

EXHIBIT "A"

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DESCRIPTION OF PROPERTY TO BE SOLD:

Residential real property located at 8 Via Burrone, Newport Coast, California 92657, APN 473-032-33. The property covers approximately 18,000 square feet, and includes a 5,000 square foot residence with four bedrooms, four and a half bathrooms and other amenities, a partially completed guest casita and an outdoor pool.

TERMS AND CONDITIONS OF SALE:

The property will be sold to the Nguyen Family Trust and Mr. and Mrs. Le Nguyen (the "Proposed Buyer"). The essential and salient terms of the Purchase Agreement are summarized as follows:

1. Purchase price is \$3,650,000.
2. The sale shall be free and clear of liens and other interests (with certain limited exceptions, e.g. conditions, restrictions, and public utility easements of record if any, and real property taxes that are not yet due and payable).
3. The sale shall close on or before June 23, 2009.
4. The Proposed Buyer shall tender a deposit of \$109,500, and a subsequent deposit of \$181,750.
5. The real estate brokers shall receive a commission totaling \$182,500 (\$91,250 to Debtor's broker and \$91,250 to Proposed Buyer's broker).
6. All contingencies will be removed 3 days from acceptance of offer.¹
7. Physical condition of the property will be the same "as is" from the date of removal of contingency until close of escrow.
8. Within 3 days of opening of escrow, sellers shall provide all plans and permits to finish the casitas.

The Debtor requests that the property be sold free and clear of the following liens and other claimed interests in the Property:

- (1) Notice of homeowners association assessment lien by Newport Coast Community Association, recorded April 11, 2007, as Instrument No. 2007-233301 in the amount of \$799.15 (Item 35 of the Preliminary Title Report, Exhibit 1 hereto);
- (2) Notice of pendency of action by Coastal Roofing Company, Inc., recorded August 22, 2007, as Instrument No. 2007-522426 (Item 36 of the Preliminary Title Report, Exhibit 1 hereto);
- (3) Notice of pendency of action by Newport Coast Community Association, recorded August 8, 2008, as Instrument No. 2008-380099 (Item 37 of the Preliminary Title Report, Exhibit 1 hereto);

¹ All contingencies have been removed.

- (4) A certified copy of a judgment or an abstract thereof in favor of Dennis Katangian, recorded March 20, 2006, as Instrument No. 2006-179610 in the amount of \$4,677.00 (Item 38 of the Preliminary Title Report, Exhibit 1 hereto);
- (5) A certified copy of a judgment or an abstract thereof in favor of ThyssenKrupp Elevator Corporation, recorded March 29, 2006, as Instrument No. 2006-204068 in the amount of \$31,712.93 (Item 39 of the Preliminary Title Report, Exhibit 1 hereto); and
- (6) A certified copy of a judgment or an abstract thereof in favor of Law Offices of Michael V. Severo, recorded November 1, 2006, as Instrument No. 2006-738737 in the amount of \$41,342.17 (Item 40 of the Preliminary Title Report, Exhibit 1 hereto).

The Debtor estimates that after payment of the first mortgage held by Citibank (\$2,000,000), brokers' commissions (\$182,500), estimated tax obligations (\$1,585.31), and estimated escrow, transfer tax and other closing costs and expenses (\$50,000), the balance remaining for the secured claim of the Lender should approximate \$1,415,914.

OVERBID PROCEDURE:

Eligibility/Qualifications to Make Competing Bids

First, an overbid should be permitted only if, before the hearing, the bidder has tendered (1) a \$291,250 deposit by cash or cashier's check payable to "Foundations, Inc.," representing the amount currently in escrow, and (2) evidence reasonably satisfactory to the Debtor that the bidder has the financial and other ability to consummate a sale of the Via Burrone Property by the date and on the terms and conditions no less favorable to Debtor than as contemplated by the Purchase Agreement between Debtor and the Proposed Buyer. Examples of such evidence include, without limitation, a current bank statement or financial statement, or a letter from a lender indicating that the bidder has been pre-approved for a loan.

The entire deposit shall be non-refundable and forfeited to the Debtor if the bidder is the prevailing bidder but fails to close the sale within seven (7) calendar days after the date the Court enters an order approving the sale (subject to any extensions of time granted by the Debtor in writing, and subject to any 10-day stay required by bankruptcy law), for any reason other than a material breach by the Debtor.

Terms of Bids

The first overbid should be no less than \$3,750,000, and subsequent overbids should be in increments of at least \$25,000. Also, other than purchase price, all bidders must stipulate to be bound by the same terms as the Proposed Buyer, which terms are stated in the Purchase Agreement between the Debtor and Proposed Buyer attached hereto as **Exhibit 1**, and all contingencies are deemed to have been waived.

EXHIBIT "1"



"UPDATED PRELIMINARY REPORT"

Hom Real Estate Group
27 Renata
Newport Coast, CA 92757

Attention: Lance Fogel
Your No.:

BRANCH:
Cal. Counties Title Nation
4667 MacArthur Blvd., #150
Newport Beach, CA 92660
Phone: (949) 885-9900
Fax: (949) 727-7012

Jim Jean
TITLE OFFICER

Order No.: 3091712

Dated as of **MAY 12, 2009** at 7:30 a.m.

IN RESPONSE TO THE ABOVE REFERENCED APPLICATION FOR A POLICY OF TITLE INSURANCE, CALIFORNIA COUNTIES TITLE COMPANY AN UNDERWRITTEN COMPANY OF **TRANSUNION TITLE INSURANCE COMPANY**, HEREBY REPORTS THAT IT IS PREPARED TO ISSUE, OR CAUSE TO BE ISSUED, AS OF THE DATE HEREOF, A POLICY OR POLICIES OF TITLE INSURANCE DESCRIBING THE LAND AND THE ESTATE OR INTEREST THEREIN HEREINAFTER SET FORTH, INSURING AGAINST LOSS WHICH MAY BE SUSTAINED BY REASON OF ANY DEFECT, LIEN OR ENCUMBRANCE NOT SHOWN OR REFERRED TO AS AN EXCEPTION BELOW OR NOT EXCLUDED FROM COVERAGE PURSUANT TO THE PRINTED SCHEDULES, CONDITIONS AND STIPULATIONS OF SAID POLICY FORMS.

THE PRINTED EXCEPTIONS AND EXCLUSIONS FROM THE COVERAGE OF SAID POLICY OR POLICIES ARE SET FORTH IN EXHIBIT A ATTACHED. COPIES OF THE POLICY FORMS SHOULD BE READ. THEY ARE AVAILABLE FROM THE OFFICE WHICH ISSUED THIS REPORT.

PLEASE READ THE EXCEPTIONS SHOWN OR REFERRED TO BELOW AND THE EXCEPTIONS AND EXCLUSIONS SET FORTH IN EXHIBIT A OF THIS REPORT CAREFULLY. THE EXCEPTIONS AND EXCLUSIONS ARE MEANT TO PROVIDE YOU WITH NOTICE OF MATTERS WHICH ARE NOT COVERED UNDER THE TERMS OF THE TITLE INSURANCE POLICY AND SHOULD BE CAREFULLY CONSIDERED.

IT IS IMPORTANT TO NOTE THAT THIS PRELIMINARY REPORT IS NOT A WRITTEN REPRESENTATION AS TO THE CONDITION OF TITLE AND MAY NOT LIST ALL LIENS, DEFECTS AND ENCUMBRANCES AFFECTING TITLE TO THE LAND.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

THE FORM OF POLICY OF TITLE INSURANCE CONTEMPLATED BY THIS REPORT IS:

ALTA Loan Policy (10-17-92) with ALTA Endorsement-Form 1 Coverage
ALTA Loan Policy (06-17-06) with ALTA Endorsement-Form 1 Coverage
CLTA Standard Coverage Policy (1990)

SCHEDULE A

THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A fee as to Parcel 1, an easement as to Parcel 2.

TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Foundations, LLC a California limited liability company (Subject to proceedings pending in the Bankruptcy Court of the District of the U.S. District Court, Case No. 0813321TA1, wherein a petition for relief was filed on June 12, 2008, and Case No. 08-10776, filed on July 3, 2008.

THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE CITY OF NEWPORT BEACH, COUNTY OF ORANGE, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL NO. 1

Parcel 14, in the City of Newport Beach, County of Orange, State of California, as shown and described on Lot Line Adjustment LL 2000-011 recorded on June 28, 2001, as Instrument No. 20010432036, in the Official Records of Orange County, California.

EXCEPT THEREFROM, all oil, oil rights, minerals, mineral rights, natural gas rights and other hydrocarbons by whatsoever name known, geothermal steam and all products derived From any of the foregoing, that may be within or under the parcel of land hereinabove described, together with the perpetual right of drilling, mining, exploring and operating therefore and storing In and removing the same from the land or any other land, including the right to whipstock or directionally drill and mine from lands other than those hereinabove described, oil or gas wells, tunnels and shafts into, through or across the subsurface of the land hereinabove described, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines, without, however, the right to drill, mine, Store, explore or operate through the surface or the upper 500 feet of the subsurface of the land hereinabove described, as reserved by The Irvine Company in Deeds recorded June 28, 1990 as Instrument No. 90-343936 and January 2, 1997 as Instrument No. 19970000564, both of Official Records.

PARCEL NO. 2

Nonexclusive easements for access. Ingress, egress, maintenance, repairs, drainage and for other purposes, all as described in the Declarations.

END OF SCHEDULE A

SCHEDULE B

AT THE DATE HEREOF EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM DESIGNATED ON THE FACE PAGE OF THIS REPORT WOULD BE AS FOLLOWS:

1. General and special taxes and assessments for the fiscal year 2009-2010, a lien not yet due or payable.
2. General and special taxes and assessments for the fiscal year 2008-2009..

First Installment:	\$ 15,623.05 Paid
Second Installment:	\$15,623.05 Paid
Penalty:	\$1,585.31
Tax Rate Area:	07-158
A. P. No.:	473-032-33
3. Supplemental taxes for the fiscal year 2008-2009 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

First Installment:	\$15.42 Paid
Second Installment:	\$15.42 Paid
Tax Rate Area:	07-158
A. P. No.:	473-032-33.0100
4. Supplemental taxes for the fiscal year 2008-2009 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

First Installment:	\$90.40 Paid
Second Installment:	\$90.40 Paid
Tax Rate Area:	07-158
A. P. No.:	473-032-33.0200
5. Supplemental taxes for the fiscal year 2008-2009 assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

First Installment:	\$169.89 Paid
Second Installment:	\$169.88 Paid
Tax Rate Area:	07-158
A. P. No.:	473-032-33.0300
6. Assessments under the 1915 Bond Act, for improvement of Irvine Coast Improvements, Underground Utilities.473-032-33
7. Assessments under the 1915 Bond Act, for improvement of Irvine Coast Improvements, Underground Utilities.473-032-33
8. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
9. Water rights, claims or title to water, whether or not shown by the public records.

10. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded June 10, 1977 as Book 12237, Page 693 and re-recorded June 24, 1977 in Book 1226, Page 941, both of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage of deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Note: You may wish to contact the homeowners association referred to in the above document for information regarding assessments, transfer requirements or other matters.

11. Easements, covenants and conditions contained in the deed from the Irvine Company, as grantor, to J.M. Peters Company, Inc., as grantee, recorded June 28, 1990 as Instrument No. 1990-343936 of Official Records.

Reference being made to said document for full particulars.

The terms, provisions and conditions contained in a document entitled "Assignment and Assumption of Development Documents", executed by and between Capital Pacific Holdings, Inc., a Delaware Corporation, successor to J. M. Peters Company, a Nevada Corporation and Capital Pacific Holdings LLC., a Delaware Limited Liability Company, recorded January 29, 1998 as Instrument No. 1998-50043 of Official Records.

12. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded May 23, 1991 as Instrument NO. 1991-255875 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage of deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Note: You may wish to contact the homeowners association referred to in the above document for information regarding assessments, transfer requirements or other matters.

Document(s) declaring modifications thereof recorded December 6, 1991 as Instrument No. 1991-671963 of Official Records.

The terms, provisions and conditions contained in a document entitled "Assignment of declarant rights under declarations of covenants, conditions and restrictions of Newport Coast Community Association", executed by and between Irvine Company, a Michigan Corporation and Irvine Community Development Company, a Delaware Corporation, recorded January 23, 1997 as Instrument No. 1997-34413 of Official Records.

A declaration of annexation recorded June 1, 2000 as Instrument No. 2000-288676 of Official Records.

13. Covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document recorded May 24, 1991 as Instrument No. 1991-257521 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage of deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Note: You may wish to contact the homeowners association referred to in the above document for information regarding assessments, transfer requirements or other matters.

Document(s) declaring modifications thereof recorded December 6, 1991 as Instrument No. 1991-672706 of Official Records.

The terms, provisions and conditions contained in a document entitled "Assignment of Declarant rights under declarations of covenants, conditions and restrictions of Newport Coast Community Association", executed by and between Irvine Company, a Michigan Corporation and Irvine Community Development Company, a Delaware Corporation, recorded January 23, 1997 as Instrument No. 1997-34413 of Official Records.

A declaration of annexation recorded June 1, 2000 as Instrument No. 2000-288677 of Official Records.

14. Easements, covenants and conditions contained in the deed from Irvine Community Development Company, a Delaware Corporation, as grantor, to Capital Pacific Holdings, LLC, a Delaware Limited Liability Company, as grantee, recorded January 29, 1998 as Instrument No. 1998-50047 of Official Records.

Reference being made to said document for full particulars.

15. Easements, covenants and conditions contained in the deed from the Irvine Company, as grantor, to Capital Pacific Holdings, LLC., a Delaware Limited Liability Company, as grantee, recorded January 29, 1998 as Instrument No. 1998-50049 of Official Records.

Reference being made to said document for full particulars.

16. Easements, covenants and conditions contained in the deed from Irvine Community Development Company, as grantor, to CPH Newport Coast, LLC, as grantee recorded July 7, 1998 as Instrument No. 1998-433098 of Official Records.

Reference being made to said document for full particulars.

17. The terms and provisions contained in the document entitled "Memorandum of Assignment of Contracts" recorded July 16, 1998 as Instrument No. 1998-457686 of Official Records.

18. The recital on the Map of said Tract that this property may be subject to impacts from the San Joaquin Hills Transportation Corridor.

19. The recital on the Map of said Tract that the land, covered by this Map is located in an extreme fire hazard area due to wildland exposure. This declaration shall run with the land until a determination is made by the fire Agency that the property is no longer located in an extreme fire hazard area.

An Irrevocable offer of dedication of an easement for road purposes, as set forth in the above document.

20. Easements for sewer, domestic water, reclaimed water, and ingress and egress purposes, as shown and dedicated to the Irvine Ranch Water District on the Map of said Tract, which easements shall be subject to same terms and conditions as are shown in that certain easement recorded February 14, 1991 as Instrument No. 1991-70315 of Official Records of Orange County, with an added condition that no trees shall be planted in said easements without prior written consent from the Irvine Ranch water District, over a portion of the land.

21. The recital on the Map of said Tract that the property is in a special fire protection area and must meet all construction requirements for building in this area or file for an exclusion with the Orange County Fire Authority.

22. The recital on the Map of said Tract that the private streets constructed within this tract shall be owned, operated and maintained by the developer, his successors or assigns. The County of Orange shall have no responsibility therefor, unless, pursuant to appropriate sections of the streets and highways code of the State of California, the said private streets have been accepted into the county road system by appropriate resolution of the Orange County Board of Supervisors.
23. An easement for scenic preservation purposes as shown and dedicated to the County of Orange on the Map of said Tract, which easement shall be subject to the same conditions and limitations as are shown in that certain easement recorded September 19, 1991 as Instrument No. 1991-511820 of Official Records of Orange County Board of Supervisors.
24. Any and all offers of dedication, conditions, restrictions, easements, fenceline/boundary discrepancies, notes and/or provisions shown or disclosed by the filed or recorded map referred to in the legal description.
25. The recital on the Map of said Tract that lettered Lot K is not a separate building site and is for open space purposes.
26. An easement for public utilities and incidental purposes, recorded September 2, 1999 as Instrument No. 1999-638005 of Official Records.

In Favor of: Pacific Bell
Affects: The land.

Reference being made to said document for full particulars.

27. An easement for public utilities and incidental purposes, recorded January 5, 2000 as Instrument No. 2000-4669 of Official Records.

In Favor of: Southern California Edison Company
Affects: The land.

Reference being made to said document for full particulars.

28. Covenants, conditions, restrictions, easements, assessments, liens, changes, terms and provisions in the document recorded February 11, 2000 as Instrument No. 2000-77662 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage of deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Note: You may wish to contact the homeowners association referred to in the above document for information regarding assessments, transfer requirements or other matters.

A declaration of annexation recorded June 1, 2000 as Instrument No. 2000-288678 of Official Records.

29. An easement for public utilities and incidental purposes, recorded January 19, 2000 as Instrument No. 2000-31989 of Official Records.

In Favor of: Southern California Edison Company, a Corporation
Affects: The land.

Reference being made to said document for full particulars.

30. Easements, covenants and conditions contained in the deed from CPH Newport Coast, LLC, a Delaware Limited Liability Company, as grantor, to Cynthia Gomez, a married woman as her sole and separate property, as grantee, recorded August 16, 2001 as Instrument No. 2001-270475 of Official Records.

Reference being made to said document for full particulars.

31. A deed of trust to secure an original indebtedness of \$1,885,000.00 recorded April 2, 2004 as Instrument No. 2004-278334 of Official Records.

Dated: March 24, 2004
Trustor: Cynthia Gomez, a married woman as her sole and separate property
Trustee: Fidelity National Loan Portfolio Solutions, a California Corporation
Beneficiary: Mortgage Electronic Registration Systems, Inc., ("MERS") No Red Tape Mortgage A Division of Mettrocities Mortgage, LLC

A document recorded January 31, 2006 as Instrument No. 2006-70627 of Official Records provides that Five Star Service Corporation, a California Corporation, was substituted as trustee under the deed of trust.

According to the public records, the beneficial interest under the deed of trust was assigned to CitiMortgage, Inc. by assignment recorded February 10, 2006 as Instrument No. 2006-97395 of Official Records.

32. A deed of trust to secure an original indebtedness of \$12,700,000.00 recorded September 17, 2004 as Instrument No. 2004-836234 of Official Records.

Dated: September 14, 2004
Trustor: Foundations, LLC, a California limited liability company
Trustee: Chicago Title Company
Beneficiary: Magnolia Place LLC

A document recorded October 25, 2005 as Instrument No. 2005-854903 of Official Records provides that First American Title Insurance Company, was substituted as trustee under the deed of trust.

A notice of default recorded October 25, 2005 as Instrument No. 2005-854904 of Official Records.

A document recorded February 8, 2006 as Instrument No. 2006-87536 of Official Records provides that the deed of trust or the obligation secured thereby has been modified.

A document recorded February 23, 2007 as Instrument No. 2007-116392 of Official Records provides that the deed of trust or the obligation secured thereby has been modified.

A notice of default recorded September 12, 2007 as Instrument No. 2007-558925 of Official Records.

A notice of trustee's sale recorded April 10, 2008 as Instrument No. 2008-167426 of Official Records.

The above deed of trust states that it secures a line of credit. Before the close of escrow, we require evidence satisfactory to us that (a) all checks, credit cards or other means of drawing upon the line of credit have been

surrendered to escrow, (b) the borrower has not drawn upon the line of credit since the last transaction reflected in the lender's payoff demand, and (c) the borrower has in writing instructed the beneficiary to terminate the line of credit using such forms and following such procedures as may be required by the beneficiary.

33. A document entitled "Absolute Assignment of Leases and Rents" recorded September 17, 2004 as Instrument No. 2004-836235 of Official Records, as additional security for the payment of the indebtedness secured by the deed of trust.

Affects: The land and other property.

34. A financing statement recorded September 17, 2004 as Instrument No. 2004-836237 of Official Records.

Debtor: Foundations, LLC
Secured party: Magnolia Place LLC

35. A notice of homeowners association assessment lien recorded April 11, 2007 as Instrument No. 2007-233301 of Official Records.

Association: Newport Coast Community Association
Amount: \$799.15, and any other amounts due thereunder.

36. Notice of pendency of action recorded August 22, 2007 as Instrument No. 2007-522426 of Official Records.

Court: Superior
Case No.: 07CC09038
Plaintiff: Coastal Roofing Company, Inc., a Corporation
Defendant: Foundations LLC, converted to Foundations Inc., a corporation; Cynthia Gomez, an individual
Purpose: Right to Possession

37. Notice of pendency of action recorded August 8, 2008 as Instrument No. 2008-380099 of Official Records.

Court: Superior
Case No.: 30-2008-00071778
Plaintiff: Newport Coast Community Association, a California nonprofit mutual benefit corporation
Defendant: Foundations, LLC, a California limited liability company
Purpose: Assessment lien

38. A certified copy of a judgment or an abstract thereof, recorded March 20, 2006 as Instrument No. 2006-179610 of Official Records.

Court: Superior
Case No.: 05HS02965
Debtor: Cynthia Gomez
Creditor: Dennis Katangian
Amount: \$4,677.00, and any other amounts due thereunder.

39. A certified copy of a judgment or an abstract thereof, recorded March 29, 2006 as Instrument No. 2006-204068 of Official Records.

Court: Superior
Case No.: 05CC10234
Debtor: Foundations, LLC
Creditor: ThyssenKrupp Elevator Corporation
Amount: \$31,712.93, and any other amounts due thereunder.

40. A certified copy of a judgment or an abstract thereof, recorded November 1, 2006 as Instrument No. 2006-738737 of Official Records.

Court: Superior
Case No.: BC 358 603
Debtor: Cynthia Gomez, individually and as the sole member of Foundations, LLC
Creditor: Law Offices of Michael V. Severo, a Professional Corporation
Amount: \$41,342.17, and any other amounts due thereunder.

41. With respect to Foundations, LLC, a limited liability company: Foundations, LLC a California limited liability company.
- a. A copy of its operating agreement and any amendments thereto;
 - b. If it is a California limited liability company, that a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) be recorded in the public records;
 - c. If it is a foreign limited liability company, that a certified copy of its application for registration (LLC-5) be recorded in the public records;
 - d. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, that such document or instrument be executed in accordance with one of the following, as appropriate:
 - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such document must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
 - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
 - e. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.
42. Statements of information from all parties to the transaction.

JJ/rp

END OF SCHEDULE B

NOTES AND REQUIREMENTS

WIRING INSTRUCTIONS

1. **Note: WIRED FUNDS MUST INCLUDE THE TITLE ORDER NUMBER** for the credit of **CALIFORNIA COUNTIES TITLE NATION.**

US Bank
535 Westminster Mall
Westminster, CA 92683
Routing Number: 122235821
Account Number: 153495465707
Credit to: California Counties Title Nation.

DEMAND REQUIREMENTS

2. **Note:** This company requires current beneficiary demands prior to closing. If the demand is expired and a current demand cannot be obtained, our requirements will be as follows:
 1. If we accept a verbal update on the demand, we will hold an amount equal to one monthly mortgage payment plus interest. This hold will be in addition to the verbal hold the lender may have stipulated, unless waived by the Title Officer.
 2. If we cannot obtain a verbal update on the demand, we will hold total proceeds until a current demand is received, unless waived by the Title Officer.

REGARDING ARBITRATION CLAUSE

3. **Note:** The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.

LENDERS SUPPLEMENTAL REPORT

Attention:
Your No.:

Jim Jean
Title Officer

Our No.: 3091712

Dated as of: **May 12 , 2009** at 7:30 a.m.

The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented in order to reflect the following additional items relating to the issuance of an AMERICAN LAND TITLE ASSOCIATION LOAN FORM POLICY as follows:

An investigation of said land discloses improvements thereon designated as **A Planned Unit Development**.

8 Via Burrone, in the City of Newport Beach, County of Orange, State of California.

Our policy, when issued, will include CLTA Endorsement 100 covering matters set forth in this report.

The following is furnished for information only: The only conveyances affecting said land recorded within 24 months of the date of this report are as follows: Nil

FOR YOUR CONVENIENCE

following this page you will find an extra copy
of the **Legal Description** as shown in **Schedule A**
of this report.

EXHIBIT A

PARCEL NO. 1

Parcel 14, in the City of Newport Beach, County of Orange, State of California, as shown and described on Lot Line Adjustment LL 2000-011 recorded on June 28, 2001, as Instrument No. 20010432036, in the Official Records of Orange County, California.

EXCEPT THEREFROM, all oil, oil rights, minerals, mineral rights, natural gas rights and other hydrocarbons by whatsoever name known, geothermal steam and all products derived from any of the foregoing, that may be within or under the parcel of land hereinabove described, together with the perpetual right of drilling, mining, exploring and operating therefore and storing in and removing the same from the land or any other land, including the right to whipstock or directionally drill and mine from lands other than those hereinabove described, oil or gas wells, tunnels and shafts into, through or across the subsurface of the land hereinabove described, and to bottom such whipstocked or directionally drilled wells, tunnels and shafts under and beneath or beyond the exterior limits thereof, and to redrill, retunnel, equip, maintain, repair, deepen and operate any such wells or mines, without, however, the right to drill, mine, store, explore or operate through the surface or the upper 500 feet of the subsurface of the land hereinabove described, as reserved by The Irvine Company in Deeds recorded June 28, 1990 as Instrument No. 90-343936 and January 2, 1997 as Instrument No. 19970000564, both of Official Records.

PARCEL NO. 2

Nonexclusive easements for access, ingress, egress, maintenance, repairs, drainage and for other purposes, all as described in the Declarations.

In re:
FOUNDATIONS, INC.,

Debtor(s).

CHAPTER 11

CASE NUMBER 8:08-13321 RK

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: **SulmeyerKupetz**, 333 S. Hope St., 35th Floor, Los Angeles, CA 90071-1406.

The foregoing document described "**NOTICE OF SALE OF ESTATE PROPERTY**" will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On June 2, 2009, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- Marilyn Sorenson, Esq., Office of the U.S. Trustee
- H. Mark Mersel, Esq., Bryan Cave LLP
- Katherine M. Windler, Esq., Bryan Cave LLP

marilyn.sorenson@usdoj.gov
mark.mersel@bryancave.com
Katherine.windler@bryancave.com

Service information continued on attached page

II. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL** (indicate method for each person or entity served):

On June 2, 2009, I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

Service information continued on attached page

III. **SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on June 2, 2009 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

The Honorable Robert Kwan, Room 5165, 411 W. Fourth St., Santa Ana, CA 92701-4593

Service information continued on attached page

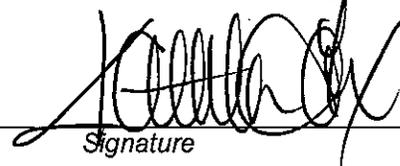
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

June 2, 2009

Kathleen Fox

Date

Type Name


Signature

In re Foundations, Inc. [9533-2]
SKDOCS_WD-#526467-v1
MASTER SERVICE LIST --AVERY LABELS 5161

DEBTOR

FOUNDATIONS, INC.
fka FOUNDATIONS, LLC
8 Via Burrone
Newport Coast, CA 92657-1407

MAGNOLIA PLACE, LLC/FUNDEX ASSET MGMT. CORP. [RSN]

H. Mark Mersel, Esq. [NEF]
BRYAN CAVE LLP
1900 Main St., Suite 700
Irvine, CA 92614-7328
mark.mersel@bryancave.com

NATIONAL CONSTRUCTIONS RENTALS, INC. [RSN]

c/o Earle H. Cohen, Esq.
CARLSON & COHEN LLP
16133 Ventura Blvd., Suite 1175
Encino, CA 91436-2415

ALL CREDITORS

ASSESSMENT MANAGEMENT SERVICES
26895 Aliso Creek Road, Suite B #611
Aliso Viejo, CA 92656

CITIMORTGAGE

c/o Les Zieve, Esq.
Law Offices of Les Zieve
18377 Beach Blvd., Suite 210
Huntington Beach, CA 92648
lzieve@zievelaw.com

CONTINENTAL CURRENCY SERVICES INC.

Attn: Legal Collections
1108 E. 17th St.
Santa Ana, CA 92701

FIREMANS FUND INSURANCE CO.

Attn: Corporate Collections
Dept CH 10273
Palatine, IL 60055-0273

INTERNAL REVENUE SERVICE

Insolvency 1 Stop 5022
300 N. Los Angeles St., Room 406
Los Angeles, CA 90012-9903

Marilyn Sorenson, Esq.
OFFICE OF THE U.S. TRUSTEE
411 W. Fourth Street, Suite 941
Santa Ana, CA 92701
marilyn.sorenson@usdoj.gov

MAGNOLIA PLACE, LLC/FUNDEX ASSET MGMT CORP. [RSN]

Katherine M. Windler, Esq. [NEF]
BRYAN CAVE LLP
120 Broadway, Suite 300
Santa Monica, CA 90401-2386
katherine.windler@bryancave.com

SILVER SPRINGS POOLS & SPAS [RSN]

Mitchell B. Hannah/Hallie D. Hannah, Esq.
LAW OFFICE OF MITCHELL B. HANNAH
9900 Research Drive
Irvine, CA 92618-4309

AIMEE DOMINGUEZ

DOMINGUEZ LLP
3250 Wilshire Blvd., #1750
Los Angeles, CA 90010

CHRIS SEID

7 Tanglewood Dr.
Irvine, CA 92604

COASTAL ROOFING CO., INC.

17671 Metzler Lane, Unit B-2
Huntington Beach, CA 92647

CYNTHIA C. GOMEZ

8 Via Burrone
Newport Coast, CA 92657

FRANCHISE TAX BOARD

Special Procedures
P.O. Box 2952
Sacramento, CA 95812-2952

LAW OFFICES OF MICHAEL V. SEVERO PC

Michael V. Severo, Esq.
811 Wilshire Blvd., Suite 1005
Los Angeles, CA 90017
msevero@MVSLAW.com

LOS ANGELES TREASURER & TAX COLLECTOR

Attn: Linda Ramos
255 N. Hill Street, Room 160
P.O. Box 54110
Los Angeles, CA 90051-0110

NEWPORT COAST COMMUNITY ASSOC.

c/o Assessment Management Services
26895 Aliso Creek Road, Suite #B-611
Aliso Viejo, CA 92656

ORANGE COUNTY TAX ASSESSOR

333 W. Santa Ana Blvd.
Santa Ana, CA 92701

PELICAN CREST II COMMUNITY ASSOC.

c/o Witkin & Neal LLC
5805 Sepulveda Blvd.
Van Nuys, CA 91411

PELICAN CREST II COMMUNITY ASSOC.

c/o Neil Katz
Robillard & Katz
3535 Lomita Blvd., Suite C
Torrance, CA 90505-5030
neilkatz@pacbell.net

SURTERRE PROPERTIES

1400 Newport Center Dr., #100
Newport Beach, CA 92660

Matthew Kinley, Esq.
TREDWAY LUMSDAINE & DOYLE LLP
10841 Paramount Blvd., Suite 202
Downey, CA 90241

ADDITIONAL LIENHOLDERS

DENNIS KATANGIAN

P.O. Box 4307
Whittier, CA 92660

THYSSEN KRUPP ELEVATOR CORP.

c/o The Prentice-Hall Corporation System, Inc.
[Agent for Service of Process]
2730 Gateway Oaks Dr., Suite 100
Sacramento, CA 95833

MAGNOLIA PLACE, LLC
745 5th Avenue, Floor 18
New York, NY 10151-1800

NEWPORT COAST COMMUNITY ASSOC.

c/o Erika M. Hsu
Feldsott & Lee
23161 Mill Creek Dr., Suite 300
Laguna Hills, CA 92653
ehsu@cahoalaw.com

ORANGE COUNTY TREASURER-TAX COLLECTOR

Attn: Ratna D. Butani, Deputy
P.O. Box 1438
Santa Ana, CA 92702

PELICAN CREST II COMMUNITY ASSOC.

c/o Keystone Pacific Mgt.
16845 Von Karmen Ave.
Irvine, CA 92606

PELICAN HEIGHTS HOA

P.O. Box 7736
Laguna Niguel, CA 92607

TERIN DUMAS INTERIOR ARTISTRY

2021 W. Commonwealth Ave., Unit N
Fullerton, CA 92833

WACHOVIA MORTGAGE FKA WORLD SAVINGS

c/o Gay N. Ortega, Case Manager
P.O. Box 659538
San Antonio, TX 78265-2108

LORENZO ESPINOZA

6 Riez
Newport Coast, CA 92657

THYSSEN KRUPP ELEVATOR CORP.

114 Townpark Dr., Suite 300
Kennesaw, GA 30144

THYSSEN KRUPP ELEVATOR CORP.

1600 S. Sunkist, Suite E
Anaheim, CA 92806

THYSSEN KRUPP ELEVATOR CORP.
c/o Daniel P. Bean, Esq.
Taylor & Guterrez LLP
332 Pine St., Suite 600
San Francisco, CA 94104

Lance Fogel
HOM Real Estate Group
1200 Newport Center Dr., Suite 100
Newport Beach, CA 92660

BUYERS:

The Nguyen Family Trust
c/o Jackie Van
Sunshine Realty and Funding
2102 Business Center Dr., #130
Irvine, CA 92612