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August 25, 2008

City of Huntington Beach

AUG 26 2008

VIA EMAIL

C. Mark Hopkins
Harle, Janics & Kannen
575 Anton Blvd., Suite 460
Costa Mesa, CA 92626

Re: *Bella Terra (One Pacific Plaza)/Old World Owner's Association*

Dear Mr. Hopkins:

Our office represents Bella Terra Office JV, LLC ("Bella Terra"), the owner of One Pacific Plaza. You and your client, Old World Owner's Association ("Association"), have raised objections with the Planning Commission of the City of Huntington Beach to the request by Bella Terra to install parking controls and gates on its own property similar to what was historically present. Your letter to the Planning Commission dated August 12, 2008 states that the application of Bella Terra is "defective" due to Bella Terra's reliance upon a "void amendment to the REA dated February 19, 1979". I believe you are mistaken in your assertions.

The Bella Terra parcel and the Association parcel are subject to a Reciprocal Easement Agreement executed by their predecessors-in-interest (Jewel Enterprises and West Coast Soccer League, Inc.) as of April 30, 1976 and recorded in the official records of the Orange County Recorder's Office (the "REA"). The REA identified the private streets, driveways and parking areas of the project as "Common Area" but gave each owner the right and responsibility to improve, maintain and repair portions of the Common Area on such owner's property.

Section 7.16 of the REA states that it may be amended by the written agreement of the parties, duly acknowledged, and recorded in the office of the County Recorder.

LATE COMMUNICATION #B-1

The REA was amended by a First Amendment to Reciprocal Easement Agreement between the same parties dated October 11, 1976 (the "First Amendment") and by an Agreement between Jewel Enterprises and the Association, as successor-in-interest to West Coast Soccer League, Inc. dated February 19, 1979 (the "Second Amendment"). Your claim that the Second Amendment is "void" is completely false. The Second Amendment was prepared and executed precisely in the manner prescribed by Section 7.16 of the REA. Further, it was prepared by the same law firm that prepared the original REA. The Second Amendment was recorded nearly 20 years ago. No further amendment or revocation has ever been recorded. The Second Amendment was relied upon by Bella Terra in connection with its purchase of the property.

If I understand correctly, you and your client believe that because Earl Walk was a partner of Jewel Enterprises and an officer of the Association at the time of the Second Amendment, it is somehow invalid. This concept is completely specious. Virtually every time a developer forms a common interest development, officers or employees of the developer are always officers of the related homeowners' association in the early years. This is standard practice in California simply because there are no other persons to serve as officers of the homeowner's association until the particular project has been built and sold to third parties.

The Second Amendment expressly authorizes Bella Terra to establish reserve parking spaces and to install a system of validated pay parking for tenants of buildings on the Bella Terra parcel. The proposed system of parking controls is precisely within the scope of the Second Amendment. In fact, this type of arrangement was previously implemented and in place on the Bella Terra parcel. However, since the gates were installed without permits, the City required their removal in connection with certain approvals for the tenancy of 24 Hour Fitness. The application of Bella Terra is to reinstall what (i) is expressly authorized by the REA, as amended and (ii) was previously present on its property.

Recent communications from your client have revealed its real purpose in raising objections to the application. It wants to deprive Bella Terra of its express parking rights under the REA. Your client has stated to Bella Terra that if it will "give up" its "80 spaces" on the Association parcel, the Association will support the application. First, there is no limitation of parking rights to 80 spaces. Second, the express communication of your client makes it clear that it is raising false and specious arguments for the sole purpose of extorting Bella Terra into giving up parking rights to which it is entitled under the REA.

The actions of the Association are outrageous and in violation of the REA, as amended. They also constitute interference with the prospective contractual advantage of Bella Terra. We hereby demand that any objections to the application upon the bases previously described be withdrawn. The failure of the Association to do so will leave

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C. Mark Hopkins

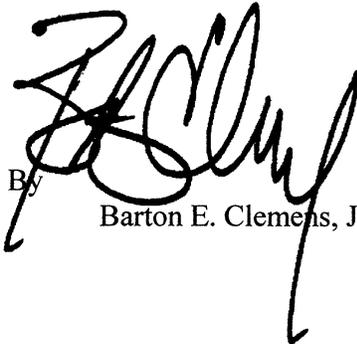
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August 25, 2008

Bella Terra no choice but to hold it responsible for all damages suffered by Bella Terra as a result of the Association's wrongful conduct.

Very truly yours,

SEED MACKALL LLP


By
Barton E. Clemens, Jr.

BEC:lm

cc: Bella Terra Office JV, LLC