

EXHIBIT 3

RECORDING REQUESTED BY:

Gary Weisenberg
10019 South Alameda Street
Los Angeles, California 90002

WHEN RECORDED, MAIL TO:

Department of Toxic Substances Control
9211 Oakdale Avenue
Chatsworth, CA 91311-6505
Attention: Stephen Lavinger

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

COVENANT TO RESTRICT USE OF PROPERTY
ENVIRONMENTAL RESTRICTION

(Re: Portion of County of Los Angeles APN 6046-020-001)

This Covenant and Agreement ("Covenant") is made by and between 10019 S. Alameda LLC, and Doris Sebulsky (together the "Covenantors"), who are the current owners of the PROPERTY, as defined in Section 1.01 below, and the Department of Toxic Substances Control (the "Department").

The Department has determined that this Covenant is reasonably necessary under Civil Code section 1471 as a result of the presence on the Property of hazardous materials as defined in Health and Safety Code section 25260. The Covenantors and Department, collectively referred to as the "Parties", hereby agree, pursuant to Civil Code section 1471 and Health and Safety Code section 25355.5, that the use of the Property be restricted as set forth in this Covenant; and the Parties further agree that the Covenant shall conform with the requirements of California Code of Regulations, title 22, section 67391.1. The Parties agree that there has been no adjudication of any

fact or law, and the Covenantors expressly deny any liability under the complaint in *People of the State of California, et al. v. S & W Atlas Iron and Metal Co., Inc., et al.*, Los Angeles Superior Court Case No. BC 316733.

ARTICLE I
BACKGROUND

1.01. The property to which this Covenant applies (the "PROPERTY") is in the north westerly corner of a larger parcel of property that is situated in Los Angeles, County of Los Angeles, State of California. The larger parcel in which the PROPERTY is located is 10019 South Alameda Street, and is identified by APN 6046-020-001. The legal description of the PROPERTY to which this Covenant applies is attached as Exhibit "A", and incorporated by this reference.

1.02. The PROPERTY has been remediated pursuant to: (1) a work plan dated July 31, 2006 and approved by the United States Environmental Protection Agency; and (2) a separate work plan dated March 14, 2008, and approved by the Department and the Court in a stipulation and judgment in *People of the State of California, et al. v. S & W Atlas Iron and Metal Co., Inc., et al.*, Los Angeles Superior Court Case No. BC 316733. Remediation included excavations of soils, installing a reinforced concrete slab cap ("Cap") over a portion of the PROPERTY, and repairing existing concrete over the remainder of the PROPERTY. The engineering drawing attached as Exhibit "B" hereto and incorporated by this reference illustrates the Cap and the surrounding area.

1.04. The Department has determined that, following the remediation, a portion of the surface and subsurface soils at the PROPERTY still contains hazardous materials, as defined in Health and Safety Code section 25260, including lead, copper, and zinc.

1.05. The judgment in *People of the State of California, et al. v. S & W Atlas Iron*

and Metal Co., Inc., et al., Los Angeles Superior Court Case No. BC 316733, requires that this Covenant be recorded.

ARTICLE II DEFINITIONS

2.01. Department. "Department" means the California Department of Toxic Substances Control and includes its successor agencies, if any.

2.02. Improvements. "Improvements" includes, but is not limited to: buildings, structures, roads, driveways, improved parking areas, wells, pipelines, or other utilities.

2.04. Lease. "Lease" means lease, rental agreement, or any other document that creates a right to use or occupy any portion of the PROPERTY.

2.05. Occupant. "Occupant" means any person or entity entitled by ownership, leasehold, or other legal relationship to the right to occupy any portion of the PROPERTY.

2.06. Owner. "Owner" means any person or entity who at any time holds title to all or any portion of the PROPERTY.

ARTICLE III GENERAL PROVISIONS

3.01. Runs with the Land. This Covenant sets forth environmental restrictions that apply to and encumber the PROPERTY and every portion thereof no matter how the PROPERTY is improved, held, used, occupied, leased, sold, hypothecated, encumbered, or conveyed. This Covenant: (a) runs with the land pursuant to Health and Safety Code section 25355.5 and Civil Code section 1471; (b) inures to the benefit

of and passes with each and every portion of the PROPERTY, (c) is for the benefit of, and is enforceable by the Department, and (d) is imposed upon the entire PROPERTY.

3.02. Binding Effect. This Covenant binds each Owner of any portion of the PROPERTY, during his or her ownership, and each person having any interest therein derived through any Owner thereof. Pursuant to Civil Code section 1471, this Covenant also binds each successive Owner of any portion of the PROPERTY, during his or her ownership, and each person having any interest therein derived through any Owner thereof.

In the event of a transfer of the PROPERTY's ownership, this Covenant binds only the current Owner(s) and releases all prior Owners from any obligation under this Covenant.

3.03. Written Notice of Covenant. Prior to the sale, lease or sublease of the PROPERTY, or any portion thereof, the Owner or Occupant shall give the successive Owner or Occupant written notice of the existence of this Covenant.

3.04. Incorporation into Deeds and Leases. This Covenant shall be incorporated by reference in each and every deed and Lease for any portion of the PROPERTY.

3.05. Conveyance of PROPERTY. The Owner shall provide written notice to the Department not later than thirty (30) days after any conveyance of an ownership interest in the PROPERTY (excluding Leases, and mortgages, liens, and other non-possessory encumbrances). The written notice shall include the name and mailing address of the new Owner of the PROPERTY and shall reference the site name and site code as listed on page one of this Covenant. The notice shall also include the Assessor's Parcel Numbers (APNs) noted on page one. If the new Owner's PROPERTY has been assigned a different APN, each such APN that covers the PROPERTY must be provided. This Covenant does not provide the Department authority to approve or disapprove any proposed conveyance, except as otherwise provided by law or

administrative order.

3.06. Costs of Administering the Covenant to be paid by Owner. The Department has already incurred and will in the future incur costs associated with the administration of this Covenant. The Covenantors hereby covenant for themselves to pay the Department's actual costs for fifteen years, not to exceed \$500.00 biannually, in administering, implementing and enforcing the Covenant, following the Department providing Covenantors with a written invoice for such costs.

In the event of a transfer of the PROPERTY's ownership, all successive Owners, excluding those described in this paragraph below, shall pay the Department's actual and reasonably incurred costs in administering, implementing and enforcing the Covenant pursuant to California Code of Regulations, title 22, section 67391.1(h), following the Department providing such successive Owner(s) with a written invoice for such costs. This second paragraph of Section 3.06 does not apply to and specifically excludes any transfers to or among the following: any Covenantor, a beneficiary of the Covenantor trusts, or heir, or an entity in which a Covenantor, a beneficiary of the Covenantor trusts, or heir is a beneficiary, shareholder, member, partner, or joint venturer. The beneficiaries of the Covenantor trusts are as follows: Mrs. Sophie Weisenberg, Mr. Gary Weisenberg, Mrs. Sandy (Royce) Kaster, Mrs. Cindy (Royce) Bender, Mrs. Judy (Royce) Petel, Mr. Jeffery Royce, Mr. Garry Royce, and the Marsha Ostrin Special Needs Trust.

ARTICLE IV RESTRICTIONS

4.01. Prohibited Uses. The PROPERTY shall not be used for any of the following purposes:

- (a) A residence, including any mobile home or factory built housing, constructed or installed for use as residential human habitation;
- (b) A hospital for humans;

- (c) A public or private school for persons under 21 years of age;
- (d) A day care center for children.

4.02. Prohibited Activities. The following activities shall not be conducted at the PROPERTY:

- (a) Raising of food (cattle, food crops);
- (b) Drilling for water, oil, or gas, without prior written approval by the Department.

4.03 Inspection. Inspection of the PROPERTY shall be conducted by the Occupant or Owner at a minimum of once per month to look for cracks or other damage, which would likely result in exposure to underlying soil.

4.04 Repair. If repair of some or all of the PROPERTY appears necessary and will exceed \$5000, the Occupant or Owner shall notify the Department within ten (10) business days of the necessary repair, and shall complete the repair within thirty (30) days thereafter. Any such repairs that require removal or replacement of the Cap or other concrete on the PROPERTY are also subject to Department approval, which shall not be unreasonably withheld. Repairs not requiring notification under this provision shall be completed within thirty (30) days of discovery.

4.05. Inspection and Reporting Requirements. The Occupant or Owner shall submit to the Department an Annual Summary of its inspection and maintenance activities under this section. The report must be mailed to the Department by the thirty-first of January of each year, and shall describe the inspection and maintenance observations and activities during the previous calendar year. Each Annual Summary shall contain a current photograph of the PROPERTY.

4.06 Non-Interference with PROPERTY.

- (a) None of the following activities shall be conducted on the PROPERTY without written authorization from the Department:

- (1) Metal recycling activities;
- (2) Operation of equipment with a loaded weight in excess of 16,000 pounds, or a wheel loading in excess of 6,800 pounds.
- (3) Placement or storage of any items, except empty steel bins no more than 1000 pounds each, stacked no more than two high;
- (4) Excavation, grading, removal, trenching, filling, earth movement, or mining beneath the PROPERTY, or in the areas providing lateral support to the PROPERTY;
- (5) Any activities on the PROPERTY that violate the terms of S&W Atlas Iron and Metal Co., Inc's Conditional Use Permit, dated March 30, 2004.

4.07. Soil Management. Any contaminated soils from the PROPERTY brought to the surface by grading, excavation, trenching or backfilling shall be managed in accordance with all applicable provisions of state and federal law.

4.08. Access for Department. The Department shall have reasonable right of entry and access to the PROPERTY for inspection, monitoring, and other activities consistent with the purposes of this Covenant as deemed necessary by the Department.

4.09. Access for Implementing Operation and Maintenance. The entity or person responsible for operation and maintenance of the PROPERTY shall have reasonable right of entry and access to the PROPERTY, until the Department determines that no further operation and maintenance is required.

ARTICLE V ENFORCEMENT

5.01. Enforcement. Failure of the Owner or Occupant to comply with this Covenant as specified herein shall be grounds for the Department to require correction,

including, if applicable, modification or removal of any Improvements constructed or placed upon any portion of the PROPERTY in violation of this Covenant.

ARTICLE VI

VARIANCE, TERMINATION, AND TERM

6.01. Variance. Owner or Occupant may apply to the Department for a written variance from the provisions of this Covenant. Such application shall be made in accordance with Health and Safety Code section 25233.

6.02 Termination or Modification. Owner or Occupant may apply to the Department for a termination or modification of one or more terms of this Covenant as they apply to all or any portion of the PROPERTY. Grounds for termination or modification may include, without limitation, removal of the alleged hazardous materials that remain at the PROPERTY. Such application shall be made in accordance with Health and Safety Code section 25234. The Department shall act on any such application within sixty (60) days, and its decision whether to grant or deny any such application shall be based on substantial evidence. No rights of review of Owner or Occupant are waived.

6.03 Term. Unless ended in accordance with paragraph 6.02, by law, or by the Department in the exercise of its discretion, this Covenant shall continue in effect in perpetuity.

ARTICLE VII

MISCELLANEOUS

7.01. No Dedication Intended. Nothing set forth in this Covenant shall be construed to be a gift or dedication, or offer of a gift or dedication, of the PROPERTY, or any portion thereof to the general public or anyone else for any purpose whatsoever.

7.02. Department References. All references to the Department include successor agencies/departments or other successor entity.

7.03. Notices. Whenever any person gives or serves any Notice ("Notice" as used herein includes any demand or other communication with respect to this Covenant), each such Notice shall be in writing and shall be deemed effective: (1) when delivered, if personally delivered to the person being served or to an officer of a corporate party being served, or (2) three (3) business days after deposit in the mail, if mailed by United States mail, postage paid, certified, return receipt requested:

To Covenantors: Mr. Gary Weisenberg
10019 South Alameda Street
Los Angeles, California 90002

, and

To Department: Stephen Lavinger
Department of Toxic Substances Control
9211 Oakdale Avenue
Chatsworth, CA 91311-6505

Any party may change its address or the individual to whose attention a Notice is to be sent by giving written Notice in compliance with this paragraph.

7.05. Partial Invalidity. If this Covenant or any of its terms are determined by a court of competent jurisdiction to be invalid for any reason, the surviving portions of this Covenant shall remain in full force and effect as if such portion found invalid had not been included herein.

7.06 Statutory References. All statutory references include successor provisions.

IN WITNESS WHEREOF, the Parties execute this Covenant.

10019 S. Alameda LLC

By: Gary Weisenberg, its Managing Member

Signature: _____

Date: _____

Doris Sebulsky

Signature: _____

Date: _____

Department of Toxic Substances Control

By: _____

Title: _____

Date: _____

ACKNOWLEDGMENT

State of California
County of _____

On _____ before me, _____,
(here insert name and title of the officer)

personally appeared _____

personally known to me (or 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.

WITNESS my hand and official seal.

Signature _____

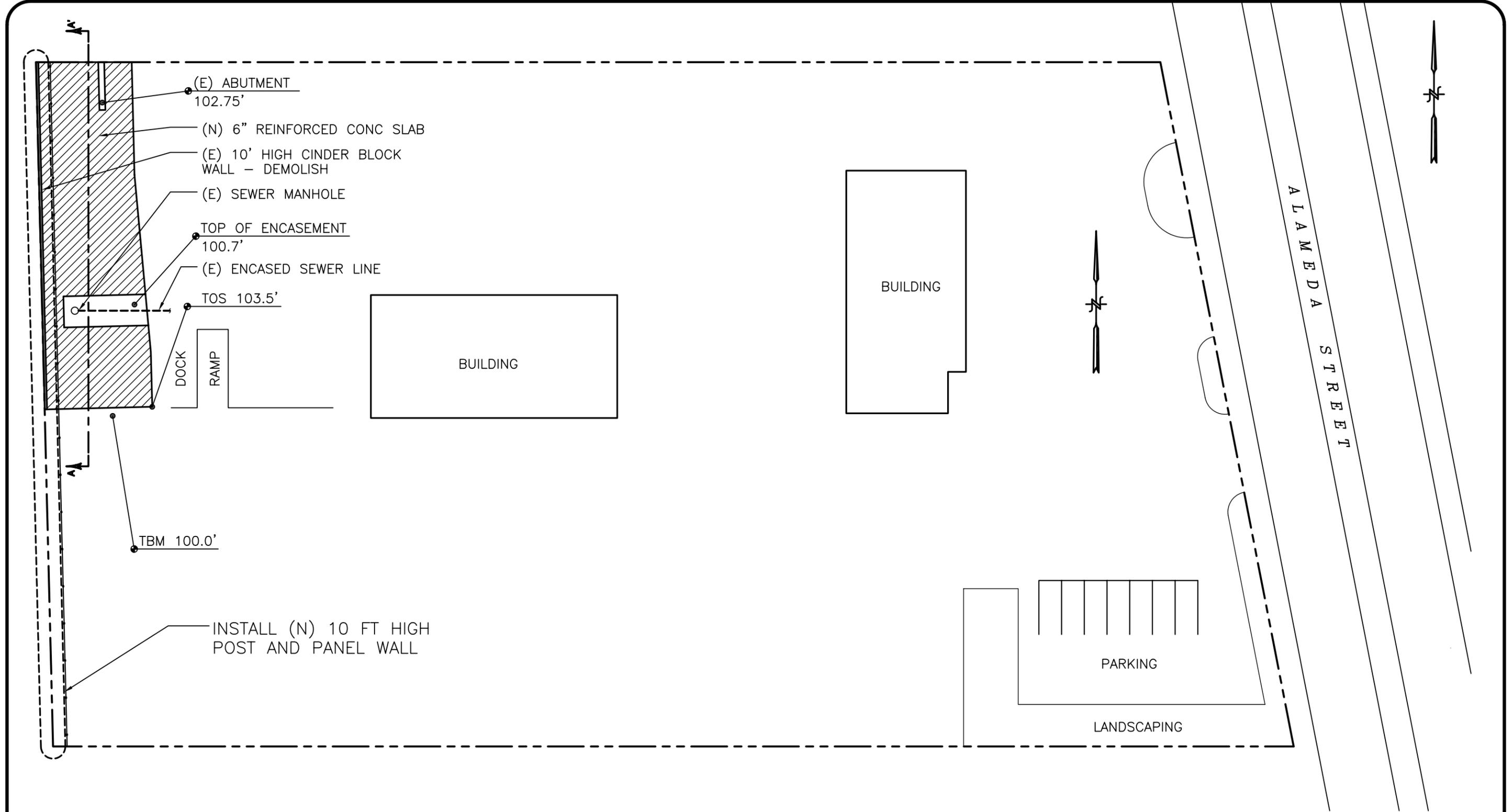
(Seal)

Exhibit A

Legal Description of Property

<To Be Inserted Following Property Survey Performed Under Work Plan>

Exhibit B
Engineering Drawing



LEGEND:



REED INTERNATIONAL, LTD.	
Figure 2	
SITE PLAN	
ATLAS METALS 10019 ALAMEDA ST. LOS ANGELES, CALIFORNIA	
DATE: 2-19-07	SCALE AS SHOWN
DRAWN BY: PPV	
<small>STAR-DATE</small>	