERETO.

PARCEL 10: (APN: 603-200-002-7)

THE NORTHWEST QUARTER (NORTHWEST 1/4) OF THE NORTHEAST QUARTER (NORTHEAST 1/4) OF THE NORTHWEST QUARTER (NORTHWEST 1/4) AND THE EAST HALF (E 1/2) OF THE NORTHEAST QUARTER (NORTHEAST 1/4) OF THE NORTHWEST QUARTER (NORTHWEST 1/4) OF SECTION TWENTY-FIVE (25) IN TOWNSHIP FIVE (5) SOUTH, RANGE EIGHT (8) EAST, SAN BERNARDINO BASE AND MERIDIAN.

PARCEL 11: (APNS: 601-340-020-2; 601-340-021-3 AND 601-340-022-4)

SECTION 24, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE & MERIDIAN, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL 12: (APNS: 707-320-018-2; 707-320-019-3; 707-320-020-3; 707-330-003-9 AND 707-330-004-0)

GOVERNMENT LOTS 1 THROUGH 4 INCLUSIVE, THE EAST HALF OF THE WEST HALF AND THE EAST HALF OF SECTION 30, TOWNSHIP 5 SOUTH, RANGE 9 EAST, SAN BERNARDINO BASE & MERIDIAN, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

PARCEL 13: (APN: 603-210-013-8)

THE SOUTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.

PARCEL 14: (APN: 603-210-007-3)

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE UNITED STATES GOVERNMENT SURVEY THEREOF;

EXCEPTING THEREFROM THAT PORTION AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED MAY 3, 1934 IN BOOK 168 PAGE 532 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

PARCEL 15: (APN: 603-210-004-0)

THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;

EXCEPTING THEREFROM THAT PORTION OF SAID LAND GRANTED TO THE STATE OF CALIFORNIA BY DEED RECORDED MARCH 8, 1963 AS INSTRUMENT NO. 23336 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

# EXHIBIT 3

RECORDING REQUESTED BY  
FIRST AMERICAN TITLE COMPANY  
NATIONAL HOMEBUILDER SERVICES  
SUBDIVISION DEPARTMENT

DOC # 2012-0062906  
02/10/2012 02:57 PM Fees: \$46.00  
Page 1 of 8 Doc T Tax Paid  
Recorded in Official Records  
County of Riverside  
Larry W. Ward  
Assessor, County Clerk & Recorder

RECORDING REQUESTED BY  
First American Title Company NHS

AND WHEN RECORDED MAIL DOCUMENT TO:  
Desert Lakes Master, LLC  
1100 Mt. Rose Street  
Reno, NV 89509

\*\*This document was electronically submitted  
to the County of Riverside for recording\*\*  
Received by: MRUIZ

3928123 - 5D

Space Above This Line for Recorder's Use Only

### GRANT DEED

The undersigned Grantor(s) declare(s) that Documentary Transfer Tax shall be shown on a separate Declaration or Statement of Tax Due and not of public record pursuant to revenue & taxation code 11932-11933.

A.P.N.: 603-180-002-6, 603-200-001-6, 603-200-005-0, 603-210-002-8, 603-210-005-1, 603-210-006-2, 603-210-008-4, 603-210-009-5, 603-210-010-5, 603-210-012-7, 603-210-001-7, 603-200-003-8, 603-200-002-7, 601-340-020-2, 601-340-021-3, 601-340-022-4, 707-320-018-2, 707-320-019-3, 707-320-020-3, 707-330-003-9, 707-330-004-0, 603-210-013-8, 603-210-007-3, 603-210-004-0

T.R.A. No.012-063

File No.: OSA-3928123 (jg)

The Undersigned Grantor(s) Declare(s): DOCUMENTARY TRANSFER TAX \$; CITY TRANSFER TAX \$;

- computed on the consideration or full value of property conveyed, OR
- computed on the consideration or full value less value of liens and/or encumbrances remaining at time of sale,
- unincorporated area;  City of Coachella, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **Specialty Desert Lakes, LLC, a Delaware limited liability company**

hereby GRANTS to **Desert Lakes Master, LLC, a California limited liability company**

the following described property in the City of Coachella, County of Riverside, State of California:

**PARCEL 1: (APNS: 603-180-002-6 AND 603-200-001-6)**

**PARCEL 1 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2005-03 AS EVIDENCED BY DOCUMENT RECORDED MAY 10, 2005 AS INSTRUMENT NO. 2005-0368578 OF OFFICIAL RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:**

**THAT CERTAIN PORTION OF LAND SITUATED IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING A PORTION OF SECTION 26 TOGETHER WITH THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, BOTH SECTIONS BEING WITHIN TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, MORE PARTICULARLY.**

Mail Tax Statements To: SAME AS ABOVE



Grant Deed - continued

Date: 01/11/2012

**BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 26 AS DESCRIBED IN THE ORIGINAL FIELD NOTES OF THE SUBDIVISION OF TOWNSHIP 5 SOUTH, RANGE 8 EAST, EXECUTED BY F.W. RASE AND GEORGE W. PEARSON BETWEEN DECEMBER 10, 1911 AND DECEMBER 27, 1911, ON FILE IN THE GOVERNMENT LAND OFFICE;**

**THENCE ALONG THE WEST LINE OF SAID SECTION 26 SOUTH 0°01' EAST 40.00 CHAINS TO THE QUARTER SECTION CORNER;**

**THENCE EASTERLY TO A POINT ON THE EAST LINE OF SAID SECTION 26, SAID POINT BEING THE EAST QUARTER CORNER OF SAID SECTION 26;**

**THENCE ALONG SAID EAST LINE OF SAID SECTION 26, NORTH 0°01' WEST 40.00 CHAINS TO THE NORTHEAST CORNER OF SAID SECTION 26;**

**THENCE WESTERLY ALONG THE NORTH LINE OF SAID SECTION 26 TO THE NORTHWEST CORNER OF SAID SECTION, SAID POINT ALSO BEING THE POINT OF BEGINNING.**

**TOGETHER WITH THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN.**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 2: (APN: 603-200-005-0)**

**THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE**

Grant Deed - continued

Date: 01/11/2012

**ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 3: (APN: 603-210-002-8)**

**THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTION THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 4: (603-210-005-1)**

**THE NORTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTION THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY**

Grant Deed - continued

Date: 01/11/2012

**USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 5: (APN: 603-210-006-2)**

**THE SOUTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO THE STATE OF CALIFORNIA BY DOCUMENT RECORDED OCTOBER 24, 1962 AS INSTRUMENT NO. 98430 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 6: (APNS: 603-210-008-4; 603-210-009-5 AND 603-210-010-5)**

**THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN**

Grant Deed - continued

Date: 01/11/2012

**AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 7: (APN: 603-210-012-7)**

**THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM ANY AND ALL INTEREST IN AND TO ALL METALS AND MINERALS, AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE LANDS HEREIN DESCRIBED, TOGETHER WITH THE RIGHT TO ENTER UPON THE SAID LANDS FOR THE PURPOSE OF PROSPECTING, DEVELOPING AND EXTRACTING THE SAME, AND TO USE SO MUCH OF THE SURFACE OF THE SAID LAND AND THE UNDERGROUND WATERS THEREIN AS MAY BE REASONABLE NECESSARY IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT AND EXTRACTION AND THE STORAGE AND TREATMENT OF THE METALS AND MINERALS, AND OF THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, AND FOR THE ERECTION, MAINTENANCE, REPAIR AND REPLACEMENT OF ALL STRUCTURES CUSTOMARILY USED IN CONSTRUCTION WITH SUCH PROSPECTING, DEVELOPMENT, EXTRACTION, TREATMENT AND STORAGE;**

**ALSO EXCEPTING THEREFROM THE RIGHT TO ENTER INTO ANY AND ALL AGREEMENTS FOR THE EXTRACTION AND EXHAUSTION OF ANY OIL, GAS, OR OTHER HYDROCARBON SUBSTANCES UNDER COMMUNITY LEASES OR AGREEMENTS WHERE UNDER THE OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER THE SAID LAND OR NEIGHBORING LANDS MAY BE EXTRACTED BY MEANS OF WELLS LOCATED ON THE LAND HEREIN DESCRIBED OR ON OTHER LANDS IN THE SAME OIL OR GAS FIELDS, AS RESERVED BY SHRINERS HOSPITALS FOR CRIPPLED CHILDREN IN DEED TO MC NAUGHTON PROPERTIES, A GENERAL PARTNERSHIP, RECORDED AUGUST 16, 1990 AS INSTRUMENT NO. 305243 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 8: (APN: 603-210-001-7)**

**THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY THE UNITED STATES GOVERNMENT SURVEY THEREOF;**

**EXCEPTING THEREFROM A RIGHT OF WAY 30 FEET WIDE ALONG ALL SECTION LINES FOR PUBLIC HIGHWAYS, AS SHOWN BY DOCUMENT RECORDED FEBRUARY 13, 1930 IN BOOK 839 PAGE 199 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 9: (APN: 603-200-003-8)**

Grant Deed - continued

Date: 01/11/2012

**THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**RESERVING UNTO FLORENCE MARCUS A ONE HALF (1/2) INTEREST INTO ALL OIL, GAS, ASPHALTUM, MINERALS AND ALL OTHER HYDROCARBON SUBSTANCES, WITHOUT THE RIGHT OF SURFACE ENTRY THERETO.**

**PARCEL 10: (APN: 603-200-002-7)**

**THE NORTHWEST QUARTER (NORTHWEST 1/4) OF THE NORTHEAST QUARTER (NORTHEAST 1/4) OF THE NORTHWEST QUARTER (NORTHWEST 1/4) AND THE EAST HALF (E 1/2) OF THE NORTHEAST QUARTER (NORTHEAST 1/4) OF THE NORTHWEST QUARTER (NORTHWEST 1/4) OF SECTION TWENTY-FIVE (25) IN TOWNSHIP FIVE (5) SOUTH, RANGE EIGHT (8) EAST, SAN BERNARDINO BASE AND MERIDIAN.**

**PARCEL 11: (APNS: 601-340-020-2; 601-340-021-3 AND 601-340-022-4)**

**SECTION 24, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE & MERIDIAN, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.**

**PARCEL 12: (APNS: 707-320-018-2; 707-320-019-3; 707-320-020-3; 707-330-003-9 AND 707-330-004-0)**

**GOVERNMENT LOTS 1 THROUGH 4 INCLUSIVE, THE EAST HALF OF THE WEST HALF AND THE EAST HALF OF SECTION 30, TOWNSHIP 5 SOUTH, RANGE 9 EAST, SAN BERNARDINO BASE & MERIDIAN, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.**

**PARCEL 13: (APN: 603-210-013-8)**

**THE SOUTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF.**

**PARCEL 14: (APN: 603-210-007-3)**

**THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO THE UNITED STATES GOVERNMENT SURVEY THEREOF;**

**EXCEPTING THEREFROM THAT PORTION AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED MAY 3, 1934 IN BOOK 168 PAGE 532 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

**PARCEL 15: (APN: 603-210-004-0)**

**THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN;**

**EXCEPTING THEREFROM THAT PORTION OF SAID LAND GRANTED TO THE STATE OF CALIFORNIA BY DEED RECORDED MARCH 8, 1963 AS INSTRUMENT NO. 23336 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.**

Grant Deed - continued

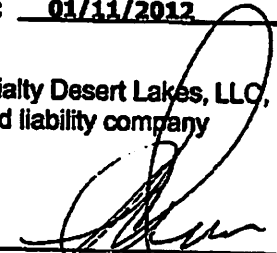
Date: 01/11/2012

A.P.N.: 603-200-001-6 and 603-210-012  
and 603-210-013 and 603-210-001 and  
603-210-002 and 603-210-008-4 and 603-  
210-009-5 and 603-210-004 and 603-210-  
005 and 603-210-006 and 707-330-004  
and 603-210-007 and 603-200-002 and  
603-200-003 and 603-200-005 and 601-  
340-020 and 601-340-022 and 601-340-  
021 and 603-180-002 and 707-320-018  
and 707-320-019 and 707-320-020 and  
707-330-003

File No.: OSA-3928123 (jg)

Dated: 01/11/2012

Specialty Desert Lakes, LLC, a Delaware  
limited liability company

  
By: Alan G. Means, Its Manager

STATE OF NEVADA )SS  
COUNTY OF WASHOE )

On January 17, 2012, before me, Joan E. Peyser, Notary  
Public, personally appeared Alan G. Means, Manager of Specialty Desert Lakes LLC  
, who proved to me on the basis of satisfactory evidence to  
be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on  
the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is  
true and correct.

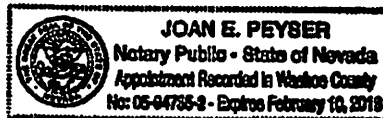
WITNESS my hand and official seal.

Signature: Joan E. Peyser

My Commission Expires: 2/10/2013

Notary Name: Joan E. Peyser

Notary Registration Number: 05-94735-2



This area for official notarial seal

Notary Phone: 775-329-3151

County of Principal Place of Business: WASHOE

**APN's**

**APN's 603-180-002-6, 603-200-001-6, 603-200-005-0, 603-210-002-8,  
603-210-005-1, 603-210-006-2, 603-210-008-4, 603-210-009-5, 603-210-  
010-5, 603-210-012-7, 603-210-001-7, 603-200-003-8, 603-200-002-7,  
601-340-020-2, 601-340-021-3, 601-340-022-4, 707-320-018-2, 707-320-  
019-3, 707-320-020-3, 707-330-003-9, 707-330-004-0, 603-210-013-8,  
603-210-007-3, 603-210-004-0**

# EXHIBIT 4



**FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER

FEB 29 2012

ALAN CARLSON, Clerk of the Court

1 Alan I. White, Esq. (SBN #49858)  
LAW OFFICES OF ALAN I. WHITE  
2 4299 MacArthur Blvd., Ste. 212  
Newport Beach, California 92660  
3 Telephone: (949) 752-9001  
Facsimile: (949) 752-9007

4 Attorneys for Plaintiff,  
5 CAPITAL BANK

6  
7 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
8 COUNTY OF ORANGE  
9 CENTRAL JUSTICE CENTER 20-2012

10 In the Matter of the Confession of Judgment by ) Case No. 00549330  
11 STANLEY T. McNAUGHTON, )  
12 Defendant, ) CONFESSON OF JUDGMENT  
13 In favor of ) STATEMENT ...  
14 CAPITAL BANK, )  
15 Plaintiff. )

16  
17 I, Stanley T. McNaughton, hereby confess judgment in the above-entitled cause in favor of  
18 Plaintiff in the sum of \$1,000,000.00, plus interest in the amount of \$67,726.02 and authorize entry  
19 of judgment against me in the sum of \$1,067,726.02.

20 This confession of judgment is for a debt justly due and arises out of the following factual  
21 situation:

22 On or about January 6, 2011, Plaintiff lent to me the sum of \$1,000,000 (the "Loan"). The  
23 Loan was memorialized in a written Promissory Note dated January 6, 2011, executed and  
24 delivered by me in favor of Plaintiff. The principal balance of the Loan was to be repaid at  
25 maturity on January 6, 2013. Interest was due and payable quarterly with the first payment due  
26 April 6, 2011 in the sum of \$14,794.52, with succeeding quarterly interest payments of \$14,794.52.  
27 The Loan contained an adjustable interest rate with an initial interest rate of 6%. Upon default, the  
28 interest rate on the Note was to be increased by adding a 5 percentage point margin to the then

JUDGMENT ENTERED 11:00 AM, 100-2012-2012

1 existing interest rate.

2 I defaulted on the Loan in that I failed to make the first quarterly interest payment that was  
3 due on April 6, 2011, and have failed to make any subsequent payments. As a result of such  
4 default, Plaintiff has declared the entire balance of the principal and interest of the Loan  
5 immediately due and payable.

6 Plaintiff has suffered damages of \$1,000,000 plus interest at the contractual default rate.  
7 The amount of interest due through February 22, 2012 was \$67,726.02, and interest is continuing to  
8 accrue at the daily rate of \$164.38356. Interest shall accrue at the legal rate upon entry of  
9 judgment.

10 Dated: February 22, 2012

  
Stanley T. McNaughton

11  
12 VERIFICATION

13 I, Stanley T. McNaughton, am the defendant in the above-entitled cause. I have read the  
14 foregoing statement and know the contents thereof. The same is true of my own knowledge, except  
15 as to those matters which are therein alleged on information and belief, and as to those matters, I  
16 believe it to be true.

17 I declare under penalty of perjury under the laws of the State of California that the  
18 foregoing is true and correct.

19 Dated: February 22, 2012

  
Stanley T. McNaughton

20

21

22

23

24

25

26

27

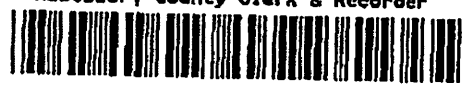
28

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, address, State Bar number, and telephone number):  
 Recording requested by and return to:  
 Alan I. White, Esq., SBN 49858  
 LAW OFFICES OF ALAN I. WHITE  
 4299 MacArthur Blvd.  
 Suite 212  
 Newport Beach, CA 92660  
 949-752-9001

ATTORNEY FOR  JUDGMENT CREDITOR  ASSIGNEE OF RECORD

SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE  
 STREET ADDRESS: 700 W. Civic Center Drive  
 MAILING ADDRESS:  
 CITY AND ZIP CODE: Santa Ana 92702  
 BRANCH NAME: CENTRAL

DOC # 2012-0218396  
 05/11/2012 12:11P Fee: 18.00  
 Page 1 of 2  
 Recorded in Official Records  
 County of Riverside  
 Larry W. Ward  
 Assessor, County Clerk & Recorder



S	R	U	PAGE	SIZE	DA	MISC	LONG	RFD	COPY	
1			2						1	
M	A	L	465	426	PCOR	NCOR	SMF	NCHG	EXAM	
								T:	CTY	UNI

19  
 C  
 028

PLAINTIFF: CAPITAL BANK  
 DEFENDANT: STANLEY T. MCNAUGHTON

CASE NUMBER:  
 30-2012-00549330

ABSTRACT OF JUDGMENT—CIVIL AND SMALL CLAIMS  Amended

FOR COURT USE ONLY

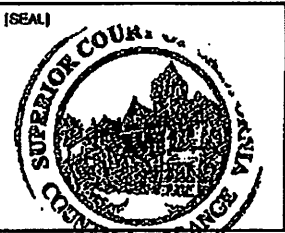
1. The  judgment creditor  assignee of record applies for an abstract of judgment and represents the following:  
 a. Judgment debtor's  
 Name and last known address  
 Stanley T. McNaughton  
 2676 Mustang Lane  
 Wrightwood, CA 92397  
 b. Driver's license no. (last 4 digits) and state: xxx3824  Unknown  
 c. Social security no. (last 4 digits): xxx-xx-8423  Unknown  
 d. Summons or notice of entry of sister-state judgment was personally served or mailed to (name and address):  
 No summons; judgment pursuant to Confession of Judgment

2.  Information on additional judgment debtors is shown on page 2.  
 3. Judgment creditor (name and address):  
 CAPITAL BANK, 31351 Rancho Viejo Road,  
 Ste. 101, San Juan Capistrano, CA 92675  
 Date: March 29, 2012  
 Alan I. White  
 (TYPE OR PRINT NAME)

4.  Information on additional judgment creditors is shown on page 2.  
 5.  Original abstract recorded in this county:  
 a. Date:  
 b. Instrument No.:  
 (SIGNATURE OF APPLICANT OR ATTORNEY)

6. Total amount of judgment as entered or last renewed:  
 \$ 1,067,726.02 1,067,56.02 up  
 7. All judgment creditors and debtors are listed on this abstract.  
 8. a. Judgment entered on (date): February 29, 2012  
 b. Renewal entered on (date):  
 9.  This judgment is an installment judgment.

10.  An  execution lien  attachment lien is endorsed on the judgment as follows:  
 a. Amount: \$  
 b. In favor of (name and address):



This abstract issued on (date):  
 MAY 04 2012

11. A stay of enforcement has  
 a.  not been ordered by the court.  
 b.  been ordered by the court effective until (date):  
 12. a.  I certify that this is a true and correct abstract of the judgment entered in this action.  
 b.  A certified copy of the judgment is attached.  
 ALAN CARLSON, by K. Kolonics, Deputy

# EXHIBIT 5

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

RECEIVED  
SUPERIOR COURT OF CALIFORNIA  
CENTRAL JUSTICE CENTER

AUG 09 2012

FILED  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER

SEP 12 2012

ALAN CARLSON, Clerk of the Court

*Debra Sanchez*  
BY D SANCHEZ

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER**

In the Matter of the Confession of Judgment by ) Case No. 30-2012-00549330  
STANLEY T. McNAUGHTON, )  
Defendant, ) **[REDACTED] ORDER GRANTING  
MOTION FOR CHARGING ORDER**  
In favor of ) Date: September 7, 2012  
CAPITAL BANK, ) Time: 1:30 p.m.  
Plaintiff. ) Dept: 17

**GOOD CAUSE HAVING BEEN SHOWN:**

**IT IS HEREBY ORDERED** that the motion of Plaintiff Capital Bank ("Capital Bank") for an order charging Defendant Stanley T. McNaughton's interests is granted under Cal.Civ.Proc. §708.310 and Cal.Corp.Code §17302, and Defendant's interests in the following companies shall be charged as follows:

- 1. Defendant Stanley T. McNaughton's interests in Desert Lakes Development Co., LLC, a limited liability company, with its principal place of business located at 3701 Stevens Creek Blvd., Santa Clara, Santa Clara County, California, shall be charged with payment of the unsatisfied portion of the judgment entered on February 29, 2012, in the above-entitled action, that portion being the sum of \$1,067,756.02.

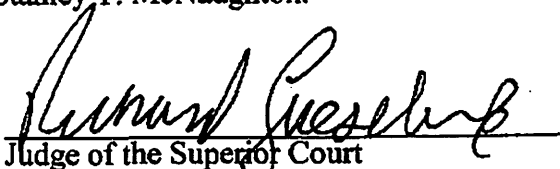
1           2. Defendant's interests in Desert Lakes Development Co., LLC, shall also be charged with  
2 payment of interest on the unsatisfied portion of that judgment, at the legal rate from February 29,  
3 2012.

4           **IT IS FURTHER ORDERED**

5           3. That Desert Lakes Development Co., LLC pay to Capital Bank Defendant Stanley T.  
6 McNaughton's share of profits and any other money due or to fall due to him in respect of those  
7 companies; and

8           4. That Desert Lakes Development Co., LLC pay to Capital Bank all company profits and  
9 any other money past due and unpaid to Defendant Stanley T. McNaughton.

10  
11 Dated: September 12, 2012

  
\_\_\_\_\_  
Judge of the Superior Court  
**RICHARD LUESEBRINK**

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 PROOF OF SERVICE

2  
3 STATE OF CALIFORNIA )  
4 COUNTY OF ORANGE )ss.

5  
6 I am employed in the County of Orange, State of California. I am over the age of 18 years  
7 and not a party to the within action. My business address is 4299 MacArthur Blvd., Ste. 212,  
8 Newport Beach, California 92660.

9 On August 9, 2012, I served on all interested parties the foregoing document(s) described  
10 as: **[PROPOSED] ORDER GRANTING MOTION FOR CHARGING ORDER**

11  by placing the document(s) listed above in a sealed envelope with postage thereon fully  
12 prepaid, in the United States mail at Newport Beach, addressed as set forth below.

13 Stanley T. McNaughton  
14 2676 Mustang Lane  
15 Wrightwood, CA 92397

East-West Investments, LLC  
c/o Stanley T. McNaughton  
44120 Tiara Place  
La Quinta, CA 92253

16 Desert Lakes Development Co., LLC  
17 c/o James F. Landes  
18 3701 Stevens Creek Blvd.  
19 Santa Clara, CA 95051

Salt & Light Investments, LLC  
c/o Thomas M. Ward  
73-070 Ramon Road  
Thousand Palms, CA 92276

20 83711 Peach, LLC  
21 c/o George Toberman  
22 3539 Crosscreek Lane  
23 Malibu, CA 90265

Paul J. Sievers, Esq.  
MANLEY & STEWART  
4220 Von Karman Ave., Ste. 200  
Newport Beach, CA 92660  
Ph: 949-252-8425  
Fax: 949-252-9991  
Email: psievers@manlystewart.com

24 I am "readily familiar" with this firm's practice of collection and processing correspondence  
25 for mailing. Under that practice it would be deposited with the U.S. postal service on the same day  
26 with postage thereon fully prepaid at Newport Beach, CA, in the ordinary course of business. I am  
27 aware that on motion of the party served, service is presumed invalid if postal cancellation date or  
28 postage meter date is more than one day after date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on August 9, 2012, at Newport Beach, California.

  
Francesca M. Simonson