

UNITED STATES BANKRUPTCY <u>CENTRAL</u> DISTRICT OF <u>CALIFORNIA</u>		PROOF OF CLAIM
Name of Debtor: Cameo Homes	Case Number: 8:08-bk-13151-RK	
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Famille Holdings, L.P.		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent: Jess R. Bressi, Esq. Cox, Castle & Nicholson LLP 19800 MacArthur Boulevard, Suite 500 Irvine, CA 92612-2435 Telephone number: 949.476.2111		
Name and address where payment should be sent (if different from above): Telephone number:		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
1. Amount of Claim as of Date Case Filed: <u>\$ 9,109,547.10</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. § 507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. § 507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. § 507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. § 507 (a)(8). <input type="checkbox"/> Other—Specify applicable paragraph of 11 U.S.C. § 507 (a)(____). Amount entitled to priority: <u>\$ 0.00</u> <i>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>
2. Basis for Claim: <u>Guarantees of loans</u> (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: Value of Property: <u>\$ 0.00</u> Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: <u>\$ 0.00</u> Basis for perfection: _____ Amount of Secured Claim: <u>\$ 0.00</u> Amount Unsecured: <u>\$ 0.00</u>		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements or running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. Guarantees and Promissory Notes attached. If the documents are not available, please explain:		
Date: <u>10.22.08</u>	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. <div style="text-align: center;">Cox, Castle & Nicholson LLP / Jess R. Bressi, Counsel for Creditor, Famille Holdings, L.P.</div>	
		FOR COURT USE ONLY

ATTACHMENT TO PROOF OF CLAIM

Debtor: Cameo Homes
Creditor: Famille Holdings, L.P.
United States Bankruptcy Court, Central District of California, Case No. 08-13151-RK

A. Pre-Petition Arrearages:

Guarantor: Cameo Homes - Guaranty attached
as **Exhibit 1**.
Lender: Famille Holdings, L.P. - Promissory
Note attached as **Exhibit 2**.
Borrower: French Valley 40 LLC
Address: 1105 Quail Street
Newport Beach, California 92660

Total amount of loan: \$3,000,000
Interest per day: \$1,166.67 \$3,000,000.00
Date default started: 09.01.07
Date petition was filed: 06.06.08

Accrued Interest: 09.01.07 to 06.06.08 = 280 days x
1166.67 per day
\$326,667.60

Guarantor: Cameo Homes - Guaranty attached
as **Exhibit 3**.
Lender: Famille Holdings, L.P. - Promissory
Note attached as **Exhibit 4**.
Borrower: Murrieta Land 60, LLC
Address: 1105 Quail Street
Newport Beach, California 92660

Total amount of loan: \$2,000,000 \$2,000,000.00
Interest per day: \$833.33
Date default started: 10.01.07
Date petition was filed: 06.06.08

Accrued Interest: 10.01.07 to 06.06.08 = 250 days x
833.33 per day
\$208,332.50

Guarantor: Cameo Homes - Guaranty attached
as **Exhibit 5**.
Lender: Famille Holdings, L.P. - Promissory
Note attached as **Exhibit 6**.
Borrower: 100 San Jacinto, LLC
Address: 1105 Quail Street
Newport Beach, California 92660

Total amount of loan: \$1,500,000 \$1,500,000.00
Interest per day: \$625.00
Date default started: 06.15.07
Date petition was filed: 06.06.08

Accrued Interest: 06.15.07 to 06.06.08 = 357 days x
625 per day \$223,125.00

Guarantor: Cameo Homes - Guaranty attached
as **Exhibit 7**.
Lender: Famille Holdings, L.P. - Promissory
Note attached as **Exhibit 8**.
Borrower: 82 San Jacinto, LLC
Address: 1105 Quail Street
Newport Beach, California 92660

Total amount of loan: \$1,500,000 \$1,500,000.00
Interest per day: \$625.00
Date default started: 06.15.07
Date petition was filed: 06.06.08

Accrued Interest: 06.15.07 to 06.06.08 = 357 days x
625 per day \$223,125.00

B. **Legal Fees Incurred Prior to Petition Date (estimated):** \$128,297.00
C. **Grand Total:** \$9,109,547.10

REPAYMENT GUARANTY
(Secured Loan)

THIS REPAYMENT GUARANTY ("Guaranty") is made as of July __, 2005, by JAMES C. GIANULIAS, a single individual ("Gianulias") and James C. Gianulias as trustee for the James Chris Gianulias 1998 Trust u/d/t December 22, 1998 ("Trust") (Gianulias and Trust are hereafter individually and collectively and jointly and severally referred to as "Guarantor," and each reference herein to "Guarantor" shall refer to each of Gianulias and Trust) in favor of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender").

RECITALS

- A. Pursuant to the terms of a loan agreement between French Valley 40 LLC, a California limited liability company ("Borrower") and Lender dated as of July __, 2005, ("Loan Agreement"), Lender has agreed to loan to Borrower the principal sum of THREE MILLION AND NO/100THS DOLLARS (\$3,000,000.00) ("Loan") for the purposes specified in the Loan Agreement, said purposes relating to the real property and improvements described in the Loan Agreement (which real property and improvements are collectively referred to herein as the "Property").
- B. The Loan Agreement provides that the Loan shall be evidenced by a promissory note ("Note") executed by Borrower payable to the order of Lender in the principal amount of the Loan and shall be secured by a deed of trust on the Property ("Deed of Trust") and by other security instruments, if any, specified in the Loan Agreement. The term "Loan Documents" for purposes hereof shall mean the Loan Agreement, the Deed of Trust, the Note and those other documents described in the Loan Agreement as Loan Documents.

THEREFORE, to induce Lender to enter into the Loan Agreement and to make the Loan, and in consideration thereof, Guarantor unconditionally guarantees and agrees as follows:

1. **GUARANTY.** Guarantor hereby guarantees and promises to pay to Lender or order, on demand, in lawful money of the United States, in immediately available funds, the principal sum of THREE MILLION AND NO/100THS DOLLARS (\$3,000,000.00) or so much thereof as may be due and owing under the Note or any of the other Loan Documents together with interest and any other sums payable under the Note or any of the other Loan Documents.
2. **REMEDIES.** If Guarantor fails to promptly perform its obligations under this Guaranty, Lender may from time to time, and without first requiring performance by Borrower or exhausting any or all security for the Loan, bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by Lender as a direct or indirect consequence of the failure of Guarantor to perform its obligations together with interest thereon at the rate of interest applicable to the principal balance of the Note.
3. **RIGHTS OF LENDER.** Guarantor authorizes Lender, without giving notice to Guarantor or obtaining Guarantor's consent and without affecting the liability of Guarantor, from time to time to: (a) renew or extend all or any portion of Borrower's obligations under the Note or any of the other Loan Documents; (b) declare all sums owing to Lender under the Note and the other Loan Documents due and payable upon the occurrence of a Default (as defined in the Loan Agreement) under the Loan Documents; (c) make non-material changes in the dates specified for payments of any sums payable in periodic installments under the Note or any of the other Loan Documents; (d) otherwise modify the terms of any of the Loan Documents, except for (i) increases in the principal amount of the Note or changes in the manner by which interest rates, fees or charges are calculated under the Note and the other Loan Documents (Guarantor acknowledges that if the Note or other Loan Documents so provide, said interest rates, fees and charges may vary from time to time) or (ii) advancement of the Maturity Date of the Note where no Default has occurred under the Loan Documents; (e) take and hold security for the performance of Borrower's obligations under the Note or the other Loan Documents and exchange, enforce, waive and release any such security; (f) apply such security and direct the order or manner of sale thereof as Lender in its

discretion may determine; (g) release, substitute or add any one or more endorsers of the Note or guarantors of Borrower's obligations under the Note or the other Loan Documents; (h) apply payments received by Lender from Borrower to any obligations of Borrower to Lender, in such order as Lender shall determine in its sole discretion, whether or not any such obligations are covered by this Guaranty; (i) assign this Guaranty in whole or in part; and (j) assign, transfer or negotiate all or any part of the indebtedness guaranteed by this Guaranty.

4. **GUARANTOR'S WAIVERS.** Guarantor waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower from any cause other than full payment of all sums payable under the Note or any of the other Loan Documents; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of Borrower or any principal of Borrower; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (e) any defense based upon Lender's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay all sums payable under the Note or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon Lender's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which Lender may have against Borrower and any right to participate in, or benefit from, any security for the Note or the other Loan Documents now or hereafter held by Lender; (j) presentment, demand, protest and notice of any kind; and (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof. Guarantor further waives any and all rights and defenses that Guarantor may have because Borrower's debt is secured by real property; this means, among other things, that: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; (2) if Lender forecloses on any real property collateral pledged by Borrower, then (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections. Finally, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the Note or any of the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.
5. **GUARANTOR'S WARRANTIES.** Guarantor warrants and acknowledges that: (a) Lender would not make the Loan but for this Guaranty; (b) there are no conditions precedent to the effectiveness of this Guaranty; (c) Guarantor has established adequate means of obtaining from sources other than Lender, on a continuing basis, financial and other information pertaining to Borrower's financial condition, the Property and Borrower's activities relating thereto and the status of Borrower's performance of obligations under the Loan Documents, and Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder and Lender has made no

representation to Guarantor as to any such matters; (d) the most recent financial statements of Guarantor previously delivered to Lender are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles consistently applied (or other principles acceptable to Lender) and fairly present the financial condition of Guarantor as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof; and (e) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein, other than in the ordinary course of Guarantor's business.

6. **SUBORDINATION.** Guarantor subordinates all present and future indebtedness owing by Borrower to Guarantor to the obligations at any time owing by Borrower to Lender under the Note and the other Loan Documents. Guarantor agrees to make no claim for such indebtedness until all obligations of Borrower under the Note and the other Loan Documents have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless Lender is given prior notice and such assignment is expressly made subject to the terms of this Guaranty.
7. **BANKRUPTCY OF BORROWER.** In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Borrower relating to any indebtedness of Borrower to Guarantor and shall assign to Lender all rights of Guarantor thereunder. If Guarantor does not file any such claim, Lender, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Lender's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of Lender's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. Lender or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that Lender receives cash by reason of any such payment or distribution. If Lender receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from Lender as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.
8. **ADDITIONAL, INDEPENDENT AND UNSECURED OBLIGATIONS.** This Guaranty is a continuing guaranty of payment and not of collection and cannot be revoked by Guarantor and shall continue to be effective with respect to any indebtedness referenced in Section I hereof arising or created after any attempted revocation hereof or after the death of Guarantor (if Guarantor is a natural person, in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The obligations of Guarantor hereunder shall be in addition to and shall not limit or in any way affect the obligations of Guarantor under any other existing or future guaranties unless said other guaranties are expressly modified or revoked in writing. This Guaranty is independent of the obligations of Borrower under the Note, the Deed of Trust and the other Loan Documents. Lender may bring a separate action to enforce the provisions hereof against Guarantor without taking action against Borrower or any other party or joining Borrower or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not secured and shall not be deemed to be secured by any security instrument unless such security instrument expressly recites that it secures this Guaranty.
9. **ATTORNEYS' FEES; ENFORCEMENT.** If any attorney is engaged by Lender to enforce or defend any provision of this Guaranty, or any of the other Loan Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, Guarantor shall pay to Lender, immediately upon demand all attorneys' fees and costs incurred by Lender in connection

therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the Note as specified therein.

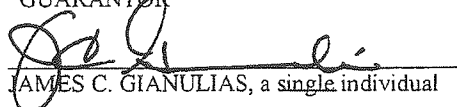
10. **RULES OF CONSTRUCTION.** The word "Borrower" as used herein shall include both the named Borrower and any other person at any time assuming or otherwise becoming primarily liable for all or any part of the obligations of the named Borrower under the Note and the other Loan Documents. The term "person" as used herein shall include any individual, company, trust or other legal entity of any kind whatsoever. If this Guaranty is executed by more than one person, the term "Guarantor" shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.
11. **CREDIT REPORTS.** Each legal entity and individual obligated on this Guaranty hereby authorizes Lender to order and obtain, from a credit reporting agency of Lender's choice, a third party credit report on such legal entity and individual.
12. **GOVERNING LAW.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Guarantor and all persons and entities in any manner obligated to Lender under this Guaranty consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.
13. **MISCELLANEOUS.** The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and Lender. The liability of all persons and entities who are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty.
14. **ADDITIONAL PROVISIONS.** Such additional terms, covenants and conditions as may be set forth on any exhibit executed by Guarantor and attached hereto which recites that it is an exhibit to this Guaranty are incorporated herein by this reference.
15. **ENFORCEABILITY.** Guarantor hereby acknowledges that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of Lender's consideration for entering into this transaction, Lender has specifically bargained for the waiver and relinquishment by Guarantor of all such defenses, and (d) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to Lender that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving such defenses. Guarantor acknowledges that Guarantor makes this Guaranty with the intent that this Guaranty and all of the informed waivers herein shall each and all be fully enforceable by Lender, and that Lender is induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.
16. **WAIVER OF RIGHT TO TRIAL BY JURY.** EACH PARTY TO THIS GUARANTY, AND BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE

TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY AND LENDER HEREBY AGREES AND CONSENTS THAT ANY PARTY TO THIS GUARANTY AND LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

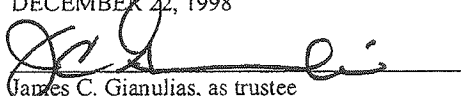
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Guarantor has executed this Repayment Guaranty as of the date appearing on the first page of this Repayment Guaranty.

"GUARANTOR"


JAMES C. GIANULIAS, a single individual

JAMES CHRIS GIANULIAS 1998 TRUST U/D/T
DECEMBER 22, 1998


James C. Gianulias, as trustee

PROMISSORY NOTE SECURED BY DEED OF TRUST

\$3,000,000.00

Newport Beach, California
July __, 2005

FOR VALUE RECEIVED, the undersigned FRENCH VALLEY 40 LLC, a California limited liability company ("Borrower"), promise(s) to pay to the order of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender"), c/o James J. Herbst, 27675 Chapala Street, Mission Viejo, California 92692, or at such other place as may be designated in writing by Lender, the principal sum of THREE MILLION AND NO/100THS DOLLARS (\$3,000,000.00) (the "Loan") or so much thereof as may from time to time be owing hereunder by reason of advances by Lender to or for the benefit or account of Borrower, with interest thereon, per annum, compounded monthly, at the Effective Rate set forth below (based on a 360-day year and charged on the basis of actual days elapsed together with such other amounts as may be payable under the Loan Agreement and other Loan Documents). All sums owing hereunder are payable in lawful money of the United States of America, in immediately available funds.

The "Effective Rate" upon which interest shall be calculated for this Note shall, provided no Default, breach, or failure of condition exists under the Loan Agreement or any of the Loan Documents described therein (this Note is one of the Loan Documents), be fourteen percent (14%) per annum, compounded monthly. During such time as a Default exists under the Loan Agreement or any of the Loan Documents; or from and after the Maturity Date, then at the option of Lender, the rate applicable to the then outstanding principal balance of this Note shall be equal to five percent (5%) per annum, compounded monthly, in excess of the interest rate otherwise accruing under this Note.

Interest accrued on this note ("Note") shall be due and payable as follows:

From and after the Effective Date through and including the Maturity Date, interest on the Loan shall be due and payable on the first day of each month commencing with the first month after the date of this Note, in a daily amount of One Thousand One Hundred Sixty-Six Dollars and 67/100 Dollars (\$1,166.67) per day ("Daily Interest Amount").

The interest calculations shall be based on actual days elapsed and a 360 day year. Payments received by Lender shall be applied toward Borrower's obligations under the Loan Documents, and toward the portions of the Loan owing with respect to the Loan, in such manner as Lender may determine. The outstanding principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on the Maturity Date.

If any interest payment required hereunder is not received by Lender (whether by direct debit or otherwise) on or before the tenth (10th) calendar day of the month in which it becomes due, Borrower shall pay, at Lender's option, a late or collection charge equal to four percent (4%) of the amount of such unpaid interest payment.

This Note is secured by, among other things, that certain Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing ("Deed of Trust") of even date

herewith, executed by Borrower, as trustor, to a trustee for the benefit of Lender, and is executed in connection with that certain Loan Agreement (the "Loan Agreement") of even date herewith by and between Borrower and Lender. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

If: (a) Borrower shall fail to pay within 10 days of the due date any sums payable hereunder; or (b) a Default (as defined in the Deed of Trust) occurs under the Deed of Trust or under any obligation secured thereby; or (c) the property which is subject to the Deed of Trust, or any portion thereof or interest therein, is sold, transferred, mortgaged, assigned, encumbered or leased, whether voluntarily or involuntarily or by operation of law or otherwise, other than as expressly permitted by Lender in writing; THEN Lender may, at its sole option, declare all sums owing under this Note immediately due and payable; provided, however, that if any document related to this Note provides for automatic acceleration of payment of sums owing hereunder, all sums owing hereunder shall be automatically due and payable in accordance with the terms of that document.

BY INITIALING BELOW, BORROWER EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT NOTWITHSTANDING ANY APPLICABLE LAW TO THE CONTRARY, PURSUANT TO THE TERMS OF THE LOAN AGREEMENT, IT HAS AGREED THAT IT HAS NO RIGHT TO PREPAY THIS NOTE, WITHOUT THE PAYMENT OF THE PREPAYMENT CHARGE EXCEPT AS OTHERWISE PROVIDED IN THE LOAN AGREEMENT AND THAT IT SHALL BE LIABLE FOR THE PAYMENT OF THE PREPAYMENT CHARGE FOR PREPAYMENT OF THIS NOTE ON ACCELERATION OF THIS NOTE IN ACCORDANCE WITH ITS TERMS. FURTHERMORE, BY INITIALING BELOW, BORROWER WAIVES ANY RIGHTS IT MAY HAVE UNDER SECTION 2954.10 OF THE CALIFORNIA CIVIL CODE, OR ANY SUCCESSOR STATUTE, AND EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT LENDER HAS MADE THE LOAN IN RELIANCE ON THESE WAIVERS AND AGREEMENTS OF BORROWER AND THAT LENDER WOULD NOT HAVE MADE THE LOAN WITHOUT SUCH WAIVER AND AGREEMENTS OF BORROWER.

BORROWER'S INITIALS



If any attorney is engaged by Lender to enforce or defend any provision of this Note or the Deed of Trust, or as a consequence of any Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Lender immediately upon demand all attorneys' fees and all costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance owing hereunder as if such unpaid attorneys' fees and costs had been added to the principal.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person or entity as Borrower, the obligations of each such person or entity shall be joint and several. No person or entity shall be a mere accommodation maker, but each shall be primarily and directly liable hereunder.

Except as otherwise provided in any agreement executed in connection with this Note, Borrower waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to properties securing payment of this Note.

Time is of the essence with respect to every provision hereof. This Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and all persons and entities in any manner obligated under this Note consent to the jurisdiction of the state courts of the State of California, City of Santa Ana, or in U.S. Federal Court for the applicable district of California having proper venue and also consent to service of process by any means authorized by California or federal law.

All notices or other communications required or permitted to be given pursuant to this Note shall be given to the Borrower or Lender at the address and in the manner provided for in the Loan Agreement.

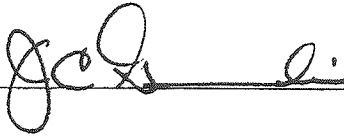
The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Lender and Borrower in writing.

[SIGNATURE PAGE FOLLOWS]

"BORROWER"

FRENCH VALLEY 40 LLC, a California
limited liability company

By: Cameo Homes, a California
corporation, its managing member

By:  _____
Its: _____

REPAYMENT GUARANTY
(Secured Loan)

THIS REPAYMENT GUARANTY ("Guaranty") is made as of August 15, 2007, by JAMES C. GIANULIAS, a single individual ("Gianulias") and James C. Gianulias as trustee for the James Chris Gianulias 1998 Trust u/d/t December 22, 1998 and amended October 14, 2003 ("Trust") (Gianulias and Trust are hereafter individually and collectively and jointly and severally referred to as "Guarantor," and each reference herein to "Guarantor" shall refer to each of Gianulias and Trust) in favor of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender").

RECITALS

- A. Pursuant to the terms of a loan agreement between Murrieta Land 60, LLC, a California limited liability company ("Borrower") and Lender dated as of August 15, 2007, ("Loan Agreement"), Lender has agreed to loan to Borrower the principal sum of TWO MILLION AND NO/100THS DOLLARS (\$2,000,000.00) ("Loan") for the purposes specified in the Loan Agreement, said purposes relating to the real property and improvements described in the Loan Agreement (which real property and improvements are collectively referred to herein as the "Property").
- B. The Loan Agreement provides that the Loan shall be evidenced by a promissory note ("Note") executed by Borrower payable to the order of Lender in the principal amount of the Loan and shall be secured by a deed of trust on the Property ("Deed of Trust") and by other security instruments, if any, specified in the Loan Agreement. The term "Loan Documents" for purposes hereof shall mean the Loan Agreement, the Deed of Trust, the Note and those other documents described in the Loan Agreement as Loan Documents.

THEREFORE, to induce Lender to enter into the Loan Agreement and to make the Loan, and in consideration thereof, Guarantor unconditionally guarantees and agrees as follows:

1. **GUARANTY.** Guarantor hereby guarantees and promises to pay to Lender or order, on demand, in lawful money of the United States, in immediately available funds, the principal sum of TWO MILLION AND NO/100THS DOLLARS (\$2,000,000.00) or so much thereof as may be due and owing under the Note or any of the other Loan Documents together with interest and any other sums payable under the Note or any of the other Loan Documents.
2. **REMEDIES.** If Guarantor fails to promptly perform its obligations under this Guaranty, Lender may from time to time, and without first requiring performance by Borrower or exhausting any or all security for the Loan, bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by Lender as a direct or indirect consequence of the failure of Guarantor to perform its obligations together with interest thereon at the rate of interest applicable to the principal balance of the Note.
3. **RIGHTS OF LENDER.** Guarantor authorizes Lender, without giving notice to Guarantor or obtaining Guarantor's consent and without affecting the liability of Guarantor, from time to time to: (a) renew or extend all or any portion of Borrower's obligations under the Note or any of the other Loan Documents; (b) declare all sums owing to Lender under the Note and the other Loan Documents due and payable upon the occurrence of a Default (as defined in the Loan Agreement) under the Loan Documents; (c) make non-material changes in the dates specified for payments of any sums payable in periodic installments under the Note or any of the other Loan Documents; (d) otherwise modify the terms of any of the Loan Documents, except for (i) increases in the principal amount of the Note or changes in the manner by which interest rates, fees or charges are calculated under the Note and the other Loan Documents (Guarantor acknowledges that if the Note or other Loan Documents so provide, said interest rates, fees and charges may vary from time to time) or (ii) advancement of the Maturity Date of the Note where no Default has occurred under the Loan Documents; (e) take and hold security for the performance of Borrower's obligations under the Note or the other Loan Documents and exchange, enforce, waive and release any such security; (f) apply such security and direct the order or manner of sale thereof as Lender in its

discretion may determine; (g) release, substitute or add any one or more endorsers of the Note or guarantors of Borrower's obligations under the Note or the other Loan Documents; (h) apply payments received by Lender from Borrower to any obligations of Borrower to Lender, in such order as Lender shall determine in its sole discretion, whether or not any such obligations are covered by this Guaranty; (i) assign this Guaranty in whole or in part; and (j) assign, transfer or negotiate all or any part of the indebtedness guaranteed by this Guaranty.

4. **GUARANTOR'S WAIVERS.** Guarantor waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower from any cause other than full payment of all sums payable under the Note or any of the other Loan Documents; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of Borrower or any principal of Borrower; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (e) any defense based upon Lender's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay all sums payable under the Note or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon Lender's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which Lender may have against Borrower and any right to participate in, or benefit from, any security for the Note or the other Loan Documents now or hereafter held by Lender; (j) presentment, demand, protest and notice of any kind; and (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof. Guarantor further waives any and all rights and defenses that Guarantor may have because Borrower's debt is secured by real property; this means, among other things, that: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; (2) if Lender forecloses on any real property collateral pledged by Borrower, then (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections. Finally, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the Note or any of the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

5. **GUARANTOR'S WARRANTIES.** Guarantor warrants and acknowledges that: (a) Lender would not make the Loan but for this Guaranty; (b) there are no conditions precedent to the effectiveness of this Guaranty; (c) Guarantor has established adequate means of obtaining from sources other than Lender, on a continuing basis, financial and other information pertaining to Borrower's financial condition, the Property and Borrower's activities relating thereto and the status of Borrower's performance of obligations under the Loan Documents, and Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder and Lender has made no

representation to Guarantor as to any such matters; (d) the most recent financial statements of Guarantor previously delivered to Lender are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles consistently applied (or other principles acceptable to Lender) and fairly present the financial condition of Guarantor as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof; and (e) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein, other than in the ordinary course of Guarantor's business.

6. **SUBORDINATION.** Guarantor subordinates all present and future indebtedness owing by Borrower to Guarantor to the obligations at any time owing by Borrower to Lender under the Note and the other Loan Documents. Guarantor agrees to make no claim for such indebtedness until all obligations of Borrower under the Note and the other Loan Documents have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless Lender is given prior notice and such assignment is expressly made subject to the terms of this Guaranty.
7. **BANKRUPTCY OF BORROWER.** In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Borrower relating to any indebtedness of Borrower to Guarantor and shall assign to Lender all rights of Guarantor thereunder. If Guarantor does not file any such claim, Lender, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Lender's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of Lender's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. Lender or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that Lender receives cash by reason of any such payment or distribution. If Lender receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from Lender as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.
8. **ADDITIONAL, INDEPENDENT AND UNSECURED OBLIGATIONS.** This Guaranty is a continuing guaranty of payment and not of collection and cannot be revoked by Guarantor and shall continue to be effective with respect to any indebtedness referenced in Section 1 hereof arising or created after any attempted revocation hereof or after the death of Guarantor (if Guarantor is a natural person, in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The obligations of Guarantor hereunder shall be in addition to and shall not limit or in any way affect the obligations of Guarantor under any other existing or future guaranties unless said other guaranties are expressly modified or revoked in writing. This Guaranty is independent of the obligations of Borrower under the Note, the Deed of Trust and the other Loan Documents. Lender may bring a separate action to enforce the provisions hereof against Guarantor without taking action against Borrower or any other party or joining Borrower or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not secured and shall not be deemed to be secured by any security instrument unless such security instrument expressly recites that it secures this Guaranty.
9. **ATTORNEYS' FEES; ENFORCEMENT.** If any attorney is engaged by Lender to enforce or defend any provision of this Guaranty, or any of the other Loan Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, Guarantor shall pay to Lender, immediately upon demand all attorneys' fees and costs incurred by Lender in connection

therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the Note as specified therein.

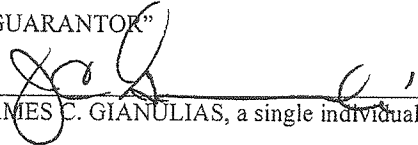
10. **RULES OF CONSTRUCTION.** The word "Borrower" as used herein shall include both the named Borrower and any other person at any time assuming or otherwise becoming primarily liable for all or any part of the obligations of the named Borrower under the Note and the other Loan Documents. The term "person" as used herein shall include any individual, company, trust or other legal entity of any kind whatsoever. If this Guaranty is executed by more than one person, the term "Guarantor" shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.
11. **CREDIT REPORTS.** Each legal entity and individual obligated on this Guaranty hereby authorizes Lender to order and obtain, from a credit reporting agency of Lender's choice, a third party credit report on such legal entity and individual.
12. **GOVERNING LAW.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Guarantor and all persons and entities in any manner obligated to Lender under this Guaranty consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.
13. **MISCELLANEOUS.** The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and Lender. The liability of all persons and entities who are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty.
14. **ADDITIONAL PROVISIONS.** Such additional terms, covenants and conditions as may be set forth on any exhibit executed by Guarantor and attached hereto which recites that it is an exhibit to this Guaranty are incorporated herein by this reference.
15. **ENFORCEABILITY.** Guarantor hereby acknowledges that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of Lender's consideration for entering into this transaction, Lender has specifically bargained for the waiver and relinquishment by Guarantor of all such defenses, and (d) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to Lender that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving such defenses. Guarantor acknowledges that Guarantor makes this Guaranty with the intent that this Guaranty and all of the informed waivers herein shall each and all be fully enforceable by Lender, and that Lender is induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.
16. **WAIVER OF RIGHT TO TRIAL BY JURY.** EACH PARTY TO THIS GUARANTY, AND BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE

TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY AND LENDER HEREBY AGREES AND CONSENTS THAT ANY PARTY TO THIS GUARANTY AND LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date appearing on the first page of this Guaranty.

"GUARANTOR"



JAMES C. GIANULIAS, a single individual

JAMES CHRIS GIANULIAS 1998 TRUST U/D/T
DECEMBER 22, 1998 AND AMENDED OCTOBER 14,
2003



James C. Gianulias, as trustee

PROMISSORY NOTE SECURED BY DEED OF TRUST

\$2,000,000.00

Newport Beach, California
August 15, 2007

FOR VALUE RECEIVED, the undersigned MURRIETA LAND 60, LLC, a California limited liability company ("Borrower"), promise(s) to pay to the order of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender"), c/o James J. Herbst, 27675 Chapala Street, Mission Viejo, California 92692, or at such other place as may be designated in writing by Lender, the principal sum of TWO MILLION AND NO/100THS DOLLARS (\$2,000,000.00) (the "Loan") or so much thereof as may from time to time be owing hereunder by reason of advances by Lender to or for the benefit or account of Borrower, with interest thereon, per annum, compounded monthly, at the Effective Rate set forth below (based on a 360-day year and charged on the basis of actual days elapsed together with such other amounts as may be payable under the Loan Agreement and other Loan Documents). All sums owing hereunder are payable in lawful money of the United States of America, in immediately available funds.

The "Effective Rate" upon which interest shall be calculated for this Note shall, provided no Default, breach, or failure of condition exists under the Loan Agreement or any of the Loan Documents described therein (this Note is one of the Loan Documents), be fifteen percent (15%) per annum, compounded monthly. During such time as a Default exists under the Loan Agreement or any of the Loan Documents; or from and after the Maturity Date, then at the option of Lender, the rate applicable to the then outstanding principal balance of this Note shall be equal to five percent (5%) per annum, compounded monthly, in excess of the interest rate otherwise accruing under this Note.

Interest accrued on this note ("Note") shall be due and payable as follows:

From and after the Effective Date through and including the Maturity Date, interest on the Loan shall be due and payable on the first day of each month commencing with the first month after the date of this Note, in a daily amount of Eight Hundred and Thirty-Three and 33/100 Dollars (\$833.33) per day ("Daily Interest Amount").

The interest calculations shall be based on actual days elapsed and a 360 day year. Payments received by Lender shall be applied toward Borrower's obligations under the Loan Documents, and toward the portions of the Loan owing with respect to the Loan, in such manner as Lender may determine. The outstanding principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full on the Maturity Date.

If any interest payment required hereunder is not received by Lender (whether by direct debit or otherwise) on or before the tenth (10th) calendar day of the month in which it becomes due, Borrower shall pay, at Lender's option, a late or collection charge equal to four percent (4%) of the amount of such unpaid interest payment.

This Note is secured by, among other things, that certain Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing ("Deed of Trust") of even date

herewith, executed by Borrower, as trustor, to a trustee for the benefit of Lender, and is executed in connection with that certain Loan Agreement (the "Loan Agreement") of even date herewith by and between Borrower and Lender. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

If: (a) Borrower shall fail to pay within 10 days of the due date any sums payable hereunder; or (b) a Default (as defined in the Deed of Trust) occurs under the Deed of Trust or under any obligation secured thereby; or (c) the property which is subject to the Deed of Trust, or any portion thereof or interest therein, is sold, transferred, mortgaged, assigned, encumbered or leased, whether voluntarily or involuntarily or by operation of law or otherwise, other than as expressly permitted by Lender in writing; THEN Lender may, at its sole option, declare all sums owing under this Note immediately due and payable; provided, however, that if any document related to this Note provides for automatic acceleration of payment of sums owing hereunder, all sums owing hereunder shall be automatically due and payable in accordance with the terms of that document.

If any attorney is engaged by Lender to enforce or defend any provision of this Note or the Deed of Trust, or as a consequence of any Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Lender immediately upon demand all attorneys' fees and all costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance owing hereunder as if such unpaid attorneys' fees and costs had been added to the principal.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person or entity as Borrower, the obligations of each such person or entity shall be joint and several. No person or entity shall be a mere accommodation maker, but each shall be primarily and directly liable hereunder.

Except as otherwise provided in any agreement executed in connection with this Note, Borrower waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to properties securing payment of this Note.

Time is of the essence with respect to every provision hereof. This Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and all persons and entities in any manner obligated under this Note consent to the jurisdiction of the state courts of the State of California,

City of Santa Ana, or in U.S. Federal Court for the applicable district of California having proper venue and also consent to service of process by any means authorized by California or federal law.

All notices or other communications required or permitted to be given pursuant to this Note shall be given to the Borrower or Lender at the address and in the manner provided for in the Loan Agreement.

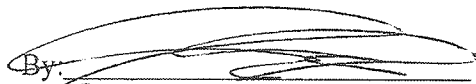
The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Lender and Borrower in writing.

[SIGNATURE PAGE FOLLOWS]

"BORROWER"

MURRIETA LAND 60, LLC, a California
limited liability company

By: Cameo Homes, a California
corporation, its managing member

By: 

Its: Christine Soresi, Chief Operating Officer

REPAYMENT AND PERFORMANCE GUARANTY

THIS GUARANTY ("Guaranty") is made as of May 20, 2004, by JAMES C. GIANULIAS, a single individual ("Gianulias"), and James C. Gianulias, as trustee for the James Chris Gianulias 1998 Trust w/d/t December 22, 1998 ("Trust") (Gianulias and Trust are hereafter individually and collectively, and jointly and severally referred to as "Guarantor," and each reference herein to "Guarantor" shall refer to each of Gianulias and Trust), in favor of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender").

RECITALS

- A. Pursuant to the terms of a loan agreement between 100 San Jacinto, LLC, a California limited liability company ("Borrower") and Lender of even date herewith (the "Loan Agreement"), Lender has agreed to loan to Borrower the principal sum of ONE MILLION FIVE HUNDRED THOUSAND AND NO/100THS DOLLARS (\$1,500,000.00) ("Loan") for the purposes specified in the Loan Agreement, said purposes relating to the real property and improvements described in the Loan Agreement (which real property and improvements are collectively referred to herein as the "Property").
- B. The Loan Agreement provides that the Loan shall be evidenced by a promissory note ("Note") executed by Borrower payable to the order of Lender in the principal amount of the Loan and shall be secured by a deed of trust on the Property ("Deed of Trust") and by other security instruments, if any, specified in the Loan Agreement. The term "Loan Documents" for purposes hereof shall mean the Loan Agreement, the Deed of Trust, the Note and those other documents described in the Loan Agreement as Loan Documents.

NOW, THEREFORE, to induce Lender to enter into the Loan Agreement and to make the Loan, and in consideration thereof, Guarantor unconditionally guarantees and agrees as follows:

1. **GUARANTY.** Guarantor hereby guarantees (a) and promises to pay to Lender or order, on demand, in lawful money of the United States, in immediately available funds, all amounts due and owing under the Note or any of the other Loan documents, together with interest and any other sums payable under the Note or any of the other Loan Documents, and (b) and promises to perform each and every one of the obligations, responsibilities, and undertakings to be carried out, performed, or observed by Borrower under the Loan Documents and any other agreement that now or hereafter secures repayment of the Note, and any other document that Guarantor now or hereafter states is guaranteed.
2. **REMEDIES.** If Guarantor fails to promptly perform its obligations under this Guaranty, Lender may from time to time, and without first requiring performance by Borrower or exhausting any or all security for the Loan, bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by Lender as a direct or indirect consequence of the failure of Guarantor to perform its obligations together with interest thereon at the rate of interest applicable to the principal balance of the Note.
3. **RIGHTS OF LENDER.** Guarantor authorizes Lender, without giving notice to Guarantor or obtaining Guarantor's consent and without affecting the liability of Guarantor, from time to time to: (a) renew or extend all or any portion of Borrower's obligations under the Note or any of the other Loan Documents; (b) declare all sums owing to Lender under the Note and the other Loan Documents due and payable upon the occurrence of a Default (as defined in the Loan Agreement) under the Loan Documents; (c) make non-material changes in the dates specified for payments of any sums payable in periodic installments under the Note or any of the other Loan Documents; (d) otherwise modify the terms of any of the Loan Documents, except for (i) increases in the principal amount of the Note or changes in the manner by which interest rates, fees or charges are calculated under the Note and the other Loan Documents (Guarantor acknowledges that if the Note or other Loan Documents so provide, said interest rates, fees and charges may vary from time to time) or (ii) advancement of the Maturity Date of the Note where no Default has occurred under the Loan Documents; (e) take and hold security for the performance of Borrower's obligations under the Note or the other Loan Documents and exchange, enforce, waive and release any such security; (f) apply such security and direct the order or manner of sale thereof as Lender in its discretion may determine; (g) release, substitute or add any one or more endersers of the Note or guarantors of Borrower's obligations under the Note or the other Loan Documents; (h) apply payments received by Lender from Borrower to any obligations of Borrower to Lender, in such order as Lender shall determine in

its sole discretion, whether or not any such obligations are covered by this Guaranty; (i) assign this Guaranty in whole or in part; and (j) assign, transfer or negotiate all or any part of the indebtedness guaranteed by this Guaranty.

4.

GUARANTOR'S WAIVERS. Guarantor waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower from any cause other than full payment of all sums payable under the Note or any of the other Loan Documents; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of Borrower or any principal of Borrower; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (e) any defense based upon Lender's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay all sums payable under the Note or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon Lender's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 11E1(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which Lender may have against Borrower and any right to participate in, or benefit from, any security for the Note or the other Loan Documents now or hereafter held by Lender; (j) presentment, demand, protest and notice of any kind; and (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof. Guarantor further waives any and all rights and defenses that Guarantor may have because Borrower's debt is secured by real property; this means, among other things, that: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; (2) if Lender forecloses on any real property collateral pledged by Borrower, then (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections. Finally, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the Note or any of the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

5.

GUARANTOR'S WARRANTIES. Guarantor warrants and acknowledges that: (a) Lender would not make the Loan but for this Guaranty; (b) there are no conditions precedent to the effectiveness of this Guaranty; (c) Guarantor has established adequate means of obtaining from sources other than Lender, on a continuing basis, financial and other information pertaining to Borrower's financial condition, the Property and Borrower's activities relating thereto and the status of Borrower's performance of obligations under the Loan Documents, and Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder and Lender has made no representation to Guarantor as to any such matters; (d) the most recent financial statements of Guarantor previously delivered to Lender are true and correct in all respects, have been prepared in accordance with standard accounting practices consistently applied (or other principles acceptable to Lender) and fairly present the financial condition of Guarantor as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof; and (e) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber,

hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein, other than in the ordinary course of Guarantor's business.

6. **SUBORDINATION.** Guarantor subordinates all present and future indebtedness owing by Borrower to Guarantor to the obligations at any time owing by Borrower to Lender under the Note and the other Loan Documents. Guarantor agrees to make no claim for such indebtedness until all obligations of Borrower under the Note and the other Loan Documents have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless Lender is given prior notice and such assignment is expressly made subject to the terms of this Guaranty.
7. **BANKRUPTCY OF BORROWER.** In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Borrower relating to any indebtedness of Borrower to Guarantor and shall assign to Lender all rights of Guarantor thereunder. If Guarantor does not file any such claim, Lender, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Lender's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of Lender's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. Lender or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that Lender receives cash by reason of any such payment or distribution. If Lender receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from Lender as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.
8. **FINANCIAL STATEMENTS.** Guarantor covenants and agrees to deliver to Lender fiscal year-end financial statements, including a balance sheet and profit and loss statement, for the most recent three (3) years, to the extent available, of Guarantor (and, if Guarantor is a partnership, of each general partner or other person or entity owning an interest in Guarantor), and such quarterly, periodic or other financial information as Lender may request, certified by the chief financial officer of the reporting party, as required by Lender.
9. **ADDITIONAL, INDEPENDENT AND UNSECURED OBLIGATIONS.** This Guaranty is a continuing guaranty of payment of all amounts owed and performance of all obligations to be performed under the Loan Documents and not of collection and cannot be revoked by Guarantor and shall continue to be effective with respect to any indebtedness referenced in Section 1 hereof arising or created after any attempted revocation hereof or after the death of Guarantor (if Guarantor is a natural person, in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The obligations of Guarantor hereunder shall be in addition to and shall not limit or in any way affect the obligations of Guarantor under any other existing or future guaranties unless said other guaranties are expressly modified or revoked in writing. This Guaranty is independent of the obligations of Borrower under the Note, the Deed of Trust and the other Loan Documents. Lender may bring a separate action to enforce the provisions hereof against Guarantor without taking action against Borrower or any other party or joining Borrower or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not secured and shall not be deemed to be secured by any security instrument unless such security instrument expressly recites that it secures this Guaranty.
10. **ATTORNEYS' FEES: ENFORCEMENT.** If Lender engages any attorney to enforce or defend any provision of this Guaranty, or any of the other Loan Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, Guarantor shall pay to Lender, immediately upon demand all attorneys' fees and costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid, at the rate of interest applicable to the principal balance of the Note as specified therein.

11. **RULES OF CONSTRUCTION.** The word "Borrower" as used herein shall include both the named Borrower and any other person at any time assuming or otherwise becoming primarily liable for all or any part of the obligations of the named Borrower under the Note and the other Loan Documents. The term "person" as used herein shall include any individual, company, trust or other legal entity of any kind whatsoever. If this Guaranty is executed by more than one person, the term "Guarantor" shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.
12. **CREDIT REPORTS.** Each legal entity and individual obligated on this Guaranty hereby authorizes Lender to order and obtain, from a credit reporting agency of Lender's choice, a third party credit report on such legal entity and individual.
13. **GOVERNING LAW.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Guarantor and all persons and entities in any manner obligated to Lender under this Guaranty consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.
14. **MISCELLANEOUS.** The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and Lender. The liability of all persons and entities who are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty.
15. **ADDITIONAL PROVISIONS.** Such additional terms, covenants and conditions as may be set forth on any exhibit executed by Guarantor and attached hereto which recites that it is an exhibit to this Guaranty are incorporated herein by this reference.
16. **ENFORCEABILITY.** Guarantor hereby acknowledges that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of Lender's consideration for entering into this transaction, Lender has specifically bargained for the waiver and relinquishment by Guarantor of all such defenses, and (d) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to Lender that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving such defenses. Guarantor acknowledges that Guarantor makes this Guaranty with the intent that this Guaranty and all of the informed waivers herein shall each and all be fully enforceable by Lender, and that Lender is induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.
17. **WAIVER OF RIGHT TO TRIAL BY JURY.** EACH PARTY TO THIS GUARANTY, AND BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY AND LENDER HEREBY AGREES AND CONSENTS THAT ANY PARTY TO THIS GUARANTY AND LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY

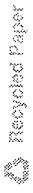
OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, Guarantors have executed and delivered this Guaranty by their duly authorized officer(s) or representative(s) as of the date first written above.

JAMES C. GIANULIAS, a single individual

JAMES CHRIS GIANULIAS 1998 TRUST U/D/T DECEMBER 22, 1998

JAMES CHRIS GIANULLAS 1998 TRUST U



Recycled Paper

PROMISSORY NOTE SECURED BY DEED OF TRUST

\$1,500,000.00

Newport Beach, California
May 20, 2004

FOR VALUE RECEIVED, the undersigned 100 SAN JACINTO, LLC, a California limited liability company ("Borrower"), promise(s) to pay to the order of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender"), c/o James J. Herbst, 27675 Chapala Street, Mission Viejo, California 92692, or at such other place as may be designated in writing by Lender, the principal sum of **ONE MILLION FIVE HUNDRED THOUSAND AND NO/100THS DOLLARS (\$1,500,000.00)** (the "Loan") or so much thereof as may from time to time be owing hereunder by reason of advances by Lender to or for the benefit or account of Borrower, with interest on the unpaid principal from time to time outstanding at the Effective Rate (set forth below) per annum, together with such other amounts as may be payable under the Loan Agreement and other Loan Documents. All sums owing hereunder are payable in lawful money of the United States of America, in immediately available funds.

The "Effective Rate" upon which interest shall be calculated for this Note shall, provided no Default, breach, or failure of condition exists under the Loan Agreement or any of the Loan Documents described therein (this Note is one of the Loan Documents), be the greater of (a) twelve and one-half percent (12.50%) or (b) eight hundred fifty (850) basis points over the "Prime Rate" published from time to time in The Wall Street Journal, adjusted daily and compounded monthly. During such time as a Default exists under the Loan Agreement or any of the Loan Documents, or from and after the Maturity Date (as defined below), then at the option of Lender, the rate applicable to the then outstanding principal balance of this Note shall be equal to five percent (5%) per annum, compounded monthly, in excess of the interest rate otherwise accruing under this Note.

Accrued interest only from and including the date funds are first disbursed to Borrower (the "Advance Date") under this note (the "Note") shall be due and payable on the first day of each month commencing with the first month following the Advance Date. The interest calculations shall be based on actual days elapsed and a 360 day year. The outstanding principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full Eighteen (18) months after the Advance Date (the "Maturity Date") or any earlier date on which this Note shall be required to be paid in full, whether by acceleration or otherwise. Borrower hereby acknowledges and understands that the entire original principal balance of this Note shall be unpaid at the Maturity Date.

Each payment received by Lender shall be applied toward Borrower's obligations under the Loan Documents, and toward the portions of the Loan owing with respect to the Loan, in such manner as Lender may determine.

If any interest payment required hereunder is not received by Lender (whether by direct debit or otherwise) on or before the tenth (10th) calendar day of the month in which it becomes due, then Borrower shall pay, at Lender's option, a late or collection charge equal to four percent (4%) of the amount of such unpaid interest payment.

This Note is secured by, among other things, that certain Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust") of even date herewith, executed by Borrower, as trustor, to a trustee for the benefit of Lender, and is executed

in connection with that certain Loan Agreement (the "Loan Agreement") of even date herewith by and between Borrower and Lender. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

Borrower reserves the right to prepay the principal amount hereof in whole, but not in part, prior to the Maturity Date, provided that such payment is made on an interest payment date along with an interest payment hereunder and only after not less than sixty (60) days' prior written notice to Lender. Any such principal prepayment shall be applied only to the reduction of the unpaid principal balance of this Note and shall be accompanied by a prepayment fee equal to five percent (5%) of the prepaid amount (the "Prepayment Charge"). Notwithstanding the foregoing, no Prepayment Charge shall be required with respect to deposits under Section 2.10 of the Loan Agreement into the 100 San Jacinto Special Account (as defined in the Loan Agreement) for release of lot(s).

If: (a) Borrower shall fail to pay within ten (10) calendar days of the due date any sums payable hereunder; or (b) a Default (as defined in the Deed of Trust) occurs under the Deed of Trust or under any obligation secured thereby; or (c) the property which is subject to the Deed of Trust, or any portion thereof or interest therein, is sold, transferred, mortgaged, assigned, encumbered or leased, whether voluntarily or involuntarily or by operation of law or otherwise, other than as expressly permitted by Lender in writing; then Lender may, at its sole option, declare all sums owing under this Note immediately due and payable; provided, however, that if any document related to this Note provides for automatic acceleration of payment of sums owing hereunder, all sums owing hereunder shall be automatically due and payable in accordance with the terms of that document.

BY INITIALING BELOW, BORROWER EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT NOTWITHSTANDING ANY APPLICABLE LAW TO THE CONTRARY, PURSUANT TO THE TERMS OF THE LOAN AGREEMENT BORROWER HAS AGREED THAT IT HAS NO RIGHT TO PREPAY THIS NOTE, WITHOUT THE PAYMENT OF THE PREPAYMENT CHARGE, EXCEPT AS OTHERWISE PROVIDED IN THE LOAN AGREEMENT AND THAT IT SHALL BE LIABLE FOR THE PAYMENT OF THE PREPAYMENT CHARGE FOR PREPAYMENT OF THIS NOTE ON ACCELERATION OF THIS NOTE IN ACCORDANCE WITH ITS TERMS. FURTHERMORE, BY INITIALING BELOW, BORROWER WAIVES ANY RIGHTS IT MAY HAVE UNDER SECTION 2954.10 OF THE CALIFORNIA CIVIL CODE, OR ANY SUCCESSOR STATUTE, AND EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT LENDER HAS MADE THE LOAN IN RELIANCE ON THESE WAIVERS AND AGREEMENTS OF BORROWER AND THAT LENDER WOULD NOT HAVE MADE THE LOAN WITHOUT SUCH WAIVER AND AGREEMENTS OF BORROWER.

BORROWER'S INITIALS: 

If Lender engages any attorney to enforce or defend any provision of this Note or the Deed of Trust, or as a consequence of any Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Lender immediately upon demand all attorneys' fees and all costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance owing hereunder as if such unpaid attorneys' fees and costs had been added to the principal.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person or entity as Borrower, the obligations of each such person or entity shall be joint and several. No person or entity shall be a mere accommodation maker, but each shall be primarily and directly liable hereunder.

Except as otherwise provided in any agreement executed in connection with this Note, Borrower waives presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to properties securing payment of this Note.

Time is of the essence with respect to every provision hereof. This Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and all persons and entities in any manner obligated under this Note, consent to the jurisdiction of the state courts of the State of California, City of Santa Ana, or in U.S. Federal Court for the applicable district of California having proper venue and also consent to service of process by any means authorized by California or federal law.

All notices or other communications required or permitted to be given pursuant to this Note shall be given to Borrower or Lender at the address and in the manner provided for in the Loan Agreement.

The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Lender and Borrower in writing. The terms of this Note apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.


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~~[SIGNATURE PAGE ATTACHED TO NOTE]~~

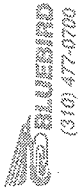
IN WITNESS WHEREOF, Borrower has executed and delivered this Note by its duly authorized officer(s) or representative(s) as of the date first written above.

100 SAN JACINTO, LLC,
a California limited liability company

By: CAMEO HOMES,
a California corporation,
its Managing Member

By: 
Print Name: David J. Gianulis
Title: Chairman/President/
Vice President
[Circle One]

By: 
Print Name: David J. Gianulis
Title: Secretary/Asst. Secretary/
CFO or Treasurer/
Asst. CFO or Asst. Treasurer
[Circle One]



♻️ Recycled Paper

REPAYMENT AND PERFORMANCE GUARANTY

THIS GUARANTY ("Guaranty") is made as of May 20, 2004, by JAMES C. GIANULIAS, a single individual ("Gianulias"), and James C. Gianulias, as trustee for the James Chris Gianulias 1998 Trust w/d/t December 22, 1998 ("Trust") (Gianulias and Trust are hereafter individually and collectively and jointly and severally referred to as "Guarantor," and each reference herein to "Guarantor" shall refer to each of Gianulias and Trust), in favor of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender").

RECITALS

- A. Pursuant to the terms of a loan agreement between 82 San Jacinto, LLC, a California limited liability company ("Borrower") and Lender of even date herewith (the "Loan Agreement"), Lender has agreed to loan to Borrower the principal sum of ONE MILLION FIVE HUNDRED THOUSAND AND NO/100THS DOLLARS (\$1,500,000.00) ("Loan") for the purposes specified in the Loan Agreement, said purposes relating to the real property and improvements described in the Loan Agreement (which real property and improvements are collectively referred to herein as the "Property").
- B. The Loan Agreement provides that the Loan shall be evidenced by a promissory note ("Note") executed by Borrower payable to the order of Lender in the principal amount of the Loan and shall be secured by a deed of trust on the Property ("Deed of Trust") and by other security instruments, if any, specified in the Loan Agreement. The term "Loan Documents" for purposes hereof shall mean the Loan Agreement, the Deed of Trust, the Note and those other documents described in the Loan Agreement as Loan Documents.

NOW, THEREFORE, to induce Lender to enter into the Loan Agreement and to make the Loan, and in consideration thereof, Guarantor unconditionally guarantees and agrees as follows:

1. **GUARANTY.** Guarantor hereby guarantees (a) and promises to pay to Lender or order, on demand, in lawful money of the United States, in immediately available funds, all amounts due and owing under the Note or any of the other Loan documents, together with interest and any other sums payable under the Note or any of the other Loan Documents, and (b) and promises to perform each and every one of the obligations, responsibilities, and undertakings to be carried out, performed, or observed by Borrower under the Loan Documents and any other agreement that now or hereafter secures repayment of the Note, and any other document that Guarantor now or hereafter states is guaranteed.
2. **REMEDIES.** If Guarantor fails to promptly perform its obligations under this Guaranty, Lender may from time to time, and without first requiring performance by Borrower or exhausting any or all security for the Loan, bring any action at law or in equity or both to compel Guarantor to perform its obligations hereunder, and to collect in any such action compensation for all loss, cost, damage, injury and expense sustained or incurred by Lender as a direct or indirect consequence of the failure of Guarantor to perform its obligations together with interest thereon at the rate of interest applicable to the principal balance of the Note.
3. **RIGHTS OF LENDER.** Guarantor authorizes Lender, without giving notice to Guarantor or obtaining Guarantor's consent and without affecting the liability of Guarantor, from time to time to: (a) renew or extend all or any portion of Borrower's obligations under the Note or any of the other Loan Documents; (b) declare all sums owing to Lender under the Note and the other Loan Documents due and payable upon the occurrence of a Default (as defined in the Loan Agreement) under the Loan Documents; (c) make non-material changes in the dates specified for payments of any sums payable in periodic installments under the Note or any of the other Loan Documents; (d) otherwise modify the terms of any of the Loan Documents, except for (i) increases in the principal amount of the Note or changes in the manner by which interest rates, fees or charges are calculated under the Note and the other Loan Documents (Guarantor acknowledges that if the Note or other Loan Documents so provide, said interest rates, fees and charges may vary from time to time) or (ii) advancement of the Maturity Date of the Note where no Default has occurred under the Loan Documents; (e) take and hold security for the performance of Borrower's obligations under the Note or the other Loan Documents and exchange, enforce, waive and release any such security; (f) apply such security and direct the order or manner of sale thereof as Lender in its discretion may determine; (g) release, substitute or add any one or more endorsers of the Note or guarantors of Borrower's obligations under the Note or the other Loan Documents; (h) apply payments received by Lender from Borrower to any obligations of Borrower to Lender, in such order as Lender shall determine in

its sole discretion, whether or not any such obligations are covered by this Guaranty; (i) assign this Guaranty in whole or in part; and (j) assign, transfer or negotiate all or any part of the indebtedness guaranteed by this Guaranty.

4. **GUARANTOR'S WAIVERS.** Guarantor waives: (a) any defense based upon any legal disability or other defense of Borrower, any other guarantor or other person, or by reason of the cessation or limitation of the liability of Borrower from any cause other than full payment of all sums payable under the Note or any of the other Loan Documents; (b) any defense based upon any lack of authority of the officers, directors, partners or agents acting or purporting to act on behalf of Borrower or any principal of Borrower or any defect in the formation of Borrower or any principal of Borrower; (c) any defense based upon the application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor; (d) any and all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (e) any defense based upon Lender's failure to disclose to Guarantor any information concerning Borrower's financial condition or any other circumstances bearing on Borrower's ability to pay all sums payable under the Note or any of the other Loan Documents; (f) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other respects more burdensome than that of a principal; (g) any defense based upon Lender's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code or any successor statute; (h) any defense based upon any borrowing or any grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any right of subrogation, any right to enforce any remedy which Lender may have against Borrower and any right to participate in, or benefit from, any security for the Note or the other Loan Documents now or hereafter held by Lender; (j) presentment, demand, protest and notice of any kind; and (k) the benefit of any statute of limitations affecting the liability of Guarantor hereunder or the enforcement hereof. Guarantor further waives any and all rights and defenses that Guarantor may have because Borrower's debt is secured by real property; this means, among other things, that: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; (2) if Lender forecloses on any real property collateral pledged by Borrower, then (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. The foregoing sentence is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses being waived by Guarantor include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure. Without limiting the generality of the foregoing or any other provision hereof, Guarantor further expressly waives to the extent permitted by law any and all rights and defenses, including without limitation any rights of subrogation, reimbursement, indemnification and contribution, which might otherwise be available to Guarantor under California Civil Code Sections 2787 to 2855, inclusive, 2899 and 3433, or under California Code of Civil Procedure Sections 580a, 580b, 580d and 726, or any of such sections. Finally, Guarantor agrees that the performance of any act or any payment which tolls any statute of limitations applicable to the Note or any of the other Loan Documents shall similarly operate to toll the statute of limitations applicable to Guarantor's liability hereunder.

5. **GUARANTOR'S WARRANTIES.** Guarantor warrants and acknowledges that: (a) Lender would not make the Loan but for this Guaranty; (b) there are no conditions precedent to the effectiveness of this Guaranty; (c) Guarantor has established adequate means of obtaining from sources other than Lender, on a continuing basis, financial and other information pertaining to Borrower's financial condition, the Property and Borrower's activities relating thereto and the status of Borrower's performance of obligations under the Loan Documents, and Guarantor agrees to keep adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder and Lender has made no representation to Guarantor as to any such matters; (d) the most recent financial statements of Guarantor previously delivered to Lender are true and correct in all respects, have been prepared in accordance with standard accounting practices consistently applied (or other principles acceptable to Lender) and fairly present the financial condition of Guarantor as of the respective dates thereof, and no material adverse change has occurred in the financial condition of Guarantor since the respective dates thereof; and (e) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber,

hypothecate, transfer or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein, other than in the ordinary course of Guarantor's business.

6. **SUBORDINATION.** Guarantor subordinates all present and future indebtedness owing by Borrower to Guarantor to the obligations at any time owing by Borrower to Lender under the Note and the other Loan Documents. Guarantor agrees to make no claim for such indebtedness until all obligations of Borrower under the Note and the other Loan Documents have been fully discharged. Guarantor further agrees not to assign all or any part of such indebtedness unless Lender is given prior notice and such assignment is expressly made subject to the terms of this Guaranty.
7. **BANKRUPTCY OF BORROWER.** In any bankruptcy or other proceeding in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Borrower relating to any indebtedness of Borrower to Guarantor and shall assign to Lender all rights of Guarantor thereunder. If Guarantor does not file any such claim, Lender, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Lender's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of Lender's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. Lender or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action that a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall not be satisfied except to the extent that Lender receives cash by reason of any such payment or distribution. If Lender receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If all or any portion of the obligations guaranteed hereunder are paid or performed, the obligations of Guarantor hereunder shall continue and shall remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from Lender as a preference, fraudulent transfer or otherwise under the Bankruptcy Code or other similar laws, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, or (b) full payment and performance of all of the indebtedness and obligations evidenced and secured by the Loan Documents.
8. **FINANCIAL STATEMENTS.** Guarantor covenants and agrees to delivered to Lender fiscal year-end financial statements, including a balance sheet and profit and loss statement, for the most recent here (3) years, to the extent available, of Guarantor (and, if Guarantor is a partnership, of each general partner or other person or entity owning an interest in Guarantor), and such quarterly, periodic or other financial information as Lender may request, certified by the chief financial officer of the reporting party, as required by Lender.
9. **ADDITIONAL, INDEPENDENT AND UNSECURED OBLIGATIONS.** This Guaranty is a continuing guaranty of payment of all amounts owed and performance of all obligations to be performed under the Loan Documents and not of collection and cannot be revoked by Guarantor and shall continue to be effective with respect to any indebtedness referenced in Section 1 hereof arising or created after any attempted revocation hereof or after the death of Guarantor (if Guarantor is a natural person, in which event this Guaranty shall be binding upon Guarantor's estate and Guarantor's legal representatives and heirs). The obligations of Guarantor hereunder shall be in addition to and shall not limit or in any way affect the obligations of Guarantor under any other existing or future guaranties unless said other guaranties are expressly modified or revoked in writing. This Guaranty is independent of the obligations of Borrower under the Note, the Deed of Trust and the other Loan Documents. Lender may bring a separate action to enforce the provisions hereof against Guarantor without taking action against Borrower or any other party or joining Borrower or any other party as a party to such action. Except as otherwise provided in this Guaranty, this Guaranty is not secured and shall not be deemed to be secured by any security instrument unless such security instrument expressly recites that it secures this Guaranty.
10. **ATTORNEYS' FEES; ENFORCEMENT.** If Lender engages any attorney to enforce or defend any provision of this Guaranty, or any of the other Loan Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, Guarantor shall pay to Lender, immediately upon demand all attorneys' fees and costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the Note as specified therein.

11. **RULES OF CONSTRUCTION.** The word "Borrower" as used herein shall include both the named Borrower and any other person at any time assuming or otherwise becoming primarily liable for all or any part of the obligations of the named Borrower under the Note and the other Loan Documents. The term "person" as used herein shall include any individual, company, trust or other legal entity of any kind whatsoever. If this Guaranty is executed by more than one person, the term "Guarantor" shall include all such persons. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and vice versa. All headings appearing in this Guaranty are for convenience only and shall be disregarded in construing this Guaranty.
12. **CREDIT REPORTS.** Each legal entity and individual obligated on this Guaranty hereby authorizes Lender to order and obtain, from a credit reporting agency of Lender's choice, a third party credit report on such legal entity and individual.
13. **GOVERNING LAW.** This Guaranty shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Guarantor and all persons and entities in any manner obligated to Lender under this Guaranty consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.
14. **MISCELLANEOUS.** The provisions of this Guaranty will bind and benefit the heirs, executors, administrators, legal representatives, nominees, successors and assigns of Guarantor and Lender. The liability of all persons and entities who are in any manner obligated hereunder shall be joint and several. If any provision of this Guaranty shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from this Guaranty and the remaining parts shall remain in full force as though the invalid, illegal or unenforceable portion had never been part of this Guaranty.
15. **ADDITIONAL PROVISIONS.** Such additional terms, covenants and conditions as may be set forth on any exhibit executed by Guarantor and attached hereto which recites that it is an exhibit to this Guaranty are incorporated herein by this reference.
16. **ENFORCEABILITY.** Guarantor hereby acknowledges that: (a) the obligations undertaken by Guarantor in this Guaranty are complex in nature, and (b) numerous possible defenses to the enforceability of these obligations may presently exist and/or may arise hereafter, and (c) as part of Lender's consideration for entering into this transaction, Lender has specifically bargained for the waiver and relinquishment by Guarantor of all such defenses, and (d) Guarantor has had the opportunity to seek and receive legal advice from skilled legal counsel in the area of financial transactions of the type contemplated herein. Given all of the above, Guarantor does hereby represent and confirm to Lender that Guarantor is fully informed regarding, and that Guarantor does thoroughly understand: (i) the nature of all such possible defenses, and (ii) the circumstances under which such defenses may arise, and (iii) the benefits which such defenses might confer upon Guarantor, and (iv) the legal consequences to Guarantor of waiving such defenses. Guarantor acknowledges that Guarantor makes this Guaranty with the intent that this Guaranty and all of the informed waivers herein shall each and all be fully enforceable by Lender, and that Lender is induced to enter into this transaction in material reliance upon the presumed full enforceability thereof.
17. **WAIVER OF RIGHT TO TRIAL BY JURY.** EACH PARTY TO THIS GUARANTY, AND BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY AND LENDER HEREBY AGREES AND CONSENTS THAT ANY PARTY TO THIS GUARANTY AND LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY

MAY 19 04 05:23P

HBEJH

509-529-3292

MAY-19-2004 15:23

WFO MANAGEMENT

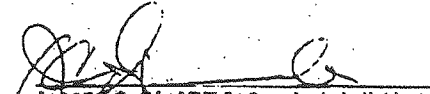
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P.18


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OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, Guarantors have executed and delivered this Guaranty by their duly authorized officer(s) or representative(s) as of the date first written above.


JAMES C. GIANULIAS, a single individual

JAMES CHRIS GIANULIAS 1998 TRUST U/D/T DECEMBER 22, 1998


James C. Gianulias, as trustee

PROMISSORY NOTE SECURED BY DEED OF TRUST

\$1,500,000.00

Newport Beach, California
May 20, 2004

FOR VALUE RECEIVED, the undersigned 82 SAN JACINTO, LLC, a California limited liability company ("Borrower"), promise(s) to pay to the order of FAMILLE HOLDINGS, L.P., a Delaware limited partnership ("Lender"), c/o James J. Herbst, 27675 Chapala Street, Mission Viejo, California 92692, or at such other place as may be designated in writing by Lender, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND AND NO/100THS DOLLARS (\$1,500,000.00) (the "Loan") or so much thereof as may from time to time be owing hereunder by reason of advances by Lender to or for the benefit or account of Borrower, with interest on the unpaid principal from time to time outstanding at the Effective Rate (set forth below) per annum, together with such other amounts as may be payable under the Loan Agreement and other Loan Documents. All sums owing hereunder are payable in lawful money of the United States of America, in immediately available funds.

The "Effective Rate" upon which interest shall be calculated for this Note shall, provided no Default, breach, or failure of condition exists under the Loan Agreement or any of the Loan Documents described therein (this Note is one of the Loan Documents), be the greater of (a) twelve and one-half percent (12.50%) or (b) eight hundred fifty (850) basis points over the "Prime Rate" published from time to time in The Wall Street Journal, adjusted daily and compounded monthly. During such time as a Default exists under the Loan Agreement or any of the Loan Documents; or from and after the Maturity Date (as defined below), then at the option of Lender, the rate applicable to the then outstanding principal balance of this Note shall be equal to five percent (5%) per annum, compounded monthly, in excess of the interest rate otherwise accruing under this Note.

Accrued interest only from and including the date funds are first disbursed to Borrower (the "Advance Date") under this note (the "Note") shall be due and payable on the first day of each month commencing with the first month following the Advance Date. The interest calculations shall be based on actual days elapsed and a 360 day year. The outstanding principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable in full Eighteen (18) months after the Advance Date (the "Maturity Date") or any earlier date on which this Note shall be required to be paid in full, whether by acceleration or otherwise. Borrower hereby acknowledges and understands that the entire original principal balance of this Note shall be unpaid at the Maturity Date.

Each payment received by Lender shall be applied toward Borrower's obligations under the Loan Documents, and toward the portions of the Loan owing with respect to the Loan, in such manner as Lender may determine.

If any interest payment required hereunder is not received by Lender (whether by direct debit or otherwise) on or before the tenth (10th) calendar day of the month in which it becomes due, then Borrower shall pay, at Lender's option, a late or collection charge equal to four percent (4%) of the amount of such unpaid interest payment.


This Note is secured by, among other things, that certain Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Deed of Trust") of even date herewith, executed by Borrower, as trustor, to a trustee for the benefit of Lender, and is executed

in connection with that certain Loan Agreement (the "Loan Agreement") of even date herewith by and between Borrower and Lender. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

Borrower reserves the right to prepay the principal amount hereof in whole, but not in part, prior to the Maturity Date, provided that such payment is made on an interest payment date along with an interest payment hereunder and only after not less than sixty (60) days' prior written notice to Lender. Any such principal prepayment shall be applied only to the reduction of the unpaid principal balance of this Note and shall be accompanied by a prepayment fee equal to five percent (5%) of the prepaid amount (the "Prepayment Charge"). Notwithstanding the foregoing, no Prepayment Charge shall be required with respect to deposits under Section 2.10 of the Loan Agreement into the 82 San Jacinto Special Account (as defined in the Loan Agreement) for release of lot(s).

If: (a) Borrower shall fail to pay within ten (10) calendar days of the due date any sums payable hereunder; or (b) a Default (as defined in the Deed of Trust) occurs under the Deed of Trust or under any obligation secured thereby; or (c) the property which is subject to the Deed of Trust, or any portion thereof or interest therein, is sold, transferred, mortgaged, assigned, encumbered or leased, whether voluntarily or involuntarily or by operation of law or otherwise, other than as expressly permitted by Lender in writing; then Lender may, at its sole option, declare all sums owing under this Note immediately due and payable; provided, however, that if any document related to this Note provides for automatic acceleration of payment of sums owing hereunder, all sums owing hereunder shall be automatically due and payable in accordance with the terms of that document.

BY INITIALING BELOW, BORROWER EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT NOTWITHSTANDING ANY APPLICABLE LAW TO THE CONTRARY, PURSUANT TO THE TERMS OF THE LOAN AGREEMENT BORROWER HAS AGREED THAT IT HAS NO RIGHT TO PREPAY THIS NOTE, WITHOUT THE PAYMENT OF THE PREPAYMENT CHARGE, EXCEPT AS OTHERWISE PROVIDED IN THE LOAN AGREEMENT AND THAT IT SHALL BE LIABLE FOR THE PAYMENT OF THE PREPAYMENT CHARGE FOR PREPAYMENT OF THIS NOTE ON ACCELERATION OF THIS NOTE IN ACCORDANCE WITH ITS TERMS. FURTHERMORE, BY INITIALING BELOW, BORROWER WAIVES ANY RIGHTS IT MAY HAVE UNDER SECTION 2954.10 OF THE CALIFORNIA CIVIL CODE, OR ANY SUCCESSOR STATUTE, AND EXPRESSLY ACKNOWLEDGES AND UNDERSTANDS THAT LENDER HAS MADE THE LOAN IN RELIANCE ON THESE WAIVERS AND AGREEMENTS OF BORROWER AND THAT LENDER WOULD NOT HAVE MADE THE LOAN WITHOUT SUCH WAIVER AND AGREEMENTS OF BORROWER.

BORROWER'S INITIALS: 

If Lender engages any attorney to enforce or defend any provision of this Note or the Deed of Trust, or as a consequence of any Default, with or without the filing of any legal action or proceeding, then Borrower shall pay to Lender immediately upon demand all attorneys' fees and all costs incurred by Lender in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance owing hereunder as if such unpaid attorneys' fees and costs had been added to the principal.

No previous waiver and no failure or delay by Lender in acting with respect to the terms of this Note or the Deed of Trust shall constitute a waiver of any breach, default, or failure of condition under this Note, the Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

If this Note is executed by more than one person or entity as Borrower, the obligations of each such person or entity shall be joint and several. No person or entity shall be a mere accommodation maker, but each shall be primarily and directly liable hereunder.

Except as otherwise provided in any agreement executed in connection with this Note, Borrower waives: presentment; demand; notice of dishonor; notice of default or delinquency; notice of acceleration; notice of protest and nonpayment; notice of costs, expenses or losses and interest thereon; notice of late charges; and diligence in taking any action to collect any sums owing under this Note or in proceeding against any of the rights or interests in or to properties securing payment of this Note.

Time is of the essence with respect to every provision hereof. This Note shall be construed and enforced in accordance with the laws of the State of California, except to the extent that federal laws preempt the laws of the State of California, and all persons and entities in any manner obligated under this Note consent to the jurisdiction of the state courts of the State of California, City of Santa Ana, or in U.S. Federal Court for the applicable district of California having proper venue and also consent to service of process by any means authorized by California or federal law.

All notices or other communications required or permitted to be given pursuant to this Note shall be given to Borrower or Lender at the address and in the manner provided for in the Loan Agreement.

The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Lender and Borrower in writing. The terms of this Note apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

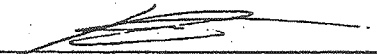
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[SIGNATURE PAGE ATTACHED TO NOTE]

IN WITNESS WHEREOF, Borrower has executed and delivered this Note by its duly authorized officer(s) or representative(s) as of the date first written above.

82 SAN JACINTO, LLC,
a California limited liability company

By: CAMEO HOMES, a
a California corporation,
its Managing Member

By: 
Print Name: David J. Gianulias
Title: Chairman/President/
Vice President
[Circle One]

By: 
Print Name: David J. Gianulias
Title: Secretary/Asst. Secretary/
CFO or Treasurer/
Asst. CFO or Asst. Treasurer
[Circle One]

Central District Of California Claims Register

8:08-bk-13151-RK Cameo Homes CASE CONVERTED on 07/02/2008

Judge: Robert N. Kwan


Chapter: 11

Office: Santa Ana

Last Date to file claims:

Trustee:

Last Date to file (Govt):

<i>Creditor:</i> (22336231) Gray1 CPB, LLC c/o Jess R Bressi Esq Cox Castle & Nicholson LLP 19800 MacArthur Blvd Ste 500 Irvine CA 92612-2435	Claim No: 8 <i>Filed:</i> 10/22/2008 <i>Entered:</i> 10/22/2008	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> Bressi, Jess <i>Modified:</i>
Unsecured claimed: \$9109547.10 Total claimed: \$9109547.10		
<i>History:</i>  8-1 10/22/2008 Claim #8 filed by Gray1 CPB, LLC , total amount claimed: \$9109547.1 (Bressi, Jess)		
<i>Description:</i>		
<i>Remarks:</i>		

Claims Register Summary