

GUARANTY



PROJECT NAME: Perris 130
WRI LOAN NO: 07531
ORIGINATING OFFICE: Irvine

This Guaranty is made as of this September 7, 2005, by CAMEO HOMES, a California corporation, and G Companies Homebuilding, LLC, a California limited liability company (each a "**Guarantor**" and together the "**Guarantors**"), for the benefit of WRI FM INVESTMENTS III LLC, a Washington limited liability company ("**Lender**").

RECITALS

A. Lender has agreed to make a loan (the "**Loan**") to RIDER & PATTERSON, LLC, a California limited liability company ("**Borrower**") in a principal amount up to \$6,870,000 to provide financing for the acquisition and development of certain real property located in Riverside County, California (the "**Land**"), the construction of certain improvements thereon (the "**Improvements**"). The Land and Improvements to be constructed thereon by Borrower, together with all personal property now or hereafter acquired by Borrower and located on or acquired for use in connection with the Land or Improvements, are hereinafter collectively referred to as the "**Project**".

B. The Loan will be evidenced by, among other documents, a promissory note (the "**Note**") executed by Borrower in favor of Lender in the amount of the Loan, and by a Loan Agreement (the "**Loan Agreement**") executed by Borrower and Lender. The Loan shall be secured by, among other documents, a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (the "**Deed of Trust**"). The Loan Agreement, Note, Deed of Trust, and any and all other documents evidencing or securing the Loan are referred to as the "**Loan Documents**." Terms used but not defined herein shall have the meanings assigned to them in the Loan Agreement. If there is only one Guarantor, all plural references to the "**Guarantors**" herein shall be deemed to refer only to such Guarantor.

C. Each Guarantor is affiliated with Borrower in various ways and will receive substantial benefit from the Loan. Accordingly, to induce Lender to make the Loan, each Guarantor has executed this Guaranty knowing and intending that Lender will materially rely upon this Guaranty in entering the Loan Agreement and making the Loan.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce Lender to enter the Loan Agreement and to make the Loan, Guarantors hereby agree as follows:

1. Scope of Guarantee.

1.1 Guarantors hereby absolutely and unconditionally guaranty and promise to pay to Lender or its order any and all indebtedness of Borrower to Lender and to perform any and all obligations of Borrower under the Loan Documents. Guarantors acknowledge that they have reviewed and are fully familiar with the terms and conditions of the Loan Agreement, Note, Deed of Trust, and other Loan Documents, and fully understand the obligations of Borrower thereunder.

1.2 The words "*indebtedness*" and "*obligations*" are used herein in their most comprehensive sense and include any and all advances, debts, obligations and liabilities of any kind whatsoever, including the obligation to construct and complete the Project in a timely and lien-free manner, to make such deposits with Borrower as are necessary to keep the Loan "in balance," and to perform all of Borrower's other obligations with respect to the collateral for the Loan.

1.3 Notwithstanding the foregoing, Guarantors do not guarantee payment of "*Additional Interest*" (as defined in the Loan Agreement) on any portion of the Project that remains unsold by Borrower if and when Lender forecloses against the Project (whether judicially or non-judicially) or accepts a deed-in-lieu of foreclosure.

1.4 This Guaranty is continuing and shall terminate only upon full payment and performance by Borrower or Guarantors of all the terms, covenants, and conditions of the Loan that are guaranteed by Guarantors hereunder.

2. **Guarantors' Independent Obligations.** Guarantors understand that their obligations to Lender hereunder are direct, personal, and independent obligations to pay and perform all of Borrower's obligations under the Loan Documents, and not as a collection guarantor, surety, endorser, or other party having only secondary liability. The obligations of each Guarantor hereunder are joint and several and independent of the obligations of Borrower, and a separate action or actions may be brought against any Guarantor whether or not separate actions are brought against Borrower or other Guarantors, and whether or not Borrower or other Guarantors are joined in any such action or actions. Moreover, any partial payment by Borrower or other circumstance that operates to toll any statute of limitations as to Borrower shall operate to toll such statute of limitations as to Guarantors. Lender's rights under this Guaranty shall not be exhausted until and unless all indebtedness and obligations hereby guaranteed have been paid and fully performed.

3. **Modifications.** Guarantors authorize Lender from time to time, without notice or demand to or approval by Guarantors, and even though Borrower's financial condition may have deteriorated or Guarantors may object: (a) to renew, extend, or otherwise change the time for payment of the obligations of Borrower to Lender, (b) to increase the amount of the Loan, (c) to modify any other terms of the Loan, (d) to take and hold security for the payment of this Guaranty or any other indebtedness guaranteed, and exchange, enforce, waive, or release any such security; (e) to release Borrower or one or more Guarantors from obligations under the Loan or any guaranty thereof, (f) to apply such security and direct the amount or manner of sale thereof as the Lender in its sole discretion may determine; (g) to extend Lender's credit limits for loans to Borrower; or (h) to take any other actions with respect to the terms of or security for Borrower's indebtedness to Lender. Notwithstanding any such action by Lender, Guarantors' unconditional guarantee shall remain in full force and effect and guarantee prompt payment and performance of all indebtedness and obligations owing by Borrower to Lender.

4. Guarantors' Walvers.

4.1 Particular Actions by Lender. Guarantors hereby waive any right to require Lender to: (i) give notice of acceptance of this Guaranty, notice of presentment or non-performance, demands for performance, or notice of the existence, creation, or modification of any indebtedness of Borrower under the Loan, (ii) record, perfect, maintain, or enforce any security for the obligations of Borrower, Guarantors, or any other guarantor of the Loan; (iii) proceed against Borrower, any Guarantor, any other guarantor, or any other party, including the filing of any claims in any bankruptcy, probate, or other proceeding; (iv) proceed against or exhaust any security received from Borrower, any Guarantor, or any other guarantor, (v) dispose of any repossessed collateral in a "commercially reasonable" or other manner as required by the Uniform Commercial Code or other applicable statute; or (vi) pursue any other remedy in Lender's power whatsoever. Guarantors agree that their obligations hereunder shall not be affected by any circumstances, whether or not referred to herein, that might otherwise constitute a legal or equitable discharge of a guarantor or a surety, provided Lender acts in good faith.

4.2 Other Defenses. Guarantors also waive any rights, claims, defenses, abatement, or rights of setoff or recoupment based on or arising out of: (i) any legal disability, discharge, or limitation of the liability of Borrower to Lender, whether consensual or arising by operation of law or any proceeding; (ii) the death or disability of Borrower, any Guarantor, or any other guarantors; (iii) any right to cause a marshaling of Borrower's assets, and (iv) any right to require Lender to exhaust any security for the performance of Borrower's obligations or to proceed against Borrower, any particular Guarantor, or any other guarantors in any particular order, whether such right exists by statute or otherwise.

4.3 Anti-Deficiency and One-Form-of-Action Rules.

4.3.1 Guarantors understand that certain statutes, commonly referred to as "anti-deficiency" and "one form of action" rules, may prevent or inhibit a lender, after completing a non-judicial foreclosure or accepting a deed in lieu of foreclosure, from obtaining a deficiency judgment against a borrower or from collecting the amount of the deficiency from a guarantor, unless such borrower or guarantor has knowingly waived the application of such statutes and the benefits that it would otherwise receive from such statutes. This curtailment of a lender's rights to recover a deficiency from a guarantor is based in part on the fact that a lender's election of a non-judicial foreclosure or a deed in lieu of foreclosure from among other possible default remedies impairs or eliminates a guarantor's rights of subrogation and reimbursement against the borrower, the collateral, or any other surety for borrower's obligations.

4.3.2 Guarantors understand that, unless they waive the protection that such rules would ordinarily confer, these "anti-deficiency" and "one form of action" rules might provide a defense to enforcement of this Guaranty if Lender elects to proceed with a non-judicial foreclosure or to accept a deed-in-lieu of foreclosure. Nevertheless, as an inducement for Lender to make the Loan, Guarantors hereby knowingly waives, in advance, all of their rights to rely on the anti-deficiency and one-form-of-action rules in connection with the impairment of its subrogation rights, as a defense to this Guaranty. Guarantors hereby acknowledge and agree that Lender may, in its sole discretion, exercise any right or remedy whatsoever that it may have against Borrower or any security held by Lender, including, without limitation, the right to foreclose upon any collateral for the Loan by judicial or non-judicial sale or to take a deed-in-lieu of foreclosure, without affecting or impairing in any way the liability of Guarantors hereunder (except to the extent that the indebtedness has been fully paid and performed), even if such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Guarantors against

Borrower or any security for the Loan. Guarantors further waive any statutes that provide "*fair value*" protection by limiting a deficiency judgment to the difference between the property's fair market value (or foreclosure sale price, if greater) and the amount of the obligation being foreclosed.

4.3.3 If this Guaranty is governed by California law, Guarantors also agree and affirm that:

4.3.3.1. Pursuant to Cal. Civil Code § 2856(c) and without limiting the other waivers contained herein, Guarantors waive all rights and defenses that Guarantors may have because the Borrower's debt is secured by real property. This means, among other things: (1) Lender may collect from any of the Guarantors without first foreclosing on any real or personal property collateral pledged by the Borrower, and (2) if the Lender forecloses on any real property collateral pledged by the Borrower: (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) the Lender may collect from any or all of the Guarantors even if the Lender, by foreclosing on the real property collateral, has destroyed any right any of the Guarantors may have to collect from the Borrower.

4.3.3.2 This is an unconditional and irrevocable waiver of any rights and defenses the Guarantors may have because the Borrower's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

4.3.3.3 Guarantors also waive all rights and defenses arising out of an election of remedies by the Lender even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Guarantors' rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

4.3.3.4 Guarantors affirm their intention to waive all benefits that might otherwise be available to Guarantor or Borrower under California Code of Civil Procedure Sections 580a, 580b, 580d, and 726 and California Civil Code Sections 2809, 2810, 2819, 2822, 2839, 2845, 2849, 2850, 2899, and 3433, among others.

4.4 Jury Trial. Guarantors hereby waive any and all rights to demand a trial by jury in any proceeding relating to this Guaranty.

4.5 Subrogation Rights. Until Lender shall have received full payment and performance of all of Borrower's obligations under the Loan, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Lender now has or hereafter may have against Borrower and waive any benefit of, and any right to participate in, any security now or hereafter held by Lender for the performance of Borrower's obligations to Lender.

5. Subordination and Assignment of Borrower Debts to Guarantors. Guarantors hereby assign to Lender any and all rights they now or may hereafter have to receive payments from or other performance by Borrower on debts or other obligations of Borrower in favor of Guarantors. All rights of Guarantors under such debts and obligations of Borrower in favor of Guarantors are hereby subordinated to Lender's rights to payments from and performance by Borrower under the Loan Documents. Notwithstanding the foregoing assignment and subordination, prior to an Event of Default under the Loan,

payments by Borrower to Guarantors may be collected and retained by Guarantors (subject to Lender's recourse against such payments under this Guaranty), but upon any Event of Default, all payments thereafter received by Guarantors under such debts shall be immediately paid over to Lender pursuant to this Guaranty or, if Lender so requests, any unpaid debts shall be collected, enforced and received by Guarantors, in trust, for the benefit of Lender, and be paid over to Lender on account of any unperformed obligations of Borrower under the Loan. Lender's receipt of such payments shall not reduce or affect in any manner the liability of Guarantors under the other provisions of this Guaranty, other than reducing the obligations under the Loan by the amount so paid.

6. Warranties. Guarantors represent and warrant to Lender that:

6.1 The financial reports of Guarantors and other written statements that have been furnished to Lender to induce Lender to make the Loan fairly and accurately present Guarantors' financial position as of the date of such statements. Guarantors have title to all assets shown in such financial reports, there has been no material adverse change in the financial condition of any Guarantor since the date of the last report so furnished, and Guarantors hereby agree to give Lender written notice of any material adverse change in the financial condition or assets of any Guarantor, with such notice to be given within 10 days after Guarantors become aware of such material adverse change;

6.2 There are no actions, suits or proceedings pending or, to Guarantors' actual knowledge, threatened against any Guarantor that might result in any material adverse change in the financial condition of any Guarantor; and

6.3 Guarantors (and the persons executing this Guaranty on behalf of any non-individual Guarantors) have the requisite power, authority, capacity, and legal right to execute and deliver this Guaranty; no further consent, approval, resolution, or other authorization is required, and neither the execution nor delivery of this Guaranty nor compliance with the terms hereof will conflict with or constitute a breach or default under any agreement or instrument to which Guarantors are a party or will provide a basis for acceleration of any indebtedness of Guarantors to any party whatsoever.

All such warranties shall be deemed to be continuing representations and warranties until full payment and performance of the Borrower's obligations under the Loan Documents.

7. Assignment. This Guaranty shall benefit any and all successors and assigns of Lender, including the assignees of or participants in any indebtedness hereby guaranteed. Lender may, in its sole discretion, sell or assign participation interests in the Loan and this Guaranty, in whole or in part, without any requirement to give notice to or receive the approval of Guarantors, and may disclose any and all financial information about Guarantors to any actual or proposed assignee or participant in the Loan. Guarantors may not assign or delegate any of their obligations under this Guaranty without Lender's prior written consent, and any attempt to do so without such consent shall be of no effect and shall not release Guarantors from any obligation hereunder.

8. Guarantors' Ongoing Reporting Obligations. Each Guarantor shall provide Lender with updated financial statements for such Guarantor on an annual basis within 90 days after the end of each calendar year and shall notify Lender in writing of any change of address, telephone number, facsimile number, marital status (if an individual), or legal organization (if an entity) within 10 days after such event.

9. Financial Covenants. Guarantors shall, at all times prior to full repayment of all amounts owing under the Loan and release of all Collateral securing the Loan, comply with the following "**Financial Covenants**" and failure at any such time to comply shall constitute an Event of Default under the Loan.

9.1 Debt-to-Worth Ratio. Guarantors shall maintain a consolidated Debt-to-Worth Ratio not exceeding 3.00 to 1.00. "**Debt-to-Worth Ratio**" refers to the ratio of the total Debt of Guarantors to their total Tangible Net Worth. "**Debt**" means all liabilities, whether now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated. "**Tangible Net Worth**" means the total assets of Guarantors, excluding all intangible assets (i.e., goodwill, trademarks, organizational expenses, and similar intangible items, but including leaseholds and leasehold improvements), less Debt.

9.2 Tangible Net Worth. Guarantors shall maintain a consolidated minimum Tangible Net Worth of \$25,000,000.

9.3 Liquidity. Guarantors shall maintain a consolidated minimum Unencumbered Liquidity of \$2,000,000. "**Unencumbered Liquidity**" means the sum of cash, stocks, bonds, and other near-cash investments held by the specified party and immediately available with unimpaired value; but not including pledged assets or IRA, 401(k), annuity, or trust accounts.

Within 60 days of the end of each fiscal quarter, an officer of Guarantors shall provide written certification to Lender of compliance with the above financial covenants.

10. Recovery of Prohibited Distributions. Guarantors agree that so long as any indebtedness remains outstanding under the Loan, Guarantors shall not make any of the following payments or distributions (the "**Prohibited Distributions**") if the making of such Prohibited Distributions would cause the Guarantors to violate the Financial Covenants set forth in Section 9 above: (i) payment of any bonuses, commissions, dividends, distributions, or incentive compensation, (ii) payment of any salaries or other compensation at above-market rates, or (iii) any other distribution, payment, gift, assignment, or transfer, to shareholders, members, officers, directors, or employees of Guarantors or their affiliates, or to any family members of any such persons. The making of any Prohibited Distribution shall constitute an Event of Default under the Loan if such Prohibited Distribution is not returned to Guarantor within thirty (30) days of written notice from Lender regarding such Prohibited Distribution, and Guarantors shall cause the recipient of any Prohibited Distribution to immediately return such Prohibited Distribution to Guarantors. Guarantors, on their own behalf and acting as an agent for Guarantors' officers, managers, directors, employees, shareholders, and affiliates, further agree that Lender shall have recourse under this Guaranty against any and all funds or other assets that are distributed as part of a Prohibited Distribution, and shall have a right to commence an action against any recipient of a Prohibited Distribution to seek recovery thereof.

11. General Provisions

11.1 No Waiver. No forbearance or delay on the part of Lender in the exercise of any power, right, or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise of any such power, right, or privilege preclude any other or further exercise of such power, right or privilege. All powers, rights, and privileges hereunder are cumulative with and not exclusive of any powers, rights, or privileges otherwise available to Lender at law or under any documents that shall evidence or secure any loans from Lender to Borrower.

11.2 Entire Agreement. Except as provided in any other written agreement now or in the future executed between Lender and Guarantors, this Guaranty shall constitute the entire agreement of Guarantors with Lender with respect to the subject matter hereof. No representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Lender unless expressed in this Guaranty. No provision of this Guaranty or right of Lender hereunder can be waived nor can Guarantors be released from Guarantors' obligations hereunder except by a writing duly executed by an authorized representative of Lender.

11.3 Severability of Provisions. Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

11.4 Consultation with Counsel. Guarantors acknowledge that they has consulted with counsel of its choice or had an adequate opportunity to do so in connection with execution of this Guaranty.

11.5 Costs and Reasonable Attorneys' Fees. Guarantors shall pay all of Lender's expenses incurred in any effort to enforce any terms of this Guaranty, whether or not any suit is filed, including, without limitation, reasonable attorneys' fees and disbursements, foreclosure costs, and title charges, and including all attorney's fees and costs incurred by Lender in connection with a bankruptcy or other insolvency proceeding of Borrower or any Guarantor and relating to any kind of review, claim, approval, relief, or procedure whatsoever in such bankruptcy. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the Default Rate set forth in the Loan Documents, or the maximum rate that may be collected from Borrower under applicable law, if less.

11.6 Community and Trust Property. Each Guarantor who is a natural person and who is married agrees, represents, and warrants that: (i) he or she is executing this Guaranty with the knowledge and consent of his or her spouse, and has authority to bind his or her marital community to the terms and conditions hereof, and (i) recourse for his or her obligations under this Guaranty shall be available against his or her separate property and any and all property of his or her marital community, whether now existing or hereafter acquired, together with any proceeds thereof. Each such Guarantor further agrees that recourse under this Guaranty shall also be available against any such property that is subsequently conveyed to a living, family, or other trust in which such Guarantor and/or his or her spouse is a settlor, trustee, or beneficiary or otherwise controls.

11.7 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State in which the Project is located, without regard to the choice of law rules of such State.

Executed as of the date first set forth above.

GUARANTOR:

CAMEO HOMES,
a California corporation



James C. Gianulias
Its President

Social Security or Federal Tax ID No.:

95-2593087

Business Address:

1105 Quail Street
Newport Beach, California
92660

Business Telephone:

949-955-3832

Business Fax No.:

949-250-8574

GUARANTOR:

G COMPANIES HOMEBUILDING, LLC,
a California limited liability company

By Cameo Homes,
a California corporation
Its Manager

By 
James C. Gianulias
Its President

Federal Tax ID No.:

Business Address:

c/o Cameo Homes
1105 Quail Street
Newport Beach, California
92660

Business Telephone:

949-955-3832

Business Fax No.:

949-250-8574

AGREEMENT OF PRINCIPAL OF GUARANTORS

By executing the signature block below, the undersigned principal of Guarantors hereby acknowledges and agrees to the terms of Section 10 of the attached Guaranty governing the making and recovery of Prohibited Distributions, including, but not limited to the undersigned's responsibility to return any Prohibited Distributions from Guarantors.


JAMES C. GIANULIAS

EXHIBIT "E"

GUARANTY



PROJECT NAME: Banning 213
WRI LOAN NO: 07469
ORIGINATING OFFICE: Irvine

This Guaranty is made as of this April 7, 2004, by CAMEO HOMES, INC., a California corporation, and JAMES C. GIANULIAS, as to his sole and separate estate and his interest in the marital community, (each a "Guarantor" and together the "Guarantors"), for the benefit of MW HOUSING PARTNERS III, L.P., a California limited partnership ("Lender").

RECITALS

A. Lender has agreed to make a loan (the "Loan") to 213 Banning, LLC, a California limited liability company ("Borrower") in a principal amount up to \$6,240,000 to provide financing for the acquisition and/or development of certain real property located in Riverside County, California (the "Land"), the construction of certain improvements thereon (the "Improvements") and the sale of certain "as-is" sub-parcels of the Land. The Land and Improvements to be constructed thereon by Borrower, together with all personal property now or hereafter acquired by Borrower and located on or acquired for use in connection with the Land or Improvements, are hereinafter collectively referred to as the "Project".

B. The Loan will be evidenced by, among other documents, a promissory note (the "Note") executed by Borrower in favor of Lender in the amount of the Loan, and by a Loan Agreement (the "Loan Agreement") executed by Borrower and Lender. The Loan shall be secured by, among other documents, a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (the "Deed of Trust"). The Loan Agreement, Note, Deed of Trust, and any and all other documents evidencing or securing the Loan are referred to as the "Loan Documents." Terms used but not defined herein shall have the meanings assigned to them in the Loan Agreement. If there is only one Guarantor, all plural references to the "Guarantors" herein shall be deemed to refer only to such Guarantor.

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AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce Lender to enter the Loan Agreement and to make the Loan, Guarantors hereby agree as follows: