COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Acting Executive Director

March 26, 2009

Altadena Lincoln Crossing, LLC
c/o Dorn Platz
Attention: Greg Galletly, President
210 South Orange Grove Blvd.
Pasadena, CA 91105

West Altadena Development Corporation
c/o NAREB Investment Division
Attention: Ray Carlisle, President
3560 Grand Avenue
Oakland, CA 94610

RE: **Expiration of 365 Day Unavoidable Delay Extension and Altadena Lincoln Crossing's Continued Default under the Disposition and Development Agreement (DDA)**

Dear Mr. Galletly:

As you know, you previously asserted unavoidable delays under section 604 of the DDA for the Lincoln Crossing project. This unavoidable delay defense to your default was first asserted by you by way of a March 5, 2008 letter from your counsel, John Schock, to our counsel, Brian Stewart at Collins Collins Muir + Stewart, LLP. In that letter you requested that an additional 90 days would be needed to remedy the default. Since that March 5, 2008 letter you have continued to invoke section 604 of the DDA as a result of what you believed have been unavoidable delays. Section 604 of the DDA clearly provides, in pertinent part, as follows:

> "Notwithstanding any other provision of this Agreement, no party shall be entitled to extensions of time, under the foregoing provisions of this Section 604 or any similar provisions of law, cumulatively exceeding three hundred sixty-five (365) days."

This 365 day limit has expired and you are no longer entitled to invoke section 604 of the DDA as an extension of time to cure your defaults.

In previous correspondence and discussions with you, we have outlined the numerous defaults that Altadena Lincoln Crossing, LLC (ALC) has committed under the DDA. The following is a brief summary of some of the various defaults committed by ALC:

Litigation, Liens, Levies, Writs, and Encumbrances against the Property
Since late 2007, we have been in communication with you regarding your default under the DDA as a result of the various encumbrances that affect the property, including, without limitation pending litigation, liens, levies, writs, and other encumbrances. Furthermore the latest title report we have obtained on the property shows that a total of 7 mechanic's liens (totaling in excess of an additional $311,000.00) have been recorded against the property since September of 2008. Also during that time, 2 additional abstracts of judgment (totaling in excess of $207,000.00), which are not related to those mechanic's liens, have been recorded against the property. In addition there is well in excess of $500,000 in tax liens recorded against the property.

As you know, section 501(A)(i) of the DDA provides that an event to default under the DDA includes your failure to promptly pay in full any sums or amounts due to the Community Development Commission (Commission) or the County of Los Angeles (County) under any term of this Agreement. Section 319 of the DDA provides, in pertinent part, as follows:

> "Developer shall not place or allow to be placed on such Phase of the Site any mortgage, trust deed, encumbrance, or lien, not authorized by this Agreement."

Your failure to pay the taxes associated with the property, which have resulted in tax liens being recorded against the property, is a default under these sections of the DDA.

Granting of Option to Purchase the Property
Late last year we learned that you entered into a lease with B&V Enterprises, Inc. (B&V), and you granted them an option to purchase the property pursuant to section 24.25 of that lease. The lease failed to state that the Commission's consent was required prior to the sale of the property, which is in violation of section 320 of the DDA. Furthermore, the option was granted without the Commission's consent. In addition, in our correspondence to you regarding this default, the position you continued to take in your written correspondence made it clear to us that you did not believe that the Commission's consent was even required prior to a transfer of the property. We requested that you and the tenant enter into an amendment to the lease that clearly stated that the Commission's consent was required prior to the transfer of the property and it was in the Commission's sole discretion. Furthermore, your granting of an option to B&V to purchase the property is another encumbrance on the property that is not authorized by this Agreement and is also in violation of section 319 of the DDA. Thus, your granting of this option, which has been recorded against and is encumbering the property, is also clearly a violation of section 319 and yet another event of default by ALC.

Barnust Properties, Ltd. Deed of Trust

The most recent title report shows that a deed of trust in the amount of over $1,755,000 was recorded against the property on January 9, 2009. It lists the trustor as Fey 240 North Brand, LLC and the beneficiary as Barnust Properties, Ltd. Please provide the documentation supporting this deed of trust, including, without limitation, the loan documents supporting that this money was lent, and a history of the payments made under the loan documents. We were surprised to find this deed of trust in the title report, especially since you have never mentioned this to us and since neither of these companies has ever come up in our discussion in the past. A quick search of public records, however, shows that you are the agent for service of process of the trustor and the trustor address is the same address as ALC. The public records also show that Bradley Barnes is a principal of the beneficiary and that Bradley Barnes is also a manager of Dorn Platz. We are requesting that you provide us additional information on the structure of the trustor and beneficiary and whether or not you, ALC, Dorn Platz or any of your related entities have any type of interest in the trustor or beneficiary in this deed of trust. If the deed of trust was improperly recorded against the property and was not intended to affect the property, then please provide us with all information and documentation supporting such, including, without limitation, a copy of the full reconveyance of the deed of trust that has been recorded in the recorder's office.

Expiration of 365 Day Unavoidable Delay Provision

Without having to rehash all of the default issues referenced in our prior correspondence to you, it is clear that ALC has committed and continues to commit numerous events of default under the DDA. In addition, the unavoidable delay defense that ALC has invoked under section 604 of the DDA is no longer enforceable as the 365 day maximum limit to assert the unavoidable delay has passed.

Although you have expressed an intention to proceed with Phase 2 of the Lincoln Crossing project, as you can see we have great and numerous concerns in this regard. Phase 1 is still not complete, which is another event of default under section 501 of the DDA. Moreover, ALC has committed and continues to commit events of default under the DDA, which have not been cured and which have greatly affected the community's and our confidence in proceeding with Phase 2 of this Project with ALC.

If you would like to discuss this letter further, please contact Bill Johnson, Acting Director of Economic/ Redevelopment Division at (323) 890-7207.

Sincerely,

CORDE D. CARRILLO
Acting Executive Director

BJ:nb/l-galletly26MAR09