

UNITED STATES BANKRUPTCY COURT		CENTRAL DISTRICT OF CALIFORNIA	PROOF OF CLAIM
Name of Debtor:		Case Number:	
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):		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.	
Name and address where notices should be sent:		Court Claim Number: _____ (If known)	
Telephone number:		Filed on: _____	
Name and address where payment should be sent (if different from above):		<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.	
Telephone number:		<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: \$ _____ 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: \$ _____	
2. Basis for Claim: _____ (See instruction #2 on reverse side.)		*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.	
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.)		Amount entitled to priority: \$ _____	
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: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		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. (Loan Documents, Promissory note & Guaranty attached as Exs. A-H) If the documents are not available, please explain:		FOR COURT USE ONLY	
Date: _____ 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. /s/ Matthew S. Walker Pillsbury Winthrop Shaw Pittman LLP/Sue J. Hodges and Matthew S. Walker, Attorneys for Bank of the West			

ATTACHMENT TO PROOF OF CLAIM

United States Bankruptcy Court, Central District of California, Case No. 8:08-13150-RK

Debtor: James C. Gianulias

Creditor: Bank of the West, a California banking corporation, as Agent and as a Lender

Guarantor: James C. Gianulias – Guaranty (Attached as Exhibits G and H).

Lender: Bank of the West – (Attached Loan Documents and Promissory Note as Exhibits A thru F).

The amount to payoff the above referenced loan good through 10/17/2008 is as follows:

Unpaid Principal Balance:	\$54,713,725.95
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INTEREST 4/1/08 - 10/17/08	\$2,895,684.42
ACCRUED LATE CHARGES 10/17/08	\$132,158.60
LEGAL FEES (NON FC) 10/17/08	\$209,949.51
COST REVIEW FEE 10/17/08	\$4,375.00
PHASE I FEE 10/17/08	\$3,949.00
APPRAISAL FEES 10/17/08	\$800.00
INSURANCE EXTENSION FEES 10/17/08	\$23,898.50
	\$0.00
	\$0.00
	\$0.00

TOTAL DUE TO BENEFICIARY:	\$57,984,540.98
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*TRUSTEE FEES & COSTS INCURRED:	\$122,595.00
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TOTAL AMOUNT TO PAYOFF:	\$58,107,135.98
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Per Diem= \$14,438.34

AMOUNT PAID BY THE GRANTEE AT THE TRUSTEE SALE:	<u>\$37,440,000.00</u>
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TOTAL AMOUNT OF CLAIM:	<u>\$20,667,135.98</u>
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**BUILDING LOAN AGREEMENT/
DISBURSEMENT SCHEDULE
[Commercial]**

THIS BUILDING LOAN AGREEMENT ("Agreement") is made as of December 21, 2005, by and between MURRIETA VILLAGEWALK L.P., a California limited partnership ("Borrower") and BANK OF THE WEST, a California banking corporation ("Bank").

1. DEFINITIONS OF TERMS USED IN THIS AGREEMENT:

1.1 Appraised Value: The value of the Property as completed, with stabilized occupancy.

1.2 Architect: The person or firm employed by Borrower to design and/or supervise the construction of the Units thereof, i.e., KTG Group.

1.3 Assignment of Agreements: The Assignment of Agreements, Permits, Licenses and Approvals (Architectural, Engineering & Construction Contracts) of even date herewith by Borrower, with consents thereto executed by General Contractor, Architect and Engineer.

1.4 Borrower's Equity: Project Costs which have been or shall be paid by Borrower as follows:

(a) \$1,862,716.77 equity from sources other than the Loan or any other borrowing from any person; and

(b) \$5,703,338 from the Mezzanine Loan.

If Bank so requests, any portion of Borrower's Equity which has not been expended and verified to Bank's satisfaction prior to the Initial Closing shall be deposited as Borrower's Funds in a Borrower's Funds Account prior to Recordation.

1.5 Borrower's Funds: Any such sums that Bank requests Borrower to deposit under the terms of this Agreement. If Bank so requests, said funds shall be deposited to a Borrower's Funds Account.

1.6 Borrower's Funds Account: A special interest bearing account into which Borrower's Funds, when requested by Bank, shall be deposited pending disbursement in the manner and for the purpose herein described. Borrower's Funds deposited in this account shall be disbursed before further proceeds of the Loan are disbursed.

1.7 Borrower's Interest: The rate or rates of interest to be paid to Bank in respect to the Loan set forth in the Note.

1.8 Building: A structure intended for multi-family residential use and occupancy.

1.9 Certified Invoice: A Certified Invoice for progress payments as customarily used by Bank, the form of which has been delivered by Bank to Borrower concurrently with the

execution hereof, receipt of which Borrower hereby acknowledges, or its equivalent acceptable to Bank.

1.10 Change Orders: Any amendments or modifications to the General Contract or the Site Improvement Contract or any subcontract.

1.11 Completion Date: The date of required completion of construction of all of the Improvements and issuance of all licenses and permits necessary for the occupancy, use or sale thereof, which is, as to all of the Improvements, March 5, 2009.

1.12 Completion Guarantor: The person(s) obligated on a Completion Guaranty, i.e., Cameo Homes, a California corporation ("Cameo Homes") and James C. Gianulias, individually and as Trustee of the James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended and restated October 14, 2003 (collectively, "Gianulias").

1.13 Completion Guaranty: An agreement, executed and delivered by Completion Guarantor, on Bank's form guaranteeing completion of the Improvements.

1.14 Cost Breakdown: An itemized schedule on a component, unit and trade breakdown basis covering all costs of constructing and completing the Improvements, to be submitted to and approved by Bank, with such subsequent changes as Borrower deems necessary or desirable and as are approved by Bank in writing pursuant to Section 8.5 or as otherwise determined by Bank. The initial Cost Breakdown is attached to this Agreement as Exhibit "B."

1.15 Cumulative Change Order Amount: \$100,000.00 for any individual change and \$500,000 in the aggregate.

1.16 Default Interest: The rate of interest specified in the Note which shall be in effect in the Event of Default.

1.17 Development Declaration: That certain Joint Development Agreement and Covenant Running with the Land dated as of May 13, 2004 by Murrieta Corporate Center, LLC and Borrower recorded in the Official Records of Riverside County, California on June 1, 2004 as Instrument No. 2004-414614 and re-recorded September 13, 2005 as Instrument No. 2004-725525.

1.18 Disbursement Schedule: The schedule of disbursement of the proceeds of the Loan and of any Borrower's Equity or Borrower's Funds as set forth on Exhibit "A" attached hereto and made a part hereof.

1.19 Engineer: The person or firm employed by Borrower to design and/or supervise the construction of the Site Improvements, i.e., Favreau Engineering.

1.20 Environmental Indemnity: The Environmental Indemnity Agreement of even date herewith by Borrower.

1.21 Extension Fee: The fee to be paid by Borrower to Bank for each twelve (12) month extension of the Maturity Date provided for in Section A of Exhibit "F" of this

Agreement, which fee shall not be subject to reduction or be refundable under any and all circumstances, and which fee shall be in an amount as agreed upon by Bank and Borrower in the Fee Agreement.

1.22 Fee Agreement: That certain Fee Agreement of even date herewith between Bank and Borrower.

1.23 Financial Statements: Financial statements of the Borrower and Guarantor and such other entity required by Bank including operating statements, balance sheet and such other financial reports that Bank may require.

1.24 General Contract: The contract between Borrower and General Contractor for construction of the Improvements.

1.25 General Contractor: G Companies Construction, Inc., a California corporation.

1.26 Governmental Authority: The authority of the United States, the State in which the Property is located, any political subdivision thereof, any city and any agency, department, commission, board, bureau or instrumentality of any of them.

1.27 Governmental Requirement or Local Requirement: Any law, ordinance, order, rule or regulation of a Governmental Authority or Local Authority, respectively, including but not limited to the applicable general and specific plans, if any, and the zoning, subdivision, grading and building ordinances, any applicable tentative subdivision map and conditions of approval thereof, and any conditional use permits, planned development permit or plan and the conditions of approval thereof.

1.28 Guarantor: The Guarantor of obligations evidenced by the Note, i.e., Completion Guarantor.

1.29 Guaranty: The guaranty, if any, executed by the person or persons named herein as Guarantor, which guarantees the performance of Borrower's obligations pursuant to the Note and any other obligations referred to in such Guaranty.

1.30 Improvements: The Site Improvements for the Property and the 453 apartment units in eight three-story Buildings that are restricted for tenancy by adults aged 55 and older located at the southeast corner of Jefferson Avenue and Lemon Street in the City of Murrieta, County of Riverside, California, including without limitation all work to be constructed by Borrower under the Development Declaration.

1.31 Initial Closing: The time of the execution and delivery hereof by Borrower and Bank.

1.32 Initial Disbursement: The payment upon Recordation of costs, charges, expenses and items associated with the Loan and to refinance certain indebtedness, as set forth in Section 6.1.

1.33 Initial Disbursement: The payment upon Recordation of costs, charges, expenses and items associated with the Loan and to refinance certain indebtedness, as set forth in Section 6.1.

1.34 Lease: A written agreement between Borrower, as Landlord, and a Tenant concerning premises in the Project leased by such Tenant, which shall be substantially in the Standard Lease Form or otherwise in form and substance subject to Bank's approval.

1.35 Leasing Program: Defined in Section 4.2.13

1.36 Loan: The principal amount evidenced by the Note, i.e., \$51,000,000.

1.37 Loan Documents: The documents and agreements now or hereafter executed by Borrower or any Guarantor in favor of Bank with respect to the Loan, inclusive of this Agreement, the Note, the Trust Deed and the Security Agreements, the Environmental Indemnity, the Guaranty, the Completion Guaranty, the Fee Agreement, and the other documents described in Section 4.1.

1.38 Loan Fee: The fee to be paid to Bank in consideration for Bank agreeing to make the Loan and entering into this Agreement, which fee shall not be subject to reduction or be refundable under any and all circumstances, and which fee is payable upon Recordation, in an amount as agreed upon by Bank and Borrower in the Fee Agreement.

1.39 Local Authority: Any Governmental Authority which exercises jurisdiction over the Property or construction thereon.

1.40 Maturity Date: The date the Loan is due and payable in full under the terms of the Note, which is March 5, 2009. The Maturity Date is subject to extension under the terms of Section A of Exhibit "F" of this Agreement.

1.41 Mezzanine Lender: Keybank Private Equity Group.

1.42 Mezzanine Loan: The financing to be provided by the Mezzanine Lender to Borrower in the principal amount of \$5,703,338.

1.43 Mezzanine Loan Documents: The documents and agreements executed by Borrower in favor of Mezzanine Lender evidencing the Mezzanine Loan.

1.44 Note: The Promissory Note Secured by Deed of Trust of even date herewith executed by Borrower as maker and payable to Bank or order, in the principal amount of the Loan.

1.45 Obligor: Borrower, each Guarantor, each general partner of Borrower or Guarantor (if Borrower or such Guarantor is a partnership), and any guarantor, co-maker, endorser, or any person or entity other than Borrower providing security for the Note.

1.46 Personal Property: That property described in the Trust Deed or Security Agreements which is not Real Property and which is collateral for the Loan.

Architects whichever is appropriate or whichever is incorporated in the specifications or other General Conditions and any addenda thereto) for the construction of the Improvements prepared by Borrower's Architect, and approved as required herein and all amendments and modifications thereof made by approved Change Orders, including all architectural drawings and renderings, reports, engineering plans and specifications, reports and plans, surveys and any other instrument or document designated by Bank, all of which are subject to approval by Bank. (The Plans and Specifications listed in Exhibit "C." if any, have been approved by Bank prior to the Initial Closing).

1.47 Project: The 453-unit senior apartment project which Borrower intends to construct on the Property, which consists of a total of eight Buildings and related site work, parking, landscaping and other Improvements.

1.48 Project Costs: All costs of acquisition of the Property, the design, development and construction of the Improvements, and related insurance, carrying costs and financing costs of the Project incurred during the term of this Agreement.

1.49 Property or Real Property: That certain Real Property located in the City of Murrieta, County of Riverside, State of California, legally described in the Trust Deed and on which the Improvements are to be constructed.

1.50 Recordation: The act of recording the Trust Deed in the official records of the County in which the Property is situated.

1.51 Security Agreements: Any agreements, other than the Trust Deed, securing the Loan, the performance hereunder and interest, costs and charges associated therewith (including but not limited to any assignments of contracts and rights which may be required under this Agreement).

1.52 Shell Improvements: The Improvements excluding the Site Improvements which comprise the Buildings.

1.53 Site Improvements: The work of grading the Property and installation of utilities, streets, sidewalks, parking, and other improvements for the Property, excluding the Buildings.

1.54 Site Improvement Contract: The contract for construction of the Site Improvements between Borrower and the Site Improvement Contractor, if separate from the General Contract. If the Site Improvements are covered by the General Contract, then references to the Site Improvement Contract mean the General Contract, to the extent it covers Site Improvements.

1.55 Site Improvement Contractor: General Contractor.

1.56 Special Tax: As to any property, (a) any special assessment or other tax which is or may become a lien affecting such property, other than general ad valorem real property taxes, and (b) any assessment, improvement, community facilities or other special taxing district in or into which such property is or may be located or incorporated or under which any special

into which such property is or may be located or incorporated or under which any special assessment or other tax which is or may become a lien affecting such property is or may be imposed.

1.58 Standard Lease Form: The standard form of lease to be used by Borrower in leasing a space within the Improvements, as a part of the Leasing Program submitted to and approved by Bank.

1.59 Stored Materials: The building materials or furnishings that are not yet incorporated into the Improvements.

1.60 Tenant: An occupant or intended occupant of the Improvements of the Project pursuant to a Lease.

1.61 Title Insurer: The issuer of the Title Policy i.e., First American Title Company.

1.62 Title Policy: Bank's title insurance policy for the Trust Deed, with all endorsements required to be issued by Title Insurer under Section 8.3.

1.63 Trust Deed: The Mortgage or Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing in favor of Bank of even date herewith encumbering the Property and given to secure the Note and Borrower's obligations under this Agreement.

2. LOAN:

2.1 Purpose: Borrower has applied to Bank for the Loan to finance construction of the Improvements and for other Project Costs.

2.2 Loan Documentation: Bank and Borrower agree that Bank shall make the Loan to Borrower and Borrower shall accept the Loan upon the terms, conditions, covenants, representations and warranties contained herein. All Loan funds disbursed hereunder shall be evidenced by the Note, shall bear interest at the rate of Borrower's Interest or Default Interest, as the case may be, and shall be secured by the Trust Deed and the Security Agreements.

2.3 Effective Date: Notwithstanding the date shown on any of the Loan Documents and except as described in the final paragraph of Exhibit "A," Borrower's and Bank's obligations under the Loan Documents will not become effective until Recordation. However, Borrower shall be obligated to pay to Bank all of the following amounts, whether or not Recordation occurs:

(a) Bank's costs and expenses described in Section 8.17 below; and

(b) Repayment of all funds Bank may have wired to Title Insurer, escrow holder or its designee pursuant to the last paragraph of Exhibit "A," and all interest accrued thereon from the date of disbursement, at the Borrower's Interest rate.

3. LOAN PROCEEDS: All outstanding principal of the Loan shall bear interest at a rate equal to Borrower's Interest or Default Interest, as the case may be, to accrue thereon with respect to each disbursement on and after the date such disbursement is made. Until disbursed, such proceeds shall neither bear nor earn interest.

4. CONDITIONS PRECEDENT TO RECORDATION: Prior to Recordation the following conditions shall have been satisfied:

4.1 Loan Documents: Bank shall have received all of the following, in form and substance acceptable to Bank:

- 4.1.1 the executed Note;
- 4.1.2 the executed Trust Deed;
- 4.1.3 the executed and completed Warranties and Representations of the General Partner of Borrower;
- 4.1.4 the executed and completed Warranties and Representations of Murrieta Villagewalk LLC, a California limited liability company;
- 4.1.5 the executed and completed Warranties and Representations of Cameo Homes, a California corporation;
- 4.1.6 the executed and completed Warranties and Representations of James C. Gianulias;
- 4.1.7 the executed letter regarding Authorized Signatures, from Borrower;
- 4.1.8 the executed Environmental Indemnity;
- 4.1.9 each Guaranty duly executed by each Guarantor;
- 4.1.10 each Completion Guaranty duly executed by each Completion Guarantor;
- 4.1.11 a UCC-1 Financing Statement naming Borrower as "debtor" and Bank as "secured party";
- 4.1.12 the executed Agreement to Furnish Insurance;
- 4.1.13 the executed Assignment of Agreements, Permits, Licenses and Approvals;
- 4.1.14 Notice of Applicant's Right to Receive Copy of Appraisal or Other Valuation Report;
- 4.1.15 Authorization to Obtain Credit, Grant Security, Guarantee or Subordinate for Borrower; and
- 4.1.16 Authorization to Obtain Credit, Grant Security, Guarantee or Subordinate for Cameo Homes.

4.2 Due Diligence Items: Bank shall also have received and approved:

4.2.1 original insurance policies or certificates thereof for the insurance required by Section 8.13 hereof and the Agreement to Furnish Insurance;

4.2.2 Preliminary Title Report issued by Title Insurer showing the condition of Title to the Property with the Property's legal description and a copy of all documents listed as exceptions to said title report;

4.2.3 all Borrower's Funds required;

4.2.4 if requested by Bank, a current survey of the Property including dimensions, delineations and locations of all easements thereon, certified to Bank in form and substance acceptable to Bank, and satisfactory to the Title Insurer if required by it;

4.2.5 an Opinion Letter from Borrower's counsel in form and substance reasonably satisfactory to Bank;

4.2.6 for Borrower, a certificate of status issued by the appropriate Governmental Authority, together with the Limited Partnership Agreement and the filed and/or recorded Certificate of Limited Partnership (LP-1), including all amendments;

4.2.7 for Cameo Homes, a certificate of good standing, together with:

(a) its Articles of Incorporation and all amendments thereof; and

(b) a certified Resolution of the Board of Directors authorizing the execution, delivery and performance under the Guaranty and Completion Guaranty executed by Cameo Homes and authorizing Cameo Homes to act as the member manager of the general partner of Borrower;

4.2.8 if requested by Bank, a copy of the applicable general and specific plans, if any, and the zoning, subdivision, grading and building ordinances, the applicable tentative subdivision map and conditions of approval thereof, and any conditional use permit or planned development permit or plan and the conditions of approval thereof, each certified by an appropriate official to be true, complete and up to date;

4.2.9 the Plans and Specifications for the Improvements;

4.2.10 copies of letters from local utility companies or Local Authority stating that electric, gas, sewer, water and telephone facilities will be available to the Property upon completion of the Improvements;

4.2.11 copies of all applicable easements, covenants, conditions and restrictions, and other agreements pertaining to operation or development of the Property; and

4.2.12 copies of all Mezzanine Loan Documents, including all exhibits and attachments thereto and modifications thereof. The Mezzanine Loan shall not be secured by any interest in the Property.

4.2.13 a program for the leasing of space in the Property, including (a) the Standard Lease Form, (b) a schedule of pro forma rents, and (c) a leasing or absorption schedule (collectively, "Leasing Program").

4.2.14 Borrower shall submit a construction "time line" schedule or critical path schedule (the "Construction Schedule") to Bank for Bank's review and approval and Bank shall have approved the Construction Schedule in its sole and absolute discretion.

5. CONDITIONS PRECEDENT TO DISBURSEMENT:

5.1 Initial Disbursement Conditions: Prior to Initial Disbursement the following conditions shall have been satisfied, in addition to those in Section 4:

5.1.1 Recordation shall have occurred.

5.1.2 Title Insurer shall have issued or agreed to issue the Title Policy described in Section 8.3 hereof, naming Bank as insured to the extent of the Loan amount.

5.2 Subsequent Disbursement Conditions: Prior to making disbursements after the Initial Disbursement, except for the last disbursement, the following conditions shall have been satisfied:

5.2.1 Initial Disbursement shall have occurred.

5.2.2 Where appropriate, UCC-1 Financing Statements shall have been filed with the Secretary of State for the state where Borrower was formed, describing the Personal Property.

5.2.3 Bank shall have been furnished with a certificate issued by the filing officer of the Secretary of State for the state where Borrower was formed, showing Bank's UCC-1 Financing Statement as prior to all other UCC-1 Financing Statements in Borrower's name relative to the Personal Property.

5.2.4 No Event of Default shall exist under any Loan Document (subject to the provisions of Section 9.1 below.

5.2.5 All the conditions for the disbursement set forth in the paragraph indicated under Part II of the Disbursement Schedule (Exhibit "A") shall have been satisfied.

5.2.6 If Bank requests, it shall have received a list of the names and addresses of all material dealers, laborers and subcontractors with whom agreements have been made by the General Contractor and/or Borrower to deliver materials to and/or perform work on the Improvements.

5.2.7 The representations and warranties of Borrower made in Section 7 hereof shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

5.2.8 The Improvements shall not have been materially injured or damaged by fire or other casualty unless Bank shall have received insurance proceeds sufficient in its judgment to effect the satisfactory restoration of the Improvements and to permit the completion of the Improvements prior to the Completion Date.

5.2.9 If and when Bank requests, Borrower shall have deposited into the Borrower's Funds Account, cash in the amount, estimated by Bank, necessary to pay for the costs of completion of construction of the Improvements to the extent that the aggregate amount of the undisbursed Loan proceeds and Borrower's Funds that are then available, designated for the payment of the remaining costs to be incurred in the completion of construction of the Improvements is, in the opinion of Bank, insufficient therefor.

5.2.10 Advice from Bank's inspection agent to the effect that, to date, the Improvements have been constructed in accordance with the Plans and Specifications and that the present state of construction of the Improvements will, barring then unforeseen and unknown delays, permit completion of construction of the Improvements on or before the Completion Date.

5.2.11 Bank shall have received: (a) if required by Bank, the building permits, grading permits, or any other authorization, if any, which may be required from the Local Authority or Governmental Authority; (b) copies of the Plans and Specifications; (c) a copy of the General Contract, or, if none, copies of major contracts; (d) assignments to Bank on Bank's form of the plans and written consent thereto by the person or firm that prepared them and a copy of the Architect's and Engineer's agreements, if any, together with assignments thereof to Bank on Bank's form, with written consent thereto by said Architect or Engineer, as applicable; (e) assignment to Bank of the General Contract and consent thereto by the General Contractor; (f) the Cost Breakdown; and (g) if requested by Bank, a signed acknowledgement of and consent to Bank's first position security interest in any Off-Site Materials (as defined in Section 8.6 below).

5.2.12 If Bank so requests, the Title Insurer shall have agreed (i) to issue its continuation endorsement to Bank indicating that since the last preceding disbursement to Borrower or General Contractor, there has been no change in the state of title, that there are no intervening liens which may now or hereafter take priority over the disbursement to be made and that there are no survey exceptions not theretofore approved by Bank; and (ii) upon completion of the foundation(s), to issue its foundation endorsement (CLTA 102.7), or equivalent, insuring Bank that the foundation of each Building is constructed wholly within the boundaries of the Property and such endorsements, ensuring that the Improvements do not encroach on any easements nor violate any covenants, conditions or restrictions of record.

5.3 Final Construction Disbursement Conditions: Prior to the last disbursements for construction costs for the Improvements, the conditions set forth in Section 5.2 above shall be satisfied and in addition the following conditions shall have been satisfied by Bank's receipt of:

5.3.1 advice from Bank's inspection agent to the effect that the Improvements have been completed in accordance with the Plans and Specifications;

5.3.2 evidence that Borrower has filed the Notice of Completion of the Improvements necessary to establish commencement of the shortest statutory period for the filing of mechanics' and materialmen's liens;

5.3.3 CLTA Endorsement 101.6 issued by Title Insurer subsequent to expiration of the period during which any lien for labor, services or material may be validly recorded against the Property or the Improvements or such other endorsements to Bank's Title Insurance Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanics' and materialmen's liens or claims thereof; and

5.3.4 evidence of approval of completion of the Improvements by Borrower (if Borrower is not an owner builder).

5.4 All Disbursements: Bank shall receive such lien releases (which, as to any contractor, laborer or material supplier, may be conditional - conditioned only upon receipt of payment -- until the final payment has been made) and copies of paid invoices, cancelled checks or other backup information as Bank may require in connection with each disbursement. Bank may elect to require differing backup documentation for costs of labor and materials incorporated into the Improvements and for soft costs and fees, and may change the documentation requirements from time to time during the term of the Loan with notice to Borrower. Bank may provide Borrower with a required form of disbursement request or may elect to utilize a form provided by Borrower or the General Contractor.

5.5 Special Conditions. All Disbursements shall be subject to satisfaction of any applicable special conditions pursuant to Exhibit "F."

6. LOAN DISBURSEMENT: The proceeds of the Loan and Borrower's Funds shall be used only for the payment of Project Costs in accordance with the Plans and Specifications and other costs related thereto, as set forth on the Disbursement Schedule, and shall be disbursed as follows:

6.1 Initial Disbursement: Immediately following Recordation, and upon satisfaction of the conditions of Section 5.1 hereof, Bank shall disburse in accordance with the Disbursement Schedule the amounts necessary to pay all costs, charges and expenses incurred or to be incurred (as estimated by Bank) in connection with the Loan or payable pursuant to this Agreement, the Trust Deed or Security Agreements, excluding direct costs of labor and materials related to the Improvements, and including but not limited to Loan fees (which are deemed earned at Recordation and are not refundable in whole or part), service charges, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, real property taxes and assessments, insurance premiums, fees payable in connection with any commitment to provide permanent financing of the Improvements, and any amount required to pay existing encumbrances affecting the Property.

6.2 Subsequent Disbursements: Upon satisfaction of the conditions of Section 5.2 hereof, Bank shall disburse directly to Borrower or, at Bank's option, directly to General Contractor or to such persons as have actually supplied labor, material or services in connection with or incidental to the construction of the Improvements (or for the payment of the cost of any

of Borrower's undertakings hereunder or in any of the other Loan Documents), such sums as are required for the payment of interest on the Loan and costs and expenses of construction of the Improvements and disbursements shall be made in accordance with the applicable provisions of the Disbursement Schedule. Any funds disbursed hereunder to Borrower shall be received by Borrower in trust and Borrower agrees that the same shall be used only for the payment of those items contemplated by the particular disbursement.

6.3 Final Disbursement: The final disbursement shall be the payment of any monies retained from progress payments or draws as set forth in the Disbursement Schedule. Subject to the provisions of this Agreement, the final disbursement shall be made only after Borrower has satisfied the conditions of Section 5.3 hereof and delivered or caused to be delivered to Bank in addition to those required under Section 8.3 hereof, such additional endorsements or such additional policies of title insurance with endorsements thereto as Bank may require, with a liability limit of not less than the principal amount of the Note, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Bank's interest under the Trust Deed as a first lien on the property, excepting only such items as shall have been approved in writing by Bank.

6.4 Disbursement Limits; Deficiency of Loan Funds: Bank shall not be required to disburse an aggregate amount of the Loan proceeds for labor furnished to and materials incorporated into the Improvements during any stage of construction which exceeds the lesser of the value of such labor or materials or the amount allocated to that stage of construction as set forth in the Disbursement Schedule, and in any event, Bank shall not be required to disburse any amount which, in Bank's opinion, will reduce that portion of the undisbursed Loan proceeds designated for the cost of completion of construction of the Improvements below that needed to pay for the labor and material necessary to complete the Improvements. Any deficiency of funds, as determined by Bank, shall be corrected by an immediate deposit of Borrower's Funds into the Borrower's Funds Account upon ten (10) days notice from Bank.

7. REPRESENTATIONS AND WARRANTIES OF BORROWER: Borrower represents and warrants, which representations and warranties shall survive any investigations, inspections or inquiries made by Bank or any of its representatives or any disbursements made by Bank hereunder (except for the representations and warranties of Section 7.5 below, which are reinstated as described therein); that:

7.1 Formation and Qualification: Borrower is duly formed and validly existing under the laws of the State of California, is in good standing in the State of California, and Borrower has all requisite power and authority to conduct its business and to own and lease its properties.

7.2 Loan Documents: The execution, delivery and performance of the Loan Documents are within Borrower's power and authority, have been duly authorized by all necessary action and do not and will not (a) require any authorization, consent, approval, order, license, permit, exemption or other action by or from, or any filing, registration or qualification with, any Governmental Authority or other person, which has not been obtained, (b) contravene the organizational documents and governing agreements of Borrower, any applicable laws or other requirements or any agreement or restriction binding on or affecting Borrower or its property, or (c) result in or require the creation or imposition of any lien or right of others upon

or with respect to any property now or in the future owned by Borrower (other than liens in favor of the Bank). No authorization, consent, approval, order, license, permit, exemption or other action by or from, or any filing, registration or qualification with, any Governmental Authority or other person, which has not been obtained is required for the creation of the security interests in the Property or other assets of Borrower pursuant to the Trust Deed and Security Agreements or the enforcement by the Bank of its remedies under the Loan Documents. Each Loan Document, when executed and delivered, will constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the rights of creditors generally.

7.3 Project Information: The Borrower and, to the best knowledge of the Borrower, any prior developer of the Project and any Governmental Authority having jurisdiction over the Project have complied in all material respects with all Governmental Requirements and other requirements relating to the division and development of the Property as a 453 unit apartment community that is restricted for tenancy by adults aged 55 and older, and the Borrower is, and construction of the Improvements in accordance with the terms of this Agreement will be in compliance in all material respects with all Governmental Requirements and other requirements relating to the Project. The development and use of the Property for its intended purpose do not require the payment of extraordinary fees or assessments or the construction of other improvements not set forth in the Cost Breakdown and the Plans and Specifications, will not contravene any Governmental Requirements or other requirements, and are not subject to any other legal, contractual or practical impediments which are material in the aggregate. The Cost Breakdown is based on information deemed reliable by the Borrower and represents the Borrower's best estimate of all Project Costs that will be required in connection with the Project, and all Project Costs shown in the Cost Breakdown as "Previously Paid by Borrower" have been paid in full.

7.4 Plans and Specifications, Defects: The Plans and Specifications are satisfactory to Borrower, have been approved by Guarantor and Completion Guarantor, and to the extent required by any Governmental Requirement or Local Requirement or any effective restrictive covenant, by all Local Authorities and the beneficiary of any such covenant respectively; all construction, if any, heretofore performed on the Improvements has been performed within the perimeter of the Property in accordance with the Plans and Specifications and any restrictive covenants applicable thereto; there are no structural defects in the Improvements, and no violation of any Governmental Requirement or Local Requirement exists with respect thereto.

7.5 Financial Statements: The Financial Statements heretofore delivered to Bank are true and correct in all respects, fairly present the respective financial conditions of the subjects thereof as of their respective dates, and have been prepared (i) for Gianulias, in accordance with accounting principles applied on a basis consistently followed in all material respects throughout the periods involved and (ii) for Cameo Homes, in accordance with generally accepted accounting practices or tax based accounting principles consistent with statements provided to Bank prior to Recordation. No material adverse change has occurred in the financial conditions reflected in the Financial Statements since their respective dates and no additional borrowings have been made by Borrower since the date thereof other than the borrowing contemplated hereby or approved by Bank. This representation shall be deemed amended to refer to the most

recent Financial Statements that are delivered to Bank, upon such delivery to Bank, until the next set of Financial Statements are delivered to Bank.

7.6 Litigation: There are no actions, suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting it or the Property, or involving the validity or enforceability of the Trust Deed or the priority of the lien thereof, at law or in equity, or before or by any Governmental Authority or Local Authority. To the Borrower's knowledge it is not in default with respect to any order, writ, injunction, decree or demand or any court or any Governmental Authority or Local Authority.

7.7 No Breach: The consummation of the transaction hereby contemplated and performance of this Agreement, Trust Deed and Security Agreements and any other Loan Documents will not result in any breach of, or constitute a default under any mortgage, deed of trust, lease, bank loan or security agreement, corporate charter, by-laws or other instrument or agreement to which the Borrower or Guarantor is a party or by which it may be bound or affected.

7.8 Utilities: All utility services necessary for the construction of the Improvements and the operation thereof for their intended purpose are either available at the boundaries of the Property or all necessary steps have been taken by Borrower and Local Authority to assure the complete construction, installation, connection and use of utility services for the full utilization of the Improvements, including water supply, storm and sanitary sewer facilities, gas, electric and telephone facilities.

7.9 Certified Invoice: Each Certified Invoice shall be true and accurate and the submission of same or the receipt of the funds so requested shall constitute a reaffirmation of the representations, warrants and covenants contained herein.

7.10 Other Liens: Borrower has made no contract or arrangement of any kind, the performance of which by the other party thereto would give rise to a lien on the Property, except for its arrangements with Borrower's Architect, Borrower's Engineer, the General Contractor or the major subcontractors if there is no General Contractor. However, certain partnership interests of Borrower may be subject to a security interest for the benefit of Mezzanine Lender.

7.11 Streets: All streets, sidewalks, if required, and other offsite improvements necessary for the full utilization of the Improvements for their intended purposes have either been completed or the necessary rights-of-way therefor have either been acquired by Local Authority or have been dedicated to public use and accepted by Local Authority and all necessary steps have been taken by Borrower and Local Authority to assure the complete construction and installation thereof.

7.12 Legality of Sales; Special Taxes: The Property is not subject to or affected by any existing or proposed Special Taxes (other than Special Taxes approved in writing by the Bank after the date of this Agreement).

7.13 Intentionally Omitted.

7.14 Intentionally Omitted.

7.15 No Default: There is no default on the part of Borrower under this Agreement or any other Loan Document, and no event has occurred and is continuing which with notice or the passage of time or either would constitute a default under any thereof.

7.16 CC&R's: Zoning: Borrower has examined, is familiar with, and the Improvements will in all respects conform to and comply with all covenants, conditions, restrictions, reservations and each Governmental Requirement or Local Requirement affecting the Property, including, without limitation, the Development Declaration.

7.17 Title to Personal Property: Any personal property required by Bank as additional security for the Note is vested in Borrower free and clear of all liens, encumbrances and adverse claims and that the security interest of Bank in the personal property shall be a first lien thereon.

7.18 Other Financing: Borrower has not received other financing for either the acquisition of the Property or the construction and installation of the Improvements except as has been specifically disclosed in writing to, and approved by, Bank prior to Recordation.

7.19 Borrower's Powers: Borrower has full power and authority to execute this Agreement, the Note, the Trust Deed and the Security Agreements and to undertake and consummate the transactions contemplated hereby and thereby, and to pay, perform and observe its conditions, covenants, agreements and obligations herein and therein contained.

7.20 Commissions and Fees: Borrower has not dealt with any person, firm or corporation who is or may be entitled to any finder's fee, brokerage commission, loan commission or other sum in connection with the execution of this Agreement, the consummation of the transactions contemplated hereby and the making of the Loan by Bank to Borrower, and Borrower does hereby indemnify and agree to hold Bank harmless from and against any and all loss, cost liability or expense, including reasonable attorney's fees, Bank may suffer or sustain should such warranty or representation prove inaccurate in whole or in part.

8. BORROWER'S COVENANTS: Borrower covenants and agrees until the full and final payment of the Loan, unless Bank waives compliance in writing, that it will:

8.1 Borrower's Funds: Borrower's Funds shall be disbursed from such account in the manner provided in Section 6 herein. Should it appear at any time that the total undisbursed proceeds of the Loan together with any Borrower's Funds then held by Bank are insufficient, in Bank's good faith judgment, to provide the financing for the completion of the Improvements, Borrower, within ten (10) days following receipt of written demand by Bank for additional funds, shall pay to Bank an amount equal to such deficiency as expressed in said demand for deposit in the Borrower's Funds Account.

8.2 Improvements Inspection: Permit Bank, or its representatives (and Bank shall have the right) to enter upon the Property, upon reasonable prior written or oral notice to Borrower, during normal business hours, inspect the Improvements and all materials to be used in the construction thereof and to examine the Plans and Specifications and all detailed plans and shop drawings which are or may be kept at the construction site and will cooperate, and cause the General Contractor or, if none, the major subcontractors, to cooperate with Bank. Inspection by Bank of construction shall be for the purpose of protecting the security of Bank and such

inspection is in no way to be construed as a representation that there is a compliance with the Plans and Specifications or that the construction is free from faulty material or workmanship.

8.3 Title Insurance: Deliver or cause to be delivered to Bank at Recordation or within a reasonable time thereafter an ALTA 1970 Loan Policy of Title Insurance (LP-10 Package, if applicable), or its equivalent, with a liability limit of not less than the face amount of the Note, issued by Title Insurer, insuring Bank's interest under the Trust Deed as a valid first lien on the Property, together with such reinsurance or coinsurance agreements and endorsements to said policy as Bank may require. Said policy shall contain only such exceptions from its coverage as shall have been approved in writing by Bank. After Recordation, Borrower shall at its own cost and expense, maintain the Trust Deed as a first lien on the Property and deliver or cause to be delivered to Bank from time to time the endorsements and policies referred to herein.

8.4 Construction Start: Diligently prosecute construction of the Improvements so that the same will be completed, in any event, on or before the Completion Date.

8.5 Plans and Specifications: If the Plans and Specifications for the Site Improvements, the Buildings, or both, have not been completed, approved by Borrower and Bank, and listed on Exhibit "C" of this Agreement prior to Recordation, then anything herein to the contrary notwithstanding, (a) not permit any contractor to commence work on any of the Site Improvements or Buildings for which Borrower and Bank have not executed a revised Exhibit "C" setting forth the approved Plans and Specifications therefor pursuant to clause (b), below, nor shall any disbursements of Loan proceeds or of funds from a Borrower's Funds Account be available for any line item of the Cost Breakdown until the same are so approved by Borrower and Bank, and (b) promptly after Recordation, deliver to Bank for approval the Plans and Specifications for the applicable portions of the Improvements, and when approved by Bank, Borrower and Bank each shall execute a revised Exhibit "C" of this Agreement specifying the approved Plans and Specifications. Once approved by Bank, the prior written consent of Bank shall be required for any change in the Plans and Specifications which is material. A change shall be considered "material" if it: (i) constitutes a material change in the building material or equipment specifications, the architectural or structural design, value, or quality of any of the Improvements, including but not limited to any of the matters described in clause (b) of Section 8.27, or (ii) would result in an increase in cost, as shown in the Cost Breakdown (an "Item"), in excess of the Cumulative Change Order Amount. Borrower shall notify Bank as soon as practical regarding all changes whether or not such change is subject to Bank's approval. Except as provided above, there shall be no change in the Plans and Specifications without the prior written consent of Bank. All requests for approval shall be submitted on a change order form acceptable to Bank signed by Borrower and, if required by Bank, the Architect, Engineer, Site Improvement Contractor, and the General Contractor, if any, accompanied by working drawings and a written narrative of the proposed change and Borrower's proposed source of funds to pay for any increased cost. As a condition to any such approval, Bank may require satisfactory evidence of the cost of the proposed change and the time necessary to complete the proposed change; and, to the extent Bank determines that the proposed change shall result in an increase in cost and Bank has not approved Borrower's proposed source of funds to pay for the increased cost, Bank shall have the right to require Borrower to deposit funds in the Borrower's Funds Account. Borrower acknowledges that this approval process may result in delays and Borrower consents to all such reasonable delays. No such delay will result in the extension of the

Completion Date. Upon Bank's request, Borrower, the Architect, and the General Contractor, shall initial the copy of the Plans and Specifications delivered to, and approved by, Bank as a true copy of the Plans and Specifications for the Improvements. Borrower shall maintain at all times a full and complete set of working drawings for the Improvements available for inspection by Bank. Within ten (10) days after Bank's request, Borrower shall deliver to Bank complete as-built Plans and Specifications, if available, for the Improvements completed.

8.6 Contractor Lists: Within ten (10) days following Bank's request, furnish to Bank a list of all major contractors, subcontractors and material suppliers to be employed in connection with the construction of the Improvements. Each list shall set forth:

8.6.1 the name, address and telephone number of each contractor, subcontractor and material supplier; and

8.6.2 the dollar amount of each contract, subcontract and material contract; and

8.6.3 the amount paid to each contractor, subcontractor and material supplier through the date of each list; and

8.6.4 the dollar amount of the work performed and material supplied under each contract, subcontract and material contract through the date of each list; and

8.6.5 if any of the materials supplied are to be delivered to, or stored at, a location not on the Property ("Off-Site Materials"), the exact location at which the Off-Site Materials will be delivered and stored must be shown. In such event, Borrower must provide Bank with a written consent, in form and content satisfactory to Bank, executed by the seller of such Off-Site Materials and acknowledging Bank's first position security interest in the Off-Site Materials and consenting thereto.

8.7 General Contractor Covenant: Require covenants from the General Contractor to the same effect as the covenant made by Borrower in the preceding Sections 8.5 and 8.6, and that General Contractor will, upon request, deliver to Bank the names of all persons with whom General Contractor has contracted or intends to contract for the construction of the Improvements or for the furnishing of labor or materials therefor.

8.8 Other Contractors: Not execute any contract or become party to any arrangement for the performance of work on the Property except with the Site Improvement Contractor and the General Contractor, if there is one. If there is no General Contractor, Borrower shall only contract with major subcontractors approved by Bank for the performance of work on the Property.

8.9 Leases: Upon Bank's request, deliver to Bank copies of all Leases, of any of the Property, whether executed before or after the date hereof.

8.10 Litigation: Borrower will notify Bank, within fifteen (15) Business Days of Borrower becoming aware of any (a) actions, suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting it or the Property, or involving the validity or

enforceability of the Trust Deed or the priority of the lien thereof, at law or in equity, or before or by any Governmental Authority or Local Authority, or (b) default with respect to any order, writ, injunction, decree or demand or any court or any Governmental Authority or Local Authority.

8.11 Foundation Completion: Notify Bank immediately on completion of the foundation of the Improvements.

8.12 Personal Property Installation: With the exception of laundry facilities that have not been acquired with Loan proceeds, not install materials, personal property, equipment, or fixtures subject to any security agreement or other agreement or contract wherein the right is reserved to any person, firm or corporation to remove or repossess any such material, equipment or fixtures, or whereby title to any of the same is not completely vested in Borrower at time of installation, without Bank's written consent.

8.13 Insurance: Prior to any disbursement hereunder, procure and deliver certificates thereof to Bank and at all times thereafter maintain a policy or policies of insurance in form and content and by an insurer or insurers satisfactory to Bank, including a clause giving Bank a minimum of thirty (30) days' notice if such insurance is canceled, meeting the terms of any separate insurance requirements letter executed in connection with the Loan, or if none, as follows: (i) broad form "all risk" property insurance in an amount not less than the insurable value of the Improvements on a full replacement cost basis, with construction cost increase and building code change coverage, including building risk, fire, extended coverage, vandalism, and malicious mischief, course of construction endorsement and a loss payable endorsement naming Bank as payee, (ii) liability insurance indicating coverage satisfactory to Bank naming Bank as an additional insured, (iii) Workers' Compensation Insurance, and (iv) Flood Insurance, if required by Bank.

8.14 Maintain Records: Keep and maintain full and accurate accounts and records of its operations according to generally accepted accounting principles or tax based accounting and practices for its type of business.

8.15 Taxes: Pay and discharge all lawful claims, including taxes, assessments, and governmental charges or levies imposed upon it or its income or profits or upon any properties belonging to it prior to the date upon which penalties attach thereto; provided that Borrower shall not be required to pay any such tax, assessment, charge, or levy, the payment of which is being contested in good faith and by proper proceedings so long as proceedings for collection thereof have been stayed and the obligation to pay is secured by the posting of a bond or other legally sufficient security.

8.16 Notification of Events of Default: Promptly notify Bank in writing of the occurrence of any Event of Default under this Agreement, the Note, the Trust Deed or the Security Agreements or of any facts then in existence which would become an Event of Default hereunder or thereunder upon the giving of notice or the lapse of time or both.

8.17 Payment of Expenses: Pay within five (5) days after Bank's demand, all reasonable and necessary expenses incidental to the making and administration of the Loan

including, without limit, preclosing and closing expenses, commitment fees, expenses incurred for architectural and engineering review, construction inspection fees, environmental review fees, attorney's fees, appraiser's fees and appraisal review fees regardless of whether any such services are provided by Bank's employees or agents or by independent contractors.

8.18 No Conveyance or Encumbrance: Not to sell, convey, transfer, dispose of, grant a lien or security interest in, or otherwise further encumber the Property or the Improvements or any part thereof or any interest therein or enter into a lease covering all or any portion thereof or an undivided interest therein, either voluntarily, involuntarily or otherwise, or enter into an agreement so to do without the prior written consent of Bank being first had and obtained. All easements, declarations of covenants, conditions and restrictions, and private or public dedications affecting the Property shall be submitted to Bank for its approval and such approval shall be obtained prior to the execution or granting of any thereof by Borrower, accompanied by a drawing or survey showing the precise location of each thereof. If Borrower is a legal entity, any of the following transfers of any beneficial interest in Borrower shall be deemed to constitute a transfer of the Property for purposes of this Section: (a) if Borrower is a partnership, the transfer of any general partnership interest or (unless traded in a recognized public exchange) of more than twenty-five percent (25%) of the limited partners' interest; (b) if Borrower is a corporation, the transfer (unless traded in a recognized public exchange) of more than twenty-five percent (25%) of the voting common shares or the creation or issuance of any new class of shares, (c) if Borrower is a limited liability company, the transfer (unless traded in a recognized public exchange) of more than twenty-five percent (25%) in interest therein, and (iv) if Borrower is a trust, any change in the effective holding of the beneficial interest of more than twenty-five percent (25%) of the assets thereof. Notwithstanding the foregoing, and subject to Section 9.17 hereof Borrower may permit a transfer of any partnership interest in Borrower or such other action which effects a change in the ownership, structure, management or control of Borrower, provided that, following such action, James C. Gianulias indirectly controls not less than fifty-one percent (51%) of the interest in Borrower and Bank shall be satisfied that such action will not impair in any way the enforceability of any Guaranty or Completion Guaranty and following such transfer, James C. Gianulias is not the general partner of Borrower or of any of its constituent entities.

8.19 Comply with Government Requirements: Comply promptly with any Governmental Requirement or Local Requirement.

8.20 Diligent Construction: Cause the construction of the Improvements to be promptly commenced within thirty (30) days after Recordation and thereafter prosecuted with diligence and continuity and completed in accordance with the Plans using new materials and workmanship free from fault on or before the applicable Completion Date, free and clear of liens or claims for liens.

8.21 Satisfy Conditions: Cause all conditions hereof to be satisfied at the time and in the manner herein provided.

8.22 Application of Disbursements: Receive the disbursements to be made hereunder as a trust fund for the purpose of paying the costs of construction of the Improvements and it will apply the same first to such payment before using any part thereof for any other purpose.

8.23 Approval: Obtain and deliver to Bank evidence of the approval by Local Authority and by all other applicable Governmental Authority of the Improvements in their entirety for permanent occupancy to the extent any such approval is a condition of the lawful use and occupancy of the Improvements.

8.24 Paid Vouchers: Deliver to Bank, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements, under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements.

8.25 Preliminary Notices: Deliver to Bank copies of all preliminary notices and other matters served on Borrower pursuant to the mechanics lien and stop notice or notice to withhold laws of the State in which the Property is located.

8.26 Defect Corrections: Upon demand of Bank, correct any defect in the Improvements or any departure from the Plans and Specifications not approved by Bank; the advance of any Loan proceeds shall not constitute a waiver of Bank's right to require compliance with this covenant with respect to any such defects or departures from the Plans and Specifications not theretofore discovered by, or called to the attention of Bank.

8.27 Contract Changes: Not, without the prior written consent of Bank, permit any change in the Plans and Specifications or, in any contract which (a) when added to the cumulative amount of all increases in the contract price resulting from Change Orders heretofore agreed to by Borrower, would result in a change in the contract price or in the cost of construction of the Improvements in excess of the Cumulative Change Order Amount or (b) change the number of Buildings, or reduce or increase the square footage of any Building by more than one hundred (100) square feet or change the number of Buildings or the number of floors or footprint of any Building or the number of units in any Building.

8.28 Cost Breakdown Changes: Without Bank's prior written consent, not change the Cost Breakdown. With such consent, which may be granted or withheld in Bank's sole discretion, the Cost Breakdown may be changed from time to time, however, Bank shall not be obligated to approve such changes unless Bank shall have received evidence satisfactory to it that (i) the change in such Cost Breakdown is reasonable and necessary, and (ii) in the opinion of Bank, there remains sufficient funds in the undisbursed portion of the Loan and of unexpended Borrower's Funds allocated in the Disbursement Schedule for the costs of construction of the Improvements to pay for all remaining costs of completion of construction of the Improvements. If Bank determines there is a deficiency of such sums, Bank may require a further deposit of Borrower Funds in the Borrower Funds Account as a condition of approving the change. If, in Bank's reasonable discretion, Borrower will not fully utilize the amount allocated for any particular item in the Cost Breakdown, and the cost savings can be confirmed based upon completed portions of the work of Improvements, then the excess shall be reallocated to another item or items as Bank may approve in its sole discretion. In Bank's sole discretion, Bank may, upon the occurrence of an Event of Default, in addition to all other rights and remedies of Bank, reallocate funds then remaining under the line item "Contractor's Fee" if the contractor is an affiliate of Borrower or any Guarantor or "Contingency" to any other line item.

8.29 Operations and Leasing Reports: After completion of construction and the commencement of leasing of any residential units of the Improvements, Borrower shall deliver to Bank, within thirty (30) days of the end of each month, reports certified by an authorized representative of Borrower showing the status of operation of the Property and leasing of space in the Improvements and a current rent roll. Such operation report shall include without limitation, all costs associated with the operation, maintenance, leasing and ownership of the Property, including, without limitation, all reserves, and all income received from all sources on account of the Property and Improvements, including, without limitation, all rentals, security deposits, revenues, reimbursements, deposits and other credits received. Borrower shall lease space in the Improvements in accordance with the Leasing Program as approved by Bank. Borrower shall manage the Property with its own personnel and shall not contract with a third party for property management services without the prior written approval by Bank of the third party and the terms of the contract. Bank hereby approves Mesa Management as the manager of the Property.

8.30 Net Operating Cash Flow: "Net Operating Cash Flow" is defined as rental receipts, reimbursements and all other revenues of any kind from the Property, less operating expenses and reserves, if any, all as reasonably approved by Bank. All of Borrower's Net Operating Cash Flow from the Improvements shall be applied (a) first, to the payment of installments of interest due upon the Note, and (b) next, to costs deemed necessary by Bank to complete the construction of the Improvements and other costs set forth on the Cost Breakdown. At any time during the continuance of an Event of Default, upon Bank's notice to Borrower, all Net Operating Cash Flow from the Property shall be delivered to Bank, and held by Bank in the Borrower's Funds Account, as collateral for Borrower's obligations under the Loan Documents. Borrower grants to Bank a security interest in all amounts so deposited in the Borrower's Funds Account at any time.

8.31 Lease Approvals: Borrower shall submit to Bank for its prior approval any leases that fail to meet any of the conditions in Exhibit G or any modifications of the Leasing Program previously approved by Bank. Such lease or modifications shall be subject to the approval of Bank. Bank may request such financial or other information with respect to the proposed tenant as it shall deem necessary in making its review of such lease or such modifications. Notwithstanding the foregoing, Borrower shall have the right, without the prior consent of Bank, to make changes to the form of lease required to comply with applicable laws.

9. EVENTS OF DEFAULT: Each of the following shall constitute an "Event of Default" hereunder (including, if Borrower consists of more than one person, the occurrence of any of such events with respect to any one or more of said persons):

9.1 Payment: Borrower's failure to pay when due any payment required under any of the Loan Documents or any other document evidencing or securing the Loan and such failure continues for ten (10) days after the due date thereof (any default under this Section 9.1 shall be deemed to be a monetary default); or

9.2 Covenants Against Transfer: The failure of Borrower to comply with the covenants contained in Section 8.18 hereof; or

9.3 Breach of Covenants: The failure of Borrower or any Guarantor to comply with any other covenant contained in any of the Loan Documents or any other document evidencing or securing the Loan and such failure continues for thirty (30) days after written notice thereof to Borrower by Bank (provided that, if the cure reasonably requires more than thirty (30) days to complete, then such thirty (30) day period may be extended for the time reasonably necessary, but in no event later than sixty (60) days after such written notice, but only if all the following conditions are satisfied: (i) Borrower commences the cure within thirty (30) days after such notice, (ii) Borrower diligently and continuously pursues such cure to completion, (iii) within thirty (30) days after such notice, Borrower gives Bank written notice of Borrower's intent to cure, including the steps that Borrower intends to take to cure and the reason(s) that such cure will take more than thirty (30) days to complete, and (iv) no monetary Events of Default are continuing during such extended cure period (subject to the provisions of Section 9.16 below)); or

9.4 Representations and Warranties: Any representation, warranty, statement, certificate, schedule or report furnished by Borrower, any Guarantor, General Partner or Cameo Homes or any of their constituent entities in connection with the Loan, whether given in this Agreement or any of the other Loan Documents or otherwise, shall be false or misleading in any material respect as of the time made or furnished; or

9.5 Financial Defaults: The failure by Borrower, any Guarantor, or General Partner to pay when due any of its material obligations owing to Lender in connection with this Loan; or

9.6 Injunctions: If Borrower, any Guarantor or General Partner is enjoined, restrained or in any way prevented by court order from conducting all or a substantial part of its business affairs, and such proceedings or injunction have not been dismissed or stayed within sixty (60) days from the date of filing of such proceeding or entry of such injunction; or

9.7 Receiver: The appointment of a receiver, trustee, conservator, or liquidator of Borrower, any Guarantor or General Partner, the Property, or any portion thereof; or

9.8 Bankruptcy: A filing by Borrower, any Guarantor or General Partner of (i) a voluntary petition in bankruptcy, seeking reorganization or rearrangement or taking advantage of any debtor relief laws, or (ii) an answer admitting the material allegations of a petition filed against Borrower, any Guarantor or General Partner in any bankruptcy, reorganization, insolvency, conservatorship or similar proceeding, or (iii) an admission in writing confirming the inability to pay its debts as they become due; or

9.9 General Assignment: The making by Borrower, any Guarantor or General Partner of a general assignment for the benefit of its creditors; or

9.10 Insolvency: The entry of an order, judgment or decree by any court of competent jurisdiction adjudicating Borrower, any Guarantor or General Partner as bankrupt or insolvent, or approving a petition seeking reorganization of Borrower, any Guarantor or General Partner or an arrangement of the debts of any of them, or appointing a receiver, trustee, conservator, or liquidator of Borrower, any Guarantor or General Partner or any portion of the Property or any other property of any of them; or

9.11 Construction Delays: Bank shall have determined that construction of the Improvements has fallen forty five (45) or more days behind the Construction Schedule approved by Bank, and such construction has not been rescheduled in a manner acceptable to Bank within ten (10) days after Bank's determination, unless such construction shall have fallen behind schedule for reasons solely beyond Borrower's control, in which case Borrower shall resume work immediately after the reason for such cessation shall have terminated; provided, however, under no circumstances shall any delay result in the extension of the Maturity Date or shall construction fall more than sixty (60) days behind the Construction Schedule, regardless of the cause therefor; or

9.12 Adverse Change: The occurrence of an uninsured casualty to the Property and Borrower's failure to either satisfy all of the conditions of Section 3.3(b) of the Trust Deed, and in particular without limitation Section 3.3(b)(f) thereof, or repay to Bank all amounts owing under the Loan Documents, in either case, within 45 days after Bank's written notice; or

9.13 Mezzanine Loan: The occurrence of a default or event of default under the Mezzanine Loan Documents, which continues after the end of the applicable cure period, if any, set forth in the Mezzanine Loan Documents; or

9.14 Failure of Condition: The inability of Borrower to satisfy any condition for the receipt of a disbursement hereunder and failure to resolve the situation to the satisfaction of Bank, for a period in excess of ten (10) days after written notice from Bank to Borrower demanding such satisfaction; or

9.15 Guaranty/Environmental Indemnity: Any Guaranty or Environmental Indemnity is repudiated or any Guarantor claims that its Guaranty or Environmental Indemnity is ineffective or unenforceable, in whole or in part and for any reason, with respect to amounts or obligations then outstanding or amounts or obligations that might in the future be outstanding.

9.16 Continuing Events of Default: After an Event of Default has occurred, the Event of Default will be deemed to be "continuing" for purposes of the Loan Documents until either:

(a) Bank is obligated to reinstate the indebtedness pursuant to California Civil Code Section 2924c(a)(1), or

(b) Bank expressly agrees, in writing, that the Event of Default is no longer continuing.

9.17 Death: The death of James C. Gianulias (provided that such Event of Default shall be suspended if, within 90 days after his death, (i) each of the then trustees of the trust that is a Guarantor reaffirms the Guaranties that were previously executed by James C. Gianulias individually and as trustee of such trust, (ii) the executor or administrator of the estate of James C. Gianulias reaffirms on behalf of the estate, the Guaranties that were previously executed by James C. Gianulias, as an individual, and (iii) reasonable provision is made for the continuance of the construction and operation of the Project by a management team reasonably approved by Bank that has substantial experience in developing, constructing and operating multifamily senior housing projects).

10. REMEDIES: If any of the Events of Default set forth in Section 9 occur, then Bank, in addition to its other rights hereunder, may at its option, without prior demand or notice may do any or all of the following:

10.1 Terminate the obligation of Bank to make disbursements hereunder.

10.2 Declare the Note immediately due and payable.

10.3 Notwithstanding the exercise of either one or both of the remedies described in Sections 10.1 and 10.2 hereof, Bank may make any disbursements after the happening of any one or more of said Events of Default without thereby waiving its right to demand payment of the Note and without liability to make any other or further disbursements.

10.4 Proceed as authorized by law to satisfy the indebtedness of Borrower to Bank and, in that regard, Bank shall be entitled to all of the rights, privileges and benefits contained in the Trust Deed and Security Agreements or other Loan Documents.

10.5 Take possession of the Property and perform any and all work and labor necessary to complete the Improvements substantially in accordance with the Plans and Specifications in which event expenditures therefor shall be deemed advances under this Loan to Borrower, payable on demand, bearing interest at the Default Interest rate and secured by the Trust Deed and other Security Agreements.

10.6 Take possession of all funds and deposits of Borrower on hand or deposited in any account at Bank or any branch at Bank and apply said funds in such order at priority as Bank may elect in connection with the obligations of Borrower, hereunder, under the Note, the Trust Deed and the other Loan Documents; provided, however, that, upon any such application of funds, Bank shall be deemed to have made immediate demand upon Borrower to deposit replacement funds into the funds and deposits of Borrower in the amount so applied and such payment or deposit shall be due and payable within five (5) days after notice to Borrower).

10.7 Continue in the ordinary course of business, the leasing of the Project and otherwise to do any or all acts concerning the Property, the Project or the Improvements that Borrower might do in its own behalf in the ordinary course of owning, operating, maintaining and marketing the Project as a going concern.

10.8 DISCLAIMER: WHETHER OR NOT BANK ELECTS TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE TO IT IN THE EVENT OF DEFAULT, BANK SHALL NOT BE LIABLE FOR THE CONSTRUCTION OF OR FAILURE TO CONSTRUCT OR COMPLETE OR PROTECT THE IMPROVEMENTS OR FOR PAYMENT OF ANY EXPENSE INCURRED IN CONNECTION WITH THE EXERCISE OF ANY REMEDY AVAILABLE TO BANK OR FOR THE CONSTRUCTION OR COMPLETION OF THE IMPROVEMENTS OR FOR THE PERFORMANCE OR NON-PERFORMANCE OF ANY OTHER OBLIGATION OF BORROWER.

11. POWER OF ATTORNEY: In the Event of Default as defined in Section 9 hereof, Borrower hereby constitutes and appoints Bank its true and lawful attorney in fact with the power and authority, including full power of substitution, as follows:

- 11.1 To take possession of the Property and complete the Improvements.
- 11.2 To use any of Borrower's Funds and any funds which may remain undisbursed under the Loan for the purpose of completing the Improvements and for other costs related thereto.
- 11.3 To make such additions and changes and corrections in the Plans and Specifications as may be necessary or desirable as Bank in its sole discretion deems proper to complete the Improvements.
- 11.4 To employ such contractors, subcontractors and agents, architects and inspectors as are required to complete the Improvements.
- 11.5 To employ guards to protect the Property and Improvements from injury.
- 11.6 To pay, settle or compromise all existing bills and claims against Borrower's Funds or any funds which may remain undisbursed under the Loan or as may be necessary or desirable, as Bank in its sole discretion deems proper, for the completion of the Improvements or for protection or clearance of title to the Property and Personal Property or for the protection of Bank's interest with respect thereto.
- 11.7 To prosecute and defend all actions and proceedings in connection with the construction of the Improvements.
- 11.8 As Bank in its sole discretion deems proper, to execute, acknowledge, and deliver all instruments and documents in the name of Borrower which may be necessary or desirable to do and to do any and every act with respect to the construction and leasing of the Improvements which Borrower might do on his own behalf.
- 11.9 To cure any default of Borrower under the Mezzanine Loan Documents.

This Power of Attorney is a power coupled with an interest and cannot be revoked and any costs or expenses incurred by Bank in connection with any acts by Bank under or pursuant to this Section 11 shall be at the cost and expense of Borrower, repayable on demand by Borrower to Bank with interest thereon at the Default Interest rate, with any such advances made or costs or expenses incurred by Bank to be secured by the Trust Deed and the Security Agreements.

12. SECURITY INTEREST: Borrower does hereby give and grant to Bank a security interest in all funds and deposits of Borrower on deposit at Bank or any branch of Bank, as additional security for the obligations of Borrower contained in the Note, Trust Deed or the Security Agreements.

13. FINANCIAL STATEMENTS: Borrower shall, and shall cause each Guarantor to, provide Bank the following Financial Statements ("Financial Statements"):

13.1 within ninety (90) days after the end of each fiscal year of Borrower and Cameo Homes (calendar year for Gianulias) copies of the financial statements (including, balance sheets, profit and loss statements, changes in financial position, and any other information

provided to Bank in connection with underwriting the Loan) of Borrower and Guarantor for the prior fiscal/calendar year, as applicable, all in reasonable detail and prepared for Borrower in accordance with generally accepted accounting principles or other tax based accounting consistent with statements provided to Bank prior to Recordation, and for Gianulias, in accordance with accounting principles consistently applied, and certified by the party delivering such financial statement; and

13.2 on or before March 31st for the six-month period ending December 31st and on or before September 30th for the six-month period ending June 30th, each Guarantor's financial statements as of the end of such period certified by the party providing such statements; and

13.3 within thirty (30) days after the filing thereof, copies of Borrower's and each Guarantor's tax returns including all schedules and K-1 forms, signed by the authorized representative of Borrower or each Guarantor, as applicable, to confirm the accuracy and completeness thereof; and

13.4 Within thirty (30) days after any request by Bank, Borrower shall provide to Bank a certification that there has been no material adverse change in the financial condition of Borrower or any Guarantor or information as to any such change, as applicable, and confirmation of the liquidity of all Guarantors, collectively, provided that such requests shall not be made more often than quarterly.

14. SIGNS: During the term of the Loan, Borrower hereby grants Bank the right to erect or cause to be erected Bank's sign or signs in size and location desired by Bank on the Property so long as such sign or signs do not interfere with the reasonable construction of the Improvements and do not disclose the amount of the financing. Borrower will and will cause General Contractor and other contractors and subcontractors to exercise due care to protect said sign or signs from damage.

15. GENERAL CONDITIONS:

15.1 No Waiver: No delay or omission of Bank in exercising any right or power arising from any default by Borrower shall be construed as a waiver of such default or as an acquiescence therein, nor shall any single or partial exercise thereof preclude any further exercise thereof. Bank may, at its option, waive any of the conditions herein and any such waiver shall not be deemed a waiver of Bank's rights hereunder but shall be deemed to have been made in pursuance of this Agreement and not in modification thereof. No waiver of any Event of Default shall be construed to be a waiver of or acquiescence in or consent to any preceding or subsequent Event of Default.

15.2 No Third Party Benefits: This Agreement is made for the sole benefit of Borrower and Bank, their successors and assigns and no other person or persons shall have any rights or remedies under or by reason of this Agreement nor shall Bank owe any duty whatsoever to any claimant for labor performed or material furnished in connection with the construction of the Improvements, to apply any undisbursed portion of the Loan to the payment of any such claim or to exercise any right or power of Bank hereunder or arising from any default by Borrower.

15.3 Notice: All notices, demand or other communication required or allowed to be given hereunder to either party shall be given in writing (at the address set forth below their respective signatures, below) by any of the following means: (a) personal service; (b) electronic communication; (c) overnight courier; or (d) registered or certified, first class mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either subsection (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to subsection (c) shall be deemed received on the business day immediately following deposit with the overnight courier and, if sent pursuant to subsection (d) shall be deemed received forty-eight (48) hours following deposit into the mail. It is understood and agreed that each of the parties will use reasonable efforts to send copies of any notices marked "With a copy to"; provided, however, that failure to deliver such copy or copies shall have no consequences whatsoever to the effectiveness of any notice made to the other party.

15.4 Death or Dissolution of Partner: In the event of the dissolution of Borrower or any Guarantor that is not a natural person or the death of any individual Guarantor (subject to the provisions of Section 9.17) prior to the completion of the Improvements or prior to the disbursement of the balance of Loan proceeds, Bank may cease disbursements hereunder (unless, solely in the case of a legal entity, the organizational documents provide for and the entity in fact does continue after such death or dissolution).

15.5 Indemnity: Borrower agrees to indemnify, defend Bank against, and hold Bank harmless from, any and all losses, damages (whether general or otherwise), liabilities, claims, causes of action (whether legal, equitable or administrative), judgments, court costs and legal or other expenses (including attorney's fees) which Bank may suffer or incur as a direct or indirect consequence of: (i) Bank's performance of this Agreement or any of the Loan Documents, including, without limitation, Bank's exercise or failure to exercise any rights, remedies or powers in connection with this Agreement or any of the Loan Documents; (ii) Borrower's failure to perform any of Borrower's obligations as and when required by this Agreement or any of the Loan Documents, including, without limitation, any failure, at any time, of any representation or warranty of Borrower to be true and correct and any failure by Borrower to satisfy any condition; (iii) any claim or cause of action of any kind by any person or entity to the effect that Bank is in any way responsible or liable for any act or omission by Borrower, whether on account of any theory of derivative liability or otherwise; (iv) any act or omission by Borrower, any contractor, subcontractor or material supplier, engineer, architect or other person or entity, except Bank, with respect to any of the Property or Improvements; (v) any claim or cause of action of any kind by any person or entity which would have the effect of denying Bank the full benefit or protection of any provision of this Agreement or the Loan Documents; or (vi) any act or omission by Borrower or any other party with respect to the Property or the Improvements or otherwise arising out of or relating to the Property or Improvements in any manner. Bank's rights of indemnity shall not be directly or indirectly limited, prejudiced, impaired or eliminated in any way by any finding or allegation that Bank's conduct is active, passive or subject to any other classification or that Bank is directly or indirectly responsible under any theory of any kind, character or nature for any act or omission by Borrower or any other person or entity, except Bank. Notwithstanding the foregoing, Borrower shall not be obligated to indemnify Bank with respect to any willful misconduct or act of gross negligence which Bank is personally

determined by the judgment of a court of competent jurisdiction (sustained on appeal, if any) to have committed or acts or omissions that first occur after title to the Property is transferred as the result of a foreclosure sale under the Deed of Trust. Borrower shall pay any indebtedness arising under said indemnity to Bank immediately upon demand by Bank together with interest thereon from the date such indebtedness arises until paid at the greatest effective rate of interest specified in the Note and which is applicable on or after the maturity or acceleration of the Note. Borrower's duty to indemnify Bank shall survive the release and cancellation of the Note and the release and reconveyance or partial release and reconveyance of the Trust Deed.

15.6 Further Assurances; Authorization: Borrower shall, upon the request of Bank, at Borrower's expense, execute, acknowledge and deliver such further instruments (including, without limit, a declaration of no offset) and perform such other acts as may be necessary, desirable or proper (as determined by Bank) to carry out the purposes of the Loan Documents or to perfect and preserve the lien or charge of the Loan Documents.

15.7 Form of Documents: The form and substance of all documents, instruments, papers and forms of evidence to be delivered to Bank under the terms of any of the Loan Documents shall be subject to the approval of Bank. No document or instrument delivered to Bank or to be delivered to Bank, or which is subject to the approval of Bank under the terms of any of the Loan Documents, shall be amended, modified, superseded or terminated in any respect whatsoever without Bank's prior written approval.

15.8 Time is of the Essence: Time is hereby declared to be of the essence of this Agreement and of every part hereof.

15.9 Supplement to Security Agreements: The provisions of this Agreement are not intended to supersede the provisions of the Trust Deed or the Security Agreements but shall be construed as supplemental thereto.

15.10 Joint and Several Obligations: If Borrower consists of more than one person acting in their individual capacities or as general partners in a partnership (excluding, however, any limited partner or member of a limited liability company except insofar as such person may execute an express guaranty or other agreement to be liable), the obligations of Borrower shall be the joint and several obligations of all such persons, and any married person who executes this Agreement agrees that recourse may be had against his or her separate property for satisfaction of his or her obligations hereunder. 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 the masculine shall include the feminine and neuter and vice versa.

15.11 Authority to File Notices: Borrower hereby appoints and authorizes Bank, as its agent (but without any obligation on the part of Bank to do so), to record any notices of completion, cessation of labor and other notices that Bank deems necessary to record to protect any interest of Bank under the provisions of this Agreement, the Note, the Trust Deed or any of the Security Agreements. This agency is a power coupled with an interest and is not revocable.

15.12 Actions: Bank shall have the right to commence, appear in or defend any action or proceeding purporting to affect the Property, Improvements, Loan Documents or the rights,

duties or liabilities of Borrower or Bank under any of the Loan Documents. In exercising such right, Bank may incur and pay costs and expenses including, without limit, attorneys' fees and court costs. Borrower agrees to pay to Bank upon demand all such expenses incurred or paid by Bank together with interest, at the greatest effective rate of interest specified in the Note, from the date such expenses were incurred or paid by Bank. Until repaid, such amounts shall have the security afforded disbursements under the Note.

15.13 Nonliability of Bank: The relationship of Borrower and Bank under the Loan Documents is, and shall at all times remain, solely that of Bank and Borrower, and Bank neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Property, Improvements, or Loan, except as expressly provided in the Loan Documents. Bank shall not be liable in any way for any failure to perform or delay in performing the whole or any part of the Loan Documents by Bank and Bank may suspend or terminate all or any portion of Bank's obligations under the Loan Documents if such delay or failure by Bank results directly or indirectly from, or such suspension or termination by Bank is based upon, the action or inaction, or purported action, of any governmental or local authority (except to the extent that the regulatory authority imposes such restriction as a result of Bank's unlawful conduct), or any war (whether declared or not), rebellion, insurrection, strike, lock-out, boycott or blockade (whether presently in effect, announced or in the sole judgment of Bank deemed probable) or any act of God, or any other cause or event beyond the control of Bank.

15.14 Attorney's Fees: If any legal action or proceeding is brought by either Borrower or Bank to enforce or construe a provision of the Loan Documents, the unsuccessful party in such action or proceeding, whether or not such action or proceeding is settled or prosecuted to final judgment, shall pay all of the reasonable attorney's fees and costs incurred by the prevailing party in the action, including but not limited to any attorneys' fees incurred as a result of an appeal of the action. If Borrower shall become subject to any case or proceeding under the bankruptcy and reorganization laws of the United States, as amended or recodified from time to time, Borrower shall pay to Bank on demand all attorneys' fees, costs and expenses which Bank may incur to obtain relief from any provision of the Act which delays or otherwise impairs Bank's exercise of any right or remedy under any of the Loan Documents or to obtain adequate protection for any of Bank's rights or collateral.

15.15 Assignment: Borrower shall not assign any of the Loan Documents or any of Borrower's interest in any monies due or to become due under any of the Loan Documents or convey or encumber any of the Property, Improvements, or any personal property, goods, or fixtures now or hereafter located at the Property or the Improvements without the prior written consent of Bank or except as permitted herein. Any such assignment made without such consent or except as permitted herein shall be void. Borrower recognizes that this is not an ordinary loan and that Bank would not make this Loan except in reliance on Borrower's expertise, reputation and Bank's knowledge of Borrower, and that this Agreement is more in the nature of a personal service contract than a standard loan where Bank would rely on security which already exists. In this instance the Improvements are not constructed and Bank is relying heavily on Borrower's expertise and prior experience to develop the Improvements in accordance with the terms of the Loan Documents.

15.16 Sale of Participations: Bank shall have the right to sell participation interests in the Loan or to assign and transfer the Loan to any other persons or entities without the consent of or notice to Borrower. Bank may disclose to any participants or assignees or prospective participants or assignees any information or other data or material in Bank's possession relating to Borrower, any Guarantor, the Loan, the Property, the Project, and/or the Improvements, including the construction thereof, without the consent of or notice to Borrower, provided that Bank requires that such prospective purchaser or participant maintain such information as confidential. In the event Bank shall participate or assign all or any part of the Loan, the designation "Bank" herein shall include all participants and assigns. Unless written notice to Borrower to the contrary is given by the original Bank, Borrower shall deal and communicate solely with, and rely solely upon communications from, the original Bank, and Borrower shall not be entitled to rely upon and shall not accept any notice or other communication concerning the Loan from any such participant or assignee. Upon an entire assignment by Bank to one or more assignees, Bank shall be relieved of any further obligations or liabilities hereunder and Borrower shall look solely to such assignee(s) for performance of Bank's duties hereunder.

15.17 Participations. Borrower acknowledges that Bank may sell participation interests in portions of this Loan. Borrower acknowledges that participants typically have approval rights over such matters as: (a) reducing principal or interest (except late charges, penalties or similar payments of any kind may be waived or enforced by Bank in Bank's sole discretion); (b) postponing any date fixed for any payment of principal; (c) postponing any date fixed for any payment of interest for a period of more than seventy-five (75) days; or (d) unless required by the terms of the Loan Documents, releasing or subordinating any of the collateral or waiving any claim against any guarantor or person who may be secondarily liable that would have a material, adverse effect on the collection and enforcement of the Loan and the Loan Documents.

15.18 Rules for Construction: A reference to any of the Loan Documents shall include all or any of the provisions of the Loan Documents. A reference to the Property or Improvements shall be a reference to all or any parts of the Property or Improvements. A reference to Bank shall include Bank's agents.

15.19 Severability: If any provision of the Loan Documents shall for any reason be determined by a court of competent jurisdiction, and sustained on appeal, if any, to be unenforceable by Bank in any respect, such unenforceability shall not affect any other provisions thereof, and the Loan Documents shall be construed as if such unenforceable provision had not been contained therein; provided, if any provision of the Loan Documents shall be unenforceable by reason of a final judgment of a court of competent jurisdiction based upon such court's ruling, and sustained on appeal, if any, that said provision is unenforceable because of the unenforceable degree of magnitude of the obligation imposed thereby, said unenforceable degree of magnitude of the obligation shall be reduced in magnitude or degree by the minimum amount necessary in order to provide the maximum degree or magnitude of rights which are enforceable by Bank, and the Loan Documents shall be automatically and retroactively amended accordingly to contain such maximum or magnitude of said obligation which is enforceable by Bank, rather than the more burdensome but unenforceable original obligation. As used herein, "unenforceable" is used in the broadest and most comprehensive sense and includes the concepts of void and voidable.

15.20 Heirs, Successors and Assigns: The terms of this Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties; provided, however, that this Section shall not be deemed a waiver of the provisions contained in Section 15.15 or, in any other restriction on transfer or assignment with respect to interests in the Loan, the Property or the Borrower contained in any of the Loan Documents.

15.21 Headings: All headings appearing in this Agreement are for convenience only and shall be disregarded in construing this Agreement.

15.22 Interpretation: This Agreement and the Loan Documents shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal law. In any action brought or arising out of this Agreement or the Loan Documents, Borrower and the general partners and joint venturers of Borrower hereby consent to the jurisdiction of any Federal or State Court within the State of California and also consent to the service of process by any means authorized by the laws of said State or by federal law.

15.23 WAIVER OF JURY TRIAL. THE FOLLOWING WAIVER IS INTENDED TO BE EFFECTIVE TO THE EXTENT THAT SUCH PROVISION MAY BECOME EFFECTIVE UNDER CALIFORNIA LAW IN THE FUTURE. BORROWER AND BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. BORROWER AND BANK EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

15.24 Integration: This Agreement contains or expressly incorporates by reference the entire and exclusive agreement of the parties with respect to the matters contemplated herein and supersedes all prior negotiations related thereto, and this Agreement shall not be amended or modified in any way except by a written instrument which is executed by all parties hereto. Borrower acknowledges and represents that the Loan Documents and any documents or instruments referenced therein are the only agreements of the parties with respect to the subject matter of the Loan and that Bank has made no other agreement or representation to Borrower, whether oral or written.

15.25 Bank Consents: With respect to any matter requiring Bank's consent hereunder, Borrower shall direct written request for such consent to Bank pursuant to Section 15.3 above.

including such information as Borrower may deem pertinent to Bank's decision. From time-to-time, Bank may designate a specific individual to whom such requests shall be directed. No failure of Bank to respond to a request shall be deemed a consent to the request. No response by Bank shall be effective as a consent unless the same is in writing executed by a duly authorized officer of Bank.

15.26 Counterparts: This Agreement may be executed in one or more counterparts, each of which together shall constitute one and the same instrument.

15.27 Recitals: The Recitals contained herein are true and correct and are incorporated into this Agreement.

15.28 Waiver of Civil Code Section 2822: Borrower hereby waives any right under California Civil Code Section 2822 or any successor sections to designate the portion of the obligations under the Loan Documents that are to be satisfied by any payment or other satisfaction by Borrower. Any such payment or other satisfaction shall not affect in any manner the obligations of Guarantor under the Guaranty.

15.29 Survival: The representations, warranties and covenants herein shall survive the disbursement of the Loan and shall remain in force and effect until the Loan is paid in full.

16. SPECIAL CONDITIONS: The special conditions of the Loan, if any, are set forth in Exhibit "F" attached hereto and made a part hereof.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

BANK:

BANK OF THE WEST.

a California banking corporation

By: *Jan Yanista*

Name: Jan Yanista

Title: Vice President

Address:

Construction Loan Administration
3000 Oak Road, Suite 400 (NC-OAK-04-A)
Walnut Creek, California 94597
Fax No. (925) 256-4143

With a copy to:

Pillsbury Winthrop Shaw Pittman LLP
101 West Broadway, Suite 1800
San Diego, CA 92101
Attn: Angela M. Yates, Esq.
Fax No.: (619) 236-1995

BORROWER

MURRIETA VILLAGEWALK L.P.

a California limited partnership

By: Murrieta Villagewalk LLC.

a California limited liability company

Its: General Partner

By: Cameo Homes.

a California corporation

Its: Manager/Member

By: *J.C. Granulias*

Name: J.C. Granulias

Title: President

Address:

Murrieta Villagewalk L.P.
c/o Cameo Homes
1105 Quail Street.
Newport Beach, CA 92660
Attn: James C. Granulias
Fax No.: (949) 250-8574

With a copy to:

Croudace & Dietrich
5 Park Plaza, Suite 1150
Irvine, CA 92614
Attn: Debra M. Dietrich, Esq.
Fax No.: (949) 704-9909

GENERAL CONTRACTOR

The undersigned General Contractor hereby represents and warrants it has approved the Plans and Specifications referenced in Exhibit "C." makes the covenants set forth in Sections 8.5, 8.6 and 8.7 hereof and agrees that the Disbursement Schedule shall control notwithstanding the provisions of the General Contract.

GENERAL CONTRACTOR:

G COMPANIES CONSTRUCTION, INC.,
a California corporation

By:

Its:

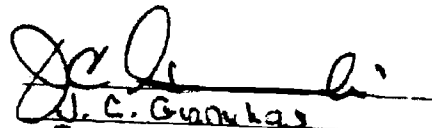

J. C. Grouhas
President

EXHIBIT A

DISBURSEMENT SCHEDULE

THIS EXHIBIT A IS ATTACHED TO AND A PART OF THAT CERTAIN BUILDING LOAN AGREEMENT DATED AS OF DECEMBER 21, 2005 BY AND BETWEEN THE UNDERSIGNED.

THE LOAN PROCEEDS IN THE AMOUNT OF \$51,000,000.00 PLUS BORROWER'S FUNDS IN THE AMOUNT OF \$5,703,338.00 AGGREGATING \$56,703,338.00, SHALL BE DISBURSED AS FOLLOWS:

I. INITIAL DISBURSEMENT: Bank is hereby authorized and directed to make Initial Disbursements for the purposes, in the amounts, and to the persons indicated:

1. To Bank, payoff of principal, interest and payoff fees outstanding under Bank of the West Loan #1000207841-00026 in the amount of \$9,877,529.00, as of 1/12/06. Interest owing to date of payoff shall be deducted from the "A&D Interest" line item described in paragraph II.C below.

2. As a non-refundable Loan Fee to Bank, the sum specified in the fee letter between Bank and Borrower.

3. To First American Title Company for payment of Title Policy Premiums and recording fees, the approximate sum of \$25,000.00.

4. To First American Title Company for escrow no. 2131198, the approximate sum of \$1,640,664.00 to be used for Permits and Fees, \$25,000.00, to be used for Key Bank Mezzanine Deposit, \$78,130.00, to be used for A & E Design, \$97,692.00 to be used for G & A and Marketing and \$1,094.00 to be used for Other Legal and Accounting, Total Draw at close of Escrow is: \$1,842,580.00.

5. To Bank, pay the sum of \$359,495.00 as reimbursement for miscellaneous processing fees. (Miscellaneous processing fees may include, but not be limited to Credit Report Fee, Flood Hazard Determination Fee, UCC Filing and Search Fee, Certificate(s) of Good Standing Fee, Federal Express, Messenger or Mail Services, PML Report Fee, Bank of the West Legal Fees, Cost Review Fee and Appraisal Fee.)

II. SUBSEQUENT DISBURSEMENTS: The remainder of the Loan proceeds and Borrower's Funds in the sum aggregate of \$44,598,734.00 plus funds not disbursed as provided for in Section I hereof or less any additional funds disbursed as provided for in Section I hereof, shall be disbursed in conformity with the following Sections:

A. Subject to the terms and conditions of Paragraph B of Exhibit F, on or about the first day of each calendar month following commencement of construction of the Improvements, Contractor shall submit to Borrower or Borrower's Architect, a Certified Invoice (attached to the Building Loan Agreement as Exhibit D) showing the estimated cost of labor performed on and materials incorporated into the Improvements. The original of such Certified Invoice, certified true and correct by the General Contractor and approved by Borrower or Borrower's Architect,

shall be submitted to Bank for payment. Upon verification of the accuracy of the Certified Invoice by the Bank's inspection agent's review of the status of the Improvements, Bank shall disburse to Borrower 100% of the amount of the applicable approved Certified Invoice but in no event shall the aggregate of such payments exceed the sum of \$36,341,850.60 except as provided for by Borrower and accompanied by funds for the payment thereof. The Final Disbursement in the sum of \$3,657,789.40 shall be made upon compliance with the provisions of Section 6.3 of the Building Loan Agreement.

B. The sum of \$2,000,000 is an interest reserve which shall be disbursed from time to time on the interest payment date specified in the Note by the disbursement by Bank of sufficient amounts to pay interest due on the Note. Each such interest payment shall then be deemed paid in full. When said sum has been completely disbursed, Borrower shall make interest payments directly to Bank in accordance with the terms of the Note.

C. The sum of \$2,599,094.00 shall be disbursed for Soft Costs in amounts and for the purposes specified below:

(i)	Other Consultants	\$172,775.00
(ii)	A & E, Design	\$19,304.00
(iii)	Property Taxes	\$503,096.00
(iv)	G & A and Marketing	\$458,113.00
(v)	Financing Cost	\$94,212.00
(vi)	Other Legal/Accounting	\$7,034.00
(vii)	A & D Interest	\$80,000.00
(viii)	Permits and Fees	\$1,252,560.00

(ix) The sum of \$12,000.00 shall be disbursed from time to time for **Inspection Fees** incurred by Bank, or Bank's agent, by the disbursement by Bank of sufficient amounts to pay the inspection fees incurred for the inspection of the Project. When said sum has been completely disbursed, Borrower shall make inspection fee payments directly to Bank upon Bank's request.

D. Any contingency line items in the Cost Breakdown shall be available for disbursement or reallocation to other line items upon Bank's written approval (not unreasonably to be withheld provided all other requisite approvals have been obtained) to pay cost increases due to Change Orders and other changes of specific line items if and to the extent approved by Bank; provided, however, that no contingency line item may be reduced by disbursement or reallocation to other line items if the amount remaining in the contingency line item would thereby be reduced (as a percentage of the original amount of such line item) below the percentage remaining undisbursed of line items for hard costs to complete the Improvements.

E. It is a requirement of the Loan that any unexpended Borrower Funds or other Borrower Equity allocated in a line item in the Cost Breakdown be expended (and if in a Borrower Funds Account, disbursed) prior to any disbursement of Loan proceeds for such line item.

BORROWER ACKNOWLEDGES THAT STATE LAW REQUIRES ANY ESCROW AGENT HANDLING FUNDS IN AN ESCROW CAPACITY (INCLUDING ANY TITLE INSURANCE COMPANY) TO HAVE DEPOSITED INTO ITS ESCROW DEPOSITORY ACCOUNT, PRIOR TO RECORDING A TRANSACTION, IMMEDIATELY AVAILABLE FUNDS REPRESENTING ALL DISBURSEMENTS TO BE MADE BY THE ESCROW AGENT.

ACCORDINGLY, WITH RESPECT TO ALL FUNDS TO BE DISBURSED PURSUANT TO THE ABOVE, BORROWER AUTHORIZES BANK TO MAKE SUCH DISBURSEMENT TO THE TITLE INSURER ON THE DATE SPECIFIED BY SAID TITLE INSURER, WHICH DATE MAY BE PRIOR TO THE RECORDING OF THE TRUST DEED. INTEREST ON AMOUNTS OUTSTANDING UNDER THE NOTE SHALL ACCRUE FROM THE DATE OF DISBURSEMENT, WHICH MAY NOT BE THE DATE OF RECORDING OF THE TRUST DEED. TITLE INSURER SHALL SPECIFY THE DATE IT REQUIRES SUCH PROCEEDS (INCLUDING LOAN PROCEEDS) FOR USE IN SAID ESCROW.

[Remainder of page intentionally left blank.]

THIS DISBURSEMENT SCHEDULE IS EXECUTED BY BORROWER AND BANK
AS OF DECEMBER 21, 2005

BANK:

BANK OF THE WEST,
a California banking corporation

By: [Signature]
Name: Jary Manista
Title: Vice President

BORROWER:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager Member

By: [Signature]
Name: _____
Title: _____

☒ [X] CREDITING COMMERCIAL ACCOUNT # 733-002414
AT OFFICE NO. _____

☐ [] CASHIER'S CHECK

☐ [] WIRE TRANSFER.

ACCOUNT NO.: _____
BANK OFFICE: _____
CONTACT: _____
TELEPHONE: _____
ABA ROUTING NO.: _____

EXHIBIT B

COST BREAKDOWN

Attached hereto, consisting of _____ pages signed by Borrower

Bank:

BANK OF THE WEST,
a California banking corporation

By: [Signature]

Name: Jan Manista

Title: Vice President

Borrower:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager/Member

By: [Signature]

Name: [Signature]

Title: President

General Contractor:

G COMPANIES CONSTRUCTION, INC.,
a California corporation

By: [Signature]

Name: [Signature]

Title: President

Date:

December 21, 2005

EXHIBIT "B-1"
COST BREAKDOWN

[See Attached]

HARD COSTS

CONSTRUCTION PROGRESS REPORT

Line Item No.	Budget Description	Total Project Budget	Equity	Loan Budget	Previous Budget Transfers	This Period Budget Transfer	Revised Project Budget	Previous Disbursements \$ Amount	%	Request This Period	Total Disbursed Incl. Req. This Period \$ Amount	%	Remaining Funds \$ Amount	%
2680	Payoff 1000207841-00026	\$ 4,174,191.00		\$ 4,174,191.00			\$ 4,174,191.00		0.00%		\$ -	0.00%	\$ 2,174,191.00	100.00%
2510	Site Work	\$ 5,095,822.00		\$ 5,095,822.00			\$ 5,095,822.00		0.00%		\$ -	0.00%	\$ 5,095,822.00	100.00%
1010	Building Costs	\$ 32,583,224.00		\$ 32,583,224.00			\$ 32,583,224.00		0.00%		\$ -	0.00%	\$ 32,583,224.00	100.00%
1011	Contractor's Fee	\$ 1,632,516.00		\$ 1,632,516.00			\$ 1,632,516.00		0.00%		\$ -	0.00%	\$ 1,632,516.00	100.00%
2520	Liability Insurance	\$ 688,078.00		\$ 688,078.00			\$ 688,078.00		0.00%		\$ -	0.00%	\$ 688,078.00	100.00%
TOTAL HARD COSTS:		\$ 44,173,831.00		\$ 44,173,831.00			\$ 44,173,831.00		0.00%		\$ -	0.00%	\$ 44,173,831.00	100.00%
Equity KeyBank Mezz		\$5,700,000.00												

SOFT COSTS

2630	Title & Recording	\$ 25,000.00		\$ 25,000.00			\$ 25,000.00		0.00%		\$ -	0.00%	\$ 25,000.00	100.00%
3080	Misc. Processing Fee	\$ 381,495.00		\$ 381,495.00			\$ 381,495.00		0.00%		\$ -	0.00%	\$ 381,495.00	100.00%
340	Arch. Design	\$ 97,434.00		\$ 97,434.00			\$ 97,434.00		0.00%		\$ -	0.00%	\$ 97,434.00	100.00%
240	Property Taxes	\$ 503,096.00		\$ 503,096.00			\$ 503,096.00		0.00%		\$ -	0.00%	\$ 503,096.00	100.00%
2820	Inspection Fees	\$ 12,000.00		\$ 12,000.00			\$ 12,000.00		0.00%		\$ -	0.00%	\$ 12,000.00	100.00%
2840	G & A and Marketing	\$ 555,805.00		\$ 555,805.00			\$ 555,805.00		0.00%		\$ -	0.00%	\$ 555,805.00	100.00%
3130	Permits & Fees	\$ 2,893,224.00		\$ 2,893,224.00			\$ 2,893,224.00		0.00%		\$ -	0.00%	\$ 2,893,224.00	100.00%
3081	Financing Costs	\$ 72,212.00		\$ 72,212.00			\$ 72,212.00		0.00%		\$ -	0.00%	\$ 72,212.00	100.00%
2881	KeyBank Deposit on Mezz	\$ 25,000.00		\$ 25,000.00			\$ 25,000.00		0.00%		\$ -	0.00%	\$ 25,000.00	100.00%
2890	Interest Reserve	\$ 2,000,000.00		\$ 2,000,000.00			\$ 2,000,000.00		0.00%		\$ -	0.00%	\$ 2,000,000.00	100.00%
2742	Other Legal/Accounting	\$ 8,128.00		\$ 8,128.00			\$ 8,128.00		0.00%		\$ -	0.00%	\$ 8,128.00	100.00%
2710	Other Consultants	\$ 172,775.00		\$ 172,775.00			\$ 172,775.00		0.00%		\$ -	0.00%	\$ 172,775.00	100.00%
2891	A & D Interest	\$ 80,000.00		\$ 80,000.00			\$ 80,000.00		0.00%		\$ -	0.00%	\$ 80,000.00	100.00%
TOTAL SOFT COSTS:		\$ 6,826,169.00		\$ 6,826,169.00			\$ 6,826,169.00		0.00%		\$ -	0.00%	\$ 6,826,169.00	100.00%
GRAND TOTALS:		\$ 51,000,000.00		\$ 51,000,000.00			\$ 51,000,000.00		3.61%		\$ 1,842,580.00	3.61%	\$ 49,157,420.00	96.39%

EXHIBIT C

SCHEDULE OF PLANS AND SPECIFICATIONS

Consisting of _____ pages attached hereto.

Bank:

BANK OF THE WEST,
a California banking corporation

By: [Signature]
Name: Jan Manista
Title: Vice President

Borrower:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager/Member

By: [Signature]
Name: J. C. Granados
Title: President

General Contractor:

G COMPANIES CONSTRUCTION, INC.,
a California corporation

By: [Signature]
Name: J. C. Granados
Title: President

Date:

December 21, 2005

EXHIBIT D

FORM OF CERTIFIED INVOICE FOR PROGRESS PAYMENT

[See Attached]



CERTIFIED INVOICE FOR PROGRESS PAYMENT
REQUEST FOR FUNDS

[THIS FORM TO BE COMPLETED AND EXECUTED
FOR EACH DISBURSEMENT REQUEST]

No. _____

Date: _____, 2006

To: BANK OF THE WEST
Real Estate Industries Group
3000 Oak Road, Suite 400
Walnut Creek, California 94597
Attn: Disbursement Department 9-502-2 (S)

From: Murrieta Villagewalk, L.P.
1105 Quail Street
Newport Beach, Ca 92660

Project Location: 453 Unit Apartment - Villagewalk, Murrieta, Ca

Loan Number: 1000207841-

☐ Please Direct Deposit to Account: 733-002414

☐ Please Wire Transfer

Bank Name: _____

ABA/Route No. _____

Address: _____

Account No. _____ Account Name _____

You are hereby authorized and requested to make immediate disbursement of funds held by you for this Project in accordance with the attached Payment Request, which is incorporated herein by this reference and made a part hereof and which indicates the Item Number from which funds are requested and supporting invoices. You are further hereby authorized, at your option, to make such disbursement to Borrower's disbursement account identified above and, at your further option, to transfer any or all of such funds so disbursed into the disbursement account of the general contractor maintained with you for this Project.

The undersigned hereby certifies that:

(i) the labor, services and/or materials covered hereby have been performed upon or furnished to the above-referenced Project;

(ii) there have been no changes in the Approved Budget, except those approved by Bank in writing;

(iii) all construction to date has been performed in accordance with the Plans for the Improvements approved by Bank, and there have been no changes in those plans and specifications except as may be expressly permitted by the Loan Agreement or as have been approved by Bank in writing;

(iv) there have been no changes in the scope of performance of the work of construction, nor any extra work, labor or materials ordered or contracted for, nor are any such changes or extras contemplated, except as may be expressly permitted by the Loan Agreement or as have been approved by Bank in writing;

(v) the payments to be made with the funds requested herein will pay all bills now due and received to date for any labor, materials and services furnished in connection with construction of the Improvements;

(vi) all amounts previously disbursed by you for labor, services and/or materials for the above-referenced Project pursuant to previous Requests for Funds have been paid to the parties entitled thereto;

(vii) if requested by Bank, attached to this Request for Funds are:

For costs to be paid

(A) invoices for, or other, evidence satisfactory to Bank, of the costs requested; and

(B) conditional lien releases, in Bank's prescribed form, in the amount of the costs requested, except for costs owed to parties which have no legal rights under California's mechanic's lien laws.

For reimbursement of costs paid

(D) copies of canceled checks endorsed by the payee showing payment of any such reimbursement; or

unconditional lien releases, in Bank's prescribed form, in the amount of the costs requested, except for costs owed to parties which have no legal rights under California's mechanic's lien laws; and

(E) invoices for, or other evidence satisfactory to Bank, of the costs requested.

(viii) all conditions to the disbursement of the funds requested herein as set forth in the Loan Agreement have been fulfilled, and, to the knowledge of the undersigned, no Event of Default or unmatured breach or event of default under the Loan Agreement or any of the Loan Documents referred to therein has occurred and is continuing.

BORROWER:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager/Member

By: [Signature]
Name: A. C. Granadas
Title: President

AMOUNT REQUESTED: \$ _____

BANK OF THE WEST
APPROVED FOR PAYMENT:

By: _____ Date: _____, 200_

EXHIBIT E

RESERVED

EXHIBIT F

SPECIAL CONDITIONS

SPECIAL CONDITIONS: The following provisions are incorporated into the Building Loan Agreement dated as of December 21, 2005, and supersede any provision of the Agreement to the extent inconsistent therewith.

A. Extensions: Borrower shall have the option to extend the maturity date of the Loan for two periods of twelve (12) months each (each, an "Extended Loan Period"), upon the same terms and conditions set forth in the Loan Agreement, as modified by the provisions set forth in this Section, upon satisfaction of all the following conditions as to each Extended Loan Period:

(a) No Event of Default has occurred and is continuing upon the date this option is exercised or the Maturity Date;

(b) Borrower provides Bank with at least sixty (60) days prior written notice of its intent to exercise said option;

(c) Concurrently with delivery of said notice Borrower pays to Bank a non-refundable extension fee as more particularly described in the Fee Letter Agreement;

(d) All of the Improvements shall have been completed in accordance with the requirements of the Loan Agreement;

(e) Borrower and Guarantor shall have delivered to Bank current financial statements;

(f) Bank determines that the undisbursed Loan proceeds are sufficient to pay all costs designated in the Cost Breakdown in accordance with the allocation of such proceeds set forth in the Cost Breakdown;

(g) If requested by Bank, Borrower shall obtain the issuance of any endorsements to the Title Policy reasonably requested by Bank in connection with such extension;

(h) Borrower shall have paid to Bank all costs and expenses, including, without limitation, reasonable attorneys' fees and documentation charges, incurred in connection with Borrower's exercise or request to exercise this option to extend;

(i) The Improvements shall have been leased to tenants who are in occupancy and paying rent, upon terms conforming to the requirements set forth in the Loan Agreement or which are otherwise acceptable to Bank, such that the debt service coverage ratio for the Property is not less than 1.15:1.00 ("Debt Service Coverage Test"), which shall be determined based on the Annualized Net Operating Income for the Property and an Assumed Debt Service based upon the following definitions:

"Annualized Net Operating Income" shall be defined as (A) the Effective Gross Rental Income (as defined below) from the Property; minus (B) the Operating Expenses (as defined below) for the Property.

"Effective Gross Rental Income" means (A) "Annualized Gross Rents" defined as rental income (including, base rent, utility reimbursement, parking fees, laundry income and other similar revenues) actually paid to the Borrower for the most recent two (2) months, pursuant to Leases executed in accordance with the Leasing Program, with each tenant in occupancy and paying rent, multiplied by six (6).

"Operating Expenses" means the greater of: (A) the annualized amount of actual operating expenses for the Property in the previous two (2) months including expenses incurred by the Borrower for utilities serving the common areas of the Improvements, security and life safety, repair and maintenance, insurance, reasonable general and administrative expenses, real property taxes and assessments and personal property taxes and reserves and an amount for capital reserves equal to \$150 per unit, per year.

"Assumed Debt Service" means an estimate of annual permanent loan debt service for the Property based on: (A) a loan amount that is equal to \$51,000,000, minus amounts of principal that have been repaid, minus the amounts of the undisbursed Loan commitment that Borrower and Lender have agreed in writing to terminate.

(j) The total principal amount outstanding and the undisbursed portion of the Loan does not exceed seventy-five percent (75%) of the then-current Appraised Value of the Property.

(k) To the extent that either of the tests in (i) or (j) above is not satisfied, then Borrower shall repay a portion of the outstanding principal amount of the Loan, in such amounts as to comply with such tests.

(l) As to the second Extended Loan Period only, the term of the Loan shall have been extended for the first Extended Loan Period.

B. Disbursements for Site Work. Notwithstanding contrary provisions in Section 5.2.11, Bank will disburse to Borrower, upon Bank's verification of the accuracy of the Certified Invoice by the Bank's inspecting agent's review of the status of such improvements, the costs of work indicated on the approved precise grading plan and for other site utility work (based upon percentage of completion) in an amount not to exceed an aggregate of Four Million Dollars (\$4,000,000). No more than Four Million Dollars (\$4,000,000) in hard cost funds (including the amounts described in the previous sentence) shall be disbursed until Bank has received all remaining building permits, grading permits or other authorization, if any, which may be required by the Local Authority or Governmental Authority for the construction of the Improvements.

C. Disbursements for Building Costs. Prior to Bank's receipt and approval of "all risk" property insurance as described in Section 8.13, Bank will not disburse to Borrower any of the "Building Costs" as set forth in line item no. 1010 of the Cost Breakdown attached hereto as Exhibit B. Borrower shall not commence construction without such insurance in place in compliance with Bank's requirements.

D. Stored Materials. No advances will be made for Stored Materials unless (i) Borrower has good title to the Stored Materials and the Stored Materials are components in a form ready for incorporation into the Improvements and will be so incorporated within a period of forty-five (45) days, (ii) the Stored Materials are in Borrower's possession and satisfactorily segregated, marked and stored on the Land or such materials are satisfactorily segregated, marked and stored at such other site as Bank may approve, (iii) the Stored Materials are protected and insured against theft and damage in a manner and amount satisfactory to Bank, (iv) the Stored Materials have been paid for in full or will be paid for with the funds to be advanced and all lien rights and claims of the supplier have been released or will be released upon payment with the advanced funds, and (v) Bank has or will have upon payment with the advanced funds a perfected, first priority security interest in the Stored Materials. Notwithstanding the foregoing, the aggregate amount of advances for Stored Materials that have not yet been incorporated into the Improvements shall not exceed \$100,000.

EXHIBIT G

LEASE APPROVAL REQUIREMENTS

A Lease which meets any of the following conditions must be approved by Bank pursuant to Section 8.31:

- (a) Term greater than two (2) years (including any tenant renewal rights not at market).
- (b) Lease of more than ten (10) units.
- (c) Any lease which has a rental rate that is less than ninety percent (90%) of the expected rental rate shown below.

Unit Type (Bed/Bath)	Unit Size	Expected Monthly Rent
1BR/1BA	546 SF	\$1,032
1BR/1BA	608 SF	\$1,028
1BR/1BA	672 SF	\$1,102
1BR/1BA	672 SF	\$1,102
2BR/1BA	839 SF	\$1,242
2BR/2BA	911 SF	\$1,266
2BR/2BA	926 SF	\$1,278
2BR/2BA	962 SF	\$1,299
2BR/2BA	1,110 SF	\$1,399
2BR/2BA	1,126 SF	\$1,430

- (d) Lease form materially different from standard lease form.

ADDITIONAL ADVANCE AGREEMENT

This ADDITIONAL ADVANCE AGREEMENT (this "**Agreement**") is made and entered into as of this ^{9th}~~29th~~ day of ~~March~~^{April}, 2007, by and between BANK OF THE WEST, a California banking corporation ("**Lender**"), and MURRIETA VILLAGEWALK L.P., a California limited partnership ("**Borrower**"), with reference to the following facts:

RECITALS:

A. Under the terms of that certain Building Loan Agreement/Disbursement Schedule dated as of December 21, 2005 (the "**Loan Agreement**"), executed by and between Borrower and Lender, Lender previously has made a loan to Borrower (the "**Existing Loan**") in the original principal amount of Fifty-One Million Dollars (\$51,000,000), which Existing Loan is evidenced by that certain Promissory Note Secured by Deed of Trust, executed by Borrower in favor of Lender in said amount, dated as of December 21, 2005 (the "**Existing Note**").

B. The Existing Loan is secured by that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of December 21, 2005, recorded in the Official Records of Riverside County, California on February 22, 2006 as Instrument No. 0128549, executed by Borrower, as trustor, in favor of First Santa Clara Corporation, as trustee ("**Trustee**"), for the benefit of Lender, as beneficiary, encumbering Borrower's interest in certain real property located in the City of Murrieta, County of Riverside, State of California, and all personal property of Borrower, as more particularly described therein (the "**Deed of Trust**") and that certain UCC-1 Financing Statement filed February 23, 2006 as File No. 06-7060518740 in the Office of the Secretary of State for the State of California ("**UCC-1**"). The Deed of Trust and the UCC-1 are sometimes collectively referred to as the "**Security Documents**."

C. The Loan Agreement, the Existing Note, the Security Documents and all other documents and instruments heretofore executed by Borrower or Guarantor in favor of Lender in connection with the Existing Loan are referred to herein collectively as the "**Existing Loan Documents**", and following satisfaction of the conditions precedent set forth in Article 5, below, the Existing Loan Documents, together with the Additional Advance Documents (defined below), shall be referred to collectively as the "**Loan Documents**." Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Loan Agreement.

D. Under the terms of that certain Junior Loan Agreement dated as of February 9, 2006, executed by and between Borrower and Lender, Lender previously has made a mezzanine loan to Borrower (the "**Mezzanine Loan**") in the original principal amount of Five Million Seven Hundred and Three Thousand Three Hundred Thirty-Eight Dollars (\$5,703,338), which Mezzanine Loan is evidenced by that certain Commercial Note, executed by Borrower in favor of Lender in said amount, dated as of February 9, 2006.

E. The Mezzanine Loan is secured by (i) the Pledge Agreement made by Murrieta Villagewalk LLC, a California limited liability company, in favor of Lender with respect to the general partnership interest in Borrower; (ii) the Pledge Agreement made by James C. Gianulias,

as Trustee of the James Chris Gianulias 1998 Trust, in favor of Lender with respect to a limited partnership interest in Borrower, (iii) the Pledge Agreement made by Victor J. Mahony in favor of Lender with respect to a limited partnership interest in Borrower, and (iv) the Pledge Agreement made by David Gianulias in favor of Lender with respect to a limited partnership interest in Borrower.

F. Borrower desires to obtain an additional advance loan (the "Additional Advance") in the principal amount of Ten Million Five Hundred Fifty Thousand Dollars (\$10,550,000), in part to retire the outstanding Mezzanine Loan. Lender is willing to make the Additional Advance to Borrower solely upon the terms, conditions precedent, and other requirements set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration, the parties agree as follows:

1. Recitals: The foregoing recitals are true and are incorporated herein by this reference as though set forth in full.

2. Reaffirmation of Indebtedness: Borrower hereby expressly acknowledges and agrees that, as of the date hereof, the outstanding principal balance of the Existing Loan is comprised of approximately ~~Twenty-Seven Million Six Hundred Ninety Six Thousand Seven~~ ^{Nine} ~~Two and 74/100ths Dollars (\$27,696,072.74)~~ ^{Million} ~~Three Hundred Thirty~~ ^{Sixty-Nine} ~~Thousand Nine Hundred Twenty-Seven~~ ^{Thousand} ~~and 26/100ths Dollars (\$23,303,927.26)~~ ^{and 26/100ths Dollars (\$23,303,927.26)} in undisbursed funds, with interest accruing thereon as provided in the Existing Note. Borrower additionally acknowledges and agrees that, as of the date hereof, the Borrower hereby confirms, admits and acknowledges that said indebtedness is owing to Lender and confirms, admits and acknowledges that the Loan Agreement, the Existing Note, the Deed of Trust and all of the other Existing Loan Documents continue in full force and effect.

3. Representations and Warranties. Borrower hereby represents and warrants as follows, which representations and warranties shall survive execution of this Agreement:

3.1 No Default, Event of Default, breach or failure of condition has occurred, or would exist with notice or the lapse of time, or both, under any of the Existing Loan Documents; and

3.2 All representations and warranties of Borrower as set forth herein and in the other Existing Loan Documents, including, without limitation, the Loan Agreement, are true and correct and shall survive execution and delivery of this Agreement and recordation of the Memorandum (defined below).

4. Additional Advance:

4.1 Funding Obligations: Subject to satisfaction of the conditions precedent set forth in Article 5, below, Lender hereby agrees to extend to Borrower the Additional Advance in the principal amount of Ten Million Five Hundred Fifty Thousand Dollars (\$10,550,000). Disbursement of the Additional Advance shall be conditioned upon the timely satisfaction of all conditions precedent set forth in Article 5, below. Upon satisfaction of said

conditions precedent, proceeds of the Additional Advance shall be available for disbursement to Borrower or for Borrower's benefit on the Closing Date (defined below), as more particularly described in the disbursement schedule attached hereto as Exhibit "B-1."

4.2 Restated Note: Subject to satisfaction of the conditions precedent set forth in Article 5, below, the Existing Loan and the Additional Advance shall be evidenced by, bear interest and be payable in accordance with the terms of that certain Amended and Restated Promissory Note in the principal amount of Sixty-One Million Five Hundred Fifty Thousand Dollars (\$61,550,000) of even date herewith, in form and substance satisfactory to Lender (the "**Restated Note**"), which Restated Note shall be executed and delivered to Lender by Borrower concurrently with Borrower's execution and delivery of this Agreement to Lender. The Restated Note shall be governed by the terms of the Loan Agreement, as amended hereby, and secured by the Deed of Trust, as amended by the Memorandum, and the Security Documents, upon all of the terms and conditions of this Agreement. The indebtedness previously evidenced by the Existing Note and the amount of the Additional Advance are consolidated in the Restated Note so as to constitute a single indebtedness to Lender. Following the Closing Date (defined below), Lender shall return the Existing Note to Borrower, which Existing Note shall be marked cancelled.

4.3 Loan Documents: Borrower's obligations to Lender under the Loan Documents, as amended hereby, shall continue in full force and effect with respect to the Existing Loan and the Additional Advance. Subject to satisfaction of the conditions precedent set forth in Article 5, below, the Loan Agreement and Loan Documents shall be modified as follows:

(a) All references to the "**Loan**" shall be deemed to mean and refer to the Existing Loan and the Additional Advance, in the aggregate outstanding principal amount of Sixty-One Million Five Hundred Fifty Thousand Dollars (\$61,550,000).

(b) All references to the "**Note**" shall be deemed to mean and refer to the Restated Note and any extension, modification or renewal thereof.

(c) All references to the "**Deed of Trust**" shall be deemed to mean and refer to the Deed of Trust, as modified by the Memorandum.

(d) All references to the "**Loan Documents**" shall be deemed to mean and refer, collectively, to the Existing Loan Documents and the Additional Advance Documents (defined below).

(e) All references to the "**Agreement**" or "**Loan Agreement**" shall be deemed to mean and refer collectively to the Loan Agreement, as amended hereby.

(f) The Disbursement Schedule attached to the Loan Agreement as Exhibit "A" is supplemented by the attached Exhibit "A," which sets forth the disbursement amounts and uses of the Additional Advance.

(g) The Cost Breakdown attached to the Loan Agreement as Exhibit "B-1" is deleted and replaced with the attached Exhibit "B."

(h) All references to "**Guaranty**" mean and refer collectively to the Guaranty executed by Cameo Homes, a California corporation ("**Cameo Homes**") as amended by the Cameo Homes Amendment (as defined below) and the Guaranty executed by James C. Gianulias individually and as Trustee of the James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended (collectively, "**Gianulias**") as amended by the Gianulias Amendment (as defined below).

(i) All references to "**Completion Guaranty**" mean and refer collectively to the Completion Guaranty executed by Cameo Homes as amended by the Cameo Homes Amendment (as defined below) and the Completion Guaranty executed by Gianulias as amended by the Gianulias Amendment (as defined below).

(j) Upon the disbursement of the Additional Advance, as described in Section 3 of Exhibit "A" attached hereto, all references to "Mezzanine Lender," "Mezzanine Loan," and "Mezzanine Loan Documents" in the Loan Documents are hereby deleted. Following the Closing Date (defined below), Lender shall return that certain Commercial Note executed in connection with the Mezzanine Loan ("Mezzanine Note") to Borrower, which Mezzanine Note shall be marked cancelled.

4.4 Environmental Indemnity Agreement: Borrower's obligations to Lender under the Environmental Indemnity Agreement ("**Environmental Indemnity Agreement**") shall continue in full force and effect with respect to the Existing Loan and the Additional Advance. The Environmental Indemnity Agreement shall be modified as follows: (a) all references to the "**Loan**" shall be deemed to mean and refer collectively to both the Existing Loan and the Additional Advance, (b) all references to the "**Deed of Trust**" shall be deemed to mean and refer to the Deed of Trust, as amended by the Memorandum, and (c) all references to the "**Loan Documents**" shall be deemed to mean and refer to the Existing Loan Documents and the Additional Advance Documents.

5. Conditions Precedent: This Agreement shall not be effective for any purpose, and shall impose no obligation on Lender to make the Additional Advance or to amend the Existing Loan Documents as provided herein unless and until each and all of the following conditions precedent have been satisfied:

5.1 Execution of Documents: Borrower and/or Guarantor shall have executed and delivered to Lender all of the following documents (collectively, the "**Additional Advance Documents**"):

- (a) This Agreement;
- (b) The Restated Note;
- (c) A Memorandum of Additional Advance Agreement and Amendment to Deed of Trust in form and substance satisfactory to Lender (the "**Memorandum**");
- (d) A First Amendment to Guaranty and Completion Guaranty executed by Cameo Homes ("**Cameo Homes Amendment**");

(e) A First Amendment to Guaranty and Completion Guaranty executed by Gianulias ("**Gianulias Amendment**");

(f) Authorizing resolutions and certificates giving authorization to the applicable parties to execute documents related to the Additional Advance on behalf of Borrower and Guarantor, as applicable.

5.2 Recording of Memorandum: The Memorandum shall have been delivered to First American Title Insurance Company ("**Title Company**") under Lender's recording instructions, and Title Company shall have caused the Memorandum to have been duly recorded in the Official Records of Riverside County, California.

5.3 Title Insurance: Borrower shall have caused Title Company to issue to Lender, as endorsements to Lender's existing title insurance policy dated February 22, 2006, Policy No. NHBI-2131198 (the "**Title Policy**") issued by Title Company, assurance satisfactory to Lender that the Deed of Trust, as amended by the Memorandum, secures the Additional Advance in the same priority as originally insured and also constitutes a valid first priority lien against the Property, subject to only such matters as Lender may approve in writing. Without limiting the generality of the foregoing, Title Company shall issue the following endorsements to the Title Policy, all of which shall be satisfactory to Lender: CLTA Endorsement No. 108.8 (providing additional advance coverage in the amount of the Additional Advance), and CLTA Endorsement No. 110.5 insuring that the Additional Advance is secured by the Deed of Trust, as amended by the Memorandum, in the identical priority originally insured, subject only to those matters approved in writing by Lender (the "**Title Endorsements**").

5.4 Payment of Fees and Expenses: Concurrently with the recordation of the Memorandum and the closing of this transaction, Borrower shall have paid and/or reimbursed to Lender or Title Company, as applicable, in immediately available U.S. funds from the Additional Advance proceeds or from Borrower's separate funds all of the following:

(a) The premium for the Title Endorsements referred to in Paragraph 5.3, above;

(b) Lender's loan origination fee for the additional advance, miscellaneous processing fees, and legal fees and costs incurred by Lender in connection with this Agreement and the transactions contemplated hereby, in the amount set forth in a separate fee agreement of even date herewith between Borrower and Lender;

(c) All recording fees;

(d) Any and all escrow fees charged by Title Company; and

(e) Any and all other out-of-pocket expenses incurred by Lender in connection with this Agreement.

5.5 Representations and Warranties: All representations and warranties set forth in Article 3, above, shall be true and correct.

5.6 Lender's Benefit: The foregoing conditions precedent are solely for the benefit of Lender and may be modified or waived only in Lender's sole, unfettered discretion, and only by a writing executed by Lender expressing actual explicit intent to waive or amend the same. The date on which the transactions, payments, deliveries and recordings contemplated in this Article 5 is completed is referred to herein as the "**Closing Date**" and shall occur no later than thirty (30) days from the date hereof. Unless otherwise determined by Lender, this Agreement shall be null and void, of no effect on the Loan Agreement or the other Existing Loan Documents and shall impose no obligation on Lender to make the Additional Advance unless all of the foregoing conditions are satisfied or waived, in Lender's sole discretion, on or before such applicable dates.

6. Release of Lender. As additional consideration for the agreements of Lender herein set forth, Borrower, on behalf of itself and its heirs, successors, assigns, administrators, personal representatives, executors, general and limited partners, agents, attorneys, contractors, affiliates and employees, and the officers, directors and shareholders of its respective partners, and the Guarantors (collectively, the "**Releasing Parties**") hereby release, remise and discharge Lender, and each of Lender's subsidiaries, divisions, affiliate corporations, trustees, beneficiaries, officers, directors, agents, employees, servants, successors, attorneys and assigns (collectively, the "**Released Parties**") from and against any and all claims, demands, debts, liabilities, contracts, obligations, accounts, causes of action or claims for relief of whatever kind or nature, whether known or unknown, suspected or unsuspected by Releasing Parties, past, present or future, which arise from or by reason of, or are in any way connected with any agreements, transactions, occurrences, conduct, acts or omissions of Released Parties, whatsoever, commenced, done or occurred at any time in respect of (a) the Loan, (b) the Loan Documents and the obligations evidenced thereby, including, without implied limitation, the terms thereof, (c) any notices of default or sale in reference to the existing Loan Documents or any other matter pertaining to the collection or enforcement by Lender of the Loan or recourse to collateral or security thereof by Lender, (d) any alleged oral or written agreements or understandings by and between Releasing Parties and Released Parties in any way arising out of or related to the Loan, the Loan Documents, the Project, the Property or the indebtedness or any amendments, modifications, representations or warranties in relation thereto, or (e) the disbursement, administration and modification of the Loan and the Loan Documents. Releasing Parties further agree to refrain and forbear from commencing, instituting or participating in, either as a named or unnamed party, any lawsuit, action or other proceedings against Released Parties, or any of them which is in any way connected with, based upon, related to or arising out of, directly or indirectly, the matters released herein. Releasing Parties acknowledge and agree that the Loan Documents continue and remain in full force and effect without waiver, modification or amendment other than as expressly set forth in this Agreement. Releasing Parties, by placing their initials in the spaces provided herein hereby knowingly and voluntarily expressly waive and relinquish any and all rights, if any, conferred upon them by the provisions of Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Initials: JB

7. Non-Impairment. Nothing herein contained shall in any way impair the Loan Agreement, the Deed of Trust, the other Security Document, any of the other Existing Loan Documents or the security now held by Lender for said indebtedness and obligations, or alter, waive, annul, vary or affect any provision, condition or covenant therein except as expressly provided herein, or affect or impair any rights, powers or remedies of Lender, under the Loan Agreement, the Deed of Trust or any of the other Existing Loan Documents, it being the intent of the parties hereto that the provisions of the Loan Agreement, the Deed of Trust, the other Security Document and the other Existing Loan Documents shall continue in full force and effect except as expressly modified hereby or in connection herewith. This Agreement is intended to be and shall constitute a part of the Loan Agreement and the Environmental Compliance Agreement. The Security Document shall secure the obligations of Borrower under the Additional Advance Note and the Loan Agreement, as modified hereby. Except as expressly amended hereby or in connection with this Agreement, the Existing Loan Documents shall remain unchanged and in full force and effect.

[Remainder of Page Intentionally Left Blank.]


IN WITNESS WHEREOF, Borrower and Lender have caused this Agreement to be executed as of the date first above written.

BORROWER:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager/Member

By: 
Name: JAMES C. GIANNOLAS
Title: PRESIDENT

LENDER:

BANK OF THE WEST,
a California banking corporation

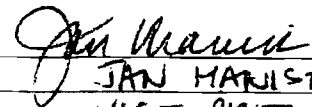
By: 
Name: JAN MARISTA
Its: VICE PRESIDENT

EXHIBIT "A"
DISBURSEMENT SCHEDULE

THIS EXHIBIT A IS ATTACHED TO AND A PART OF THAT CERTAIN BUILDING LOAN AGREEMENT/DISBURSEMENT SCHEDULE DATED DECEMBER 21, 2005 BY AND BETWEEN THE UNDERSIGNED.

THE ADDITIONAL ADVANCE PROCEEDS IN THE AMOUNT OF \$10,550,000.00 SHALL BE DISBURSED AS FOLLOWS:

I. DISBURSEMENTS: Lender is hereby authorized and directed to make Initial Disbursements of the Additional Advance for the purposes, in the amounts, and to the persons indicated below:

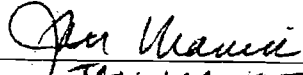
1. To Lender, for loan expenses, costs and fees, the sum of \$58,548.00. ✓
2. To First American Title Insurance Company, for payment of Title Policy for Endorsement 110.10 or Endorsement Nos. 108.8 and 110.5 and recording fees, the approximate sum of \$7,151.25. ✓
3. To Lender, to repay principal, interest, fees and all other amounts owing under the Mezzanine Loan, the sum of \$6,669,465.00. ✓
4. To Borrower, the sum of \$2,940,097.05. ✓
5. The sum of \$750,653 is hereby added to interest reserve, to be disbursed as set forth in Section II.B of Exhibit "A" of the Loan Agreement.
6. The sum of \$124,085.70 is hereby added to administrative cost, to be disbursed as set forth in Section II.C of Exhibit "A" of the Loan Agreement.

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THIS DISBURSEMENT SCHEDULE IS EXECUTED BY BORROWER AND LENDER AS OF THE 29th DAY OF MARCH, 2007.

BANK:

BANK OF THE WEST,
a California banking corporation

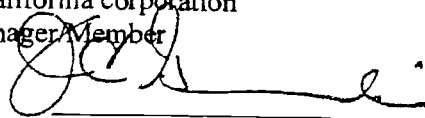
By: 
Name: JAN MANISTA
Title: VICE PRESIDENT

BORROWER:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager/Member

By: 
Name: JAMES C. GIANNOLAS
Title: PRESIDENT

BORROWER NAME: MURRIETA VILLAGEWALK, L.P.
 Loan No. 1000207841-00059
 Draw # ADDITIONAL ADVANCE

EXHIBIT "B"

DATE:

HARD COSTS

Line Item No.	Budget Description	Total Budget	Equity Budget	Loan Budget	Previous Budget Transfers	This Period Budget Transfer	Additional Advance Funds	Revised Budget	Previous Disbursements \$ Amount	Request This Period	Total Disbursed Incl. Req. This Period \$ Amount	Remaining Funds \$ Amount	%
2511	Mezz Loan Payoff Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,703,338.00	\$ 5,703,338.00	\$ -	0.00%	\$ -	\$ 5,703,338.00	100.00%
2511	Onsite Work Near-Cali	\$ 1,101,152.00	\$ -	\$ 1,101,152.00	\$ 1,296,619.77	\$ -	\$ 2,397,771.77	\$ 2,397,771.77	\$ -	0.00%	\$ 2,397,771.77	\$ -	0.00%
2512	Onsite Work	\$ 3,322,593.00	\$ -	\$ 3,322,593.00	\$ 968,906.00	\$ -	\$ 4,291,499.00	\$ 1,772,060.98	\$ 1,96,082.51	41.28%	\$ 1,772,060.98	\$ 41,291.02	58.71%
2512	Set Aside Letter #6	\$ 672,077.00	\$ -	\$ 672,077.00	\$ -	\$ -	\$ 672,077.00	\$ 196,082.51	\$ 196,082.51	29.18%	\$ 196,082.51	\$ 475,994.49	70.82%
1010	Building Costs	\$ 32,583,224.00	\$ -	\$ 32,583,224.00	\$ (3,553,316.00)	\$ -	\$ 29,029,908.00	\$ 13,481,005.58	\$ 13,481,005.58	46.44%	\$ 13,481,005.58	\$ 15,548,902.41	50.56%
2513	Contractor Contingency	\$ -	\$ -	\$ -	\$ 315,914.30	\$ -	\$ 124,085.70	\$ 440,000.00	\$ -	0.00%	\$ -	\$ 440,000.00	100.00%
2514	Contractor General Cont.	\$ 1,632,516.00	\$ -	\$ 1,632,516.00	\$ 968,915.00	\$ -	\$ 968,915.00	\$ 659,280.00	\$ 659,280.00	68.16%	\$ 659,280.00	\$ 307,665.00	31.84%
1011	Contractor Fee	\$ 688,078.00	\$ -	\$ 688,078.00	\$ (208,786.08)	\$ -	\$ 1,423,755.92	\$ 803,588.75	\$ 803,588.75	42.38%	\$ 803,588.75	\$ 820,161.17	57.61%
2530	Liability Insurance	\$ -	\$ -	\$ -	\$ (77,894.99)	\$ -	\$ 610,183.01	\$ 318,168.68	\$ 318,168.68	52.14%	\$ 318,168.68	\$ 292,014.33	47.86%
TOTAL HARD COSTS:		\$ 39,999,640.00	\$ -	\$ 39,999,640.00	\$ (291,612.00)	\$ -	\$ 5,827,423.70	\$ 45,535,451.70	\$ 19,427,978.28	42.87%	\$ 19,427,978.28	\$ 26,107,473.42	65.75%

SOFT COSTS

2830	Title & Recording	\$ 34,980.00	\$ -	\$ 34,980.00	\$ -	\$ -	\$ 34,980.00	\$ 34,980.00	\$ -	100.00%	\$ 34,980.00	\$ -	0.00%
3080	Misc. Processing Fee	\$ 524,078.00	\$ -	\$ 524,078.00	\$ -	\$ -	\$ 524,078.00	\$ 524,078.00	\$ -	100.00%	\$ 524,078.00	\$ -	0.00%
3040	A/E Design	\$ 97,434.00	\$ -	\$ 97,434.00	\$ 252,264.04	\$ -	\$ 349,698.04	\$ 349,698.04	\$ -	100.00%	\$ 349,698.04	\$ -	0.00%
2740	Property Taxes	\$ 503,096.00	\$ -	\$ 503,096.00	\$ (44,608.17)	\$ -	\$ 458,487.83	\$ 458,487.83	\$ -	100.00%	\$ 458,487.83	\$ -	0.00%
2820	Inspection Fees	\$ 12,000.00	\$ -	\$ 12,000.00	\$ -	\$ -	\$ 12,000.00	\$ 12,000.00	\$ -	100.00%	\$ 12,000.00	\$ -	0.00%
2840	G & A and Marketing/Cont	\$ 500,464.00	\$ -	\$ 500,464.00	\$ 312,166.63	\$ -	\$ 812,630.63	\$ 812,630.63	\$ -	100.00%	\$ 812,630.63	\$ -	0.00%
3130	Permits & Fees	\$ 2,883,224.00	\$ -	\$ 2,883,224.00	\$ (117,219.23)	\$ -	\$ 2,766,004.77	\$ 2,766,004.77	\$ -	100.00%	\$ 2,766,004.77	\$ -	0.00%
2890	Interest Reserve	\$ 2,000,000.00	\$ -	\$ 2,000,000.00	\$ (139,801.87)	\$ -	\$ 1,860,198.13	\$ 1,860,198.13	\$ -	100.00%	\$ 1,860,198.13	\$ -	0.00%
2742	Other Legal/Accounting	\$ 8,128.00	\$ -	\$ 8,128.00	\$ -	\$ -	\$ 8,128.00	\$ 8,128.00	\$ -	100.00%	\$ 8,128.00	\$ -	0.00%
2891	A & D Interest	\$ 172,775.00	\$ -	\$ 172,775.00	\$ (110,931.27)	\$ -	\$ 61,843.73	\$ 61,843.73	\$ -	100.00%	\$ 61,843.73	\$ -	0.00%
2690	Payoff 1000207841-00026	\$ 80,000.00	\$ -	\$ 80,000.00	\$ (80,000.00)	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
3070	Mezz Admin Fee	\$ 4,174,191.00	\$ -	\$ 4,174,191.00	\$ 219,801.87	\$ -	\$ 4,393,992.87	\$ 4,393,992.87	\$ -	100.00%	\$ 4,393,992.87	\$ -	0.00%
3090	Mezz Loan Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,903.00	\$ 37,903.00	\$ -	0.00%	\$ -	\$ 37,903.00	100.00%
3090	Excess Discursible Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,940,097.05	\$ 2,940,097.05	\$ -	0.00%	\$ -	\$ 2,940,097.05	100.00%
TOTAL SOFT COSTS:		\$ 11,000,360.00	\$ -	\$ 11,000,360.00	\$ 291,612.00	\$ -	\$ 4,722,576.30	\$ 16,014,548.30	\$ 10,551,057.12	93.44%	\$ 10,551,057.12	\$ 5,463,491.18	46.36%
GRAND TOTALS:		\$ 51,000,000.00	\$ -	\$ 51,000,000.00	\$ -	\$ -	\$ 10,550,000.00	\$ 61,550,000.00	\$ 29,979,035.40	58.78%	\$ 29,979,035.40	\$ 31,570,964.60	61.90%

CONSTRUCTION PROGRESS REPORT

**AMENDED AND RESTATED
PROMISSORY NOTE SECURED BY DEED OF TRUST
(Base Rate)**

\$61,550,000

Walnut Creek, California
Dated as of ~~March 29, 2007~~
April 11, 08

This Amended and Restated Promissory Note Secured by Deed of Trust ("Note") amends and restates in its entirety that certain Promissory Note Secured by Deed of Trust dated as of December 21, 2005, from MURRIETA VILLAGEWALK L.P., a California limited partnership ("Debtor"), to BANK OF THE WEST, a California banking corporation ("Bank") in the principal amount of Fifty-One Million Dollars (\$51,000,000) ("Existing Note"). All principal outstanding under the Existing Note shall be deemed outstanding under this Note and all accrued but unpaid interest under the Existing Note shall be deemed accrued under this Note upon the effectiveness of the Additional Advance Agreement (defined below). This Note is the "Restated Note" described in the Additional Advance Agreement (defined below).

FOR VALUE RECEIVED, Debtor promises to pay to the order of Bank, as indicated below, the principal sum of Sixty-One Million Five Hundred Fifty Thousand Dollars (\$61,550,000), or so much thereof as is disbursed, together with interest on the balance of such principal from time to time outstanding, at the per annum rate or rates and at the times set forth below. The entire unpaid principal balance of this Note and all interest, charges and fees thereon shall be due and payable in full on or before March 5, 2009, without claim, notice or demand (the "Maturity Date").

1. INTEREST RATE OPTIONS.

(a) **DEFINITIONS:** As used herein, the following terms shall have the meanings respectively set forth below: "**Base Interest Rate**" means a rate of interest based on the LIBOR Rate. "**Base Interest Rate Portion**" means amounts outstanding under this Note that bear interest at a Base Interest Rate. "**Base Rate Maturity Date**" means the last day of the Interest Period for a Base Interest Rate Portion. "**Business Day**" means a day on which Bank is open for business for the funding of corporate loans, and, with respect to the rate of interest based on the LIBOR Rate, on which dealings in U.S. dollar deposits outside of the United States may be carried on by Bank. "**Interest Period**" means with respect to funds bearing interest at a rate based on the LIBOR Rate, any calendar period of one, two, three, four, five, six, seven, eight, nine, ten, eleven, or twelve months. In determining an Interest Period, a month means a period that starts on one Business Day in a month and ends on and includes the day preceding the numerically corresponding day in the next month. For any month in which there is no such numerically corresponding day, then as to that month, such day shall be deemed to be the last calendar day of such month. Any Interest Period which would otherwise end on a non-Business Day shall end on the next succeeding Business Day unless that is the first day of a month, in which event such Interest Period shall end on the next preceding Business Day. No Interest Period shall extend beyond the Maturity Date. "**LIBOR Rate**" means the per annum rate of interest that is the U.S. Dollar LIBOR as published by British Bankers Associations (BBA) at or about 11:00 a.m. (London time) on the second Business Day prior to the first day of an Interest Period, in an amount approximately equal to the Base Interest Rate Portion and for a period

comparable to the Interest Period selected, for delivery on the first day of the relevant Interest Period (adjusted for any and all assessments, surcharges and reserve requirements), rounded upward, if necessary to the nearest 1/1000 of 1%, and such rate shall apply for a period of time equal to such relevant Interest Period. "**Origination Date**" means the first day of the Interest Period. "**Prime Rate**" means the rate announced by Bank from time to time at its corporate headquarters as its Prime Rate. The Prime Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time. "**Variable Rate**" means a rate of interest based on the Prime Rate as provided herein. "**Loan Agreement**" means that certain Building Loan Agreement dated as of December 21, 2005 between Debtor and Bank, as modified by that certain Additional Advance Agreement ("**Additional Advance Agreement**") of even date herewith, between Debtor and Bank.

(b) DESIGNATION OF BASE INTEREST RATE:

At Debtor's option, subject to the terms of this Section (b), amounts outstanding hereunder in minimum amounts of \$500,000 shall bear interest at a per annum rate, based on an index provided for herein and expressly selected by Debtor, which is 1.50% in excess of Bank's LIBOR Rate for the Interest Period selected by Debtor.

To exercise this option, Debtor may, from time to time with respect to outstanding principal which is not a Base Interest Rate Portion, and on the expiration of any Interest Period for a Base Interest Rate Portion, select an Interest Period for a Base Interest Rate Portion by telephoning an authorized lending officer of Bank located at the banking office identified below prior to 10:00 a.m., Pacific time, on any Business Day and advising that officer of the Interest Period, the Base Interest Rate Portion and the Origination Date selected (which Origination Date, for a Base Interest Rate Portion, shall follow the date of such selection by no more than two (2) Business Days). If, on the date of the selection, the LIBOR Rate selected is unavailable for any reason, the selection shall be void. No Base Interest Rate may be changed, altered or otherwise modified until the expiration of the Interest Period selected by Debtor. In no event shall any Interest Period extend beyond the maturity date of this Note. Bank reserves the right to fund the principal from any source of funds notwithstanding any Base Interest Rate selected by Debtor.

(c) LIMITATIONS ON BASE INTEREST RATE PORTIONS: Anything herein to the contrary notwithstanding, at no time may there be more than three (3) Base Interest Rate Portions; whenever three (3) Base Interest Rate Portions are outstanding, Debtor's option to elect to apply a Base Interest Rate to any additional portion of the Loan shall be deferred until an Interest Period for at least one of the then-effective Base Interest Rate Portions has lapsed and reverted to the Variable Rate.

(d) RECORDS AND CONFIRMATIONS: The exercise of interest rate options by Debtor shall be as recorded in Bank's records, which records shall be prima facie evidence of the amount borrowed under either interest option and the interest rate; provided, however, that failure of Bank to make any such notation in its records shall not discharge Debtor from its obligations to repay in full with interest all amounts borrowed. Bank will mail a written confirmation of the terms of the selection to Debtor promptly after the selection is made. Failure to send such confirmation shall not affect Bank's rights to collect interest at the rate selected.

(e) VARIABLE INTEREST RATE: All principal outstanding hereunder which is not bearing interest at a Base Interest Rate shall bear interest at a rate per annum of 0% in excess of the Prime Rate (the "Variable Rate"), which rate shall vary as and when the Prime Rate changes.

(f) GENERAL: If any interest rate defined in this Note ceases to be available from Bank for any reason, then said interest rate shall be replaced by the rate then offered by Bank, which, in the sole discretion of Bank, most closely approximates the unavailable rate.

2. PERIODIC PAYMENTS. Debtor shall pay interest on the first day of each month following the date of this Note. All computations of interest under this Note shall be made on the basis of a year of 360 days, for actual days elapsed.

This is a non-revolving credit facility.

Debtor shall pay all amounts due under this Note in lawful money of the United States at Bank's office at 3000 Oak Road, Suite 400 (NC-OAK-04-A), Walnut Creek, California 94597, or such other office as may be designated by Bank, from time to time.

3. LATE PAYMENTS. If any periodic payment required by the terms of this Note shall remain unpaid fifteen (15) days after same is due, at the option of Bank, Debtor shall pay a fee to Bank equal to the greater of (a) six percent (6%) of the payment due, or (b) \$100.00. Notwithstanding the foregoing, a late charge shall not be charged if the outstanding principal amount of the Loan is not paid on or before the Maturity Date. Bank's agreement not to charge the late charge in this circumstance does not excuse Debtor from any of its obligations under the Loan Documents and does not limit any of Bank's rights and remedies under the Loan Documents.

4. INTEREST RATE FOLLOWING DEFAULT. In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding principal under this Note at a per annum rate equal to five percent (5%) in excess of the applicable interest rate specified above, calculated from the date of default until all amounts payable under this Note are paid in full.

5. PREPAYMENT.

(a) Amounts outstanding under this Note bearing interest at a rate based on the Prime Rate may be prepaid in whole or in part at any time, without penalty or premium. Debtor may prepay amounts outstanding under this Note bearing interest at a Base Interest Rate in whole or in part provided Debtor has given Bank not less than five (5) Business Days prior written notice of Debtor's intention to make such prepayment and pays to Bank the Prepayment Fee (defined below) due as a result. The Prepayment Fee shall also be paid, if Bank, for any other reason, including acceleration or foreclosure, receives all or any portion of a Base Interest Rate Portion prior to its scheduled payment date. "Prepayment Fee" is an amount equal to the present value of the difference between (i) the amount of interest that would have been paid on the principal amount being repaid at the Base Interest Rate and (ii) the amount of interest that Bank would earn if the amount of such prepayment of principal was used to purchase a LIBOR contract having a maturity date most closely matching with the last day of the relevant Interest Period and

such contract was held by Bank until the last day of the relevant Interest Period. The rate used in the present value calculation shall be the rate of interest offered on the LIBOR contract having a maturity date most closely matching with the last day of the relevant Interest Period. The time period used in the present value calculation shall be a fraction, the numerator of which is the number of days in the period between the date of prepayment and the last date of the relevant Interest Period, and the denominator of which shall be 360 days.

(b) Intentionally Omitted.

(c) In no event shall Bank be obligated to make any payment or refund to Debtor, nor shall Debtor be entitled to any setoff or other claim against Bank, should the return which Bank could obtain under this prepayment formula exceed the interest that Bank would have received if no prepayment had occurred. All prepayments shall include payment of accrued interest on the principal amount so prepaid and shall be applied to payment of interest before application to principal. Bank's determination of the Prepayment Fee amount, if any, shall be *prima facie* as to such determination. In the event of partial prepayment, such prepayments shall be applied to principal payments in the inverse order of their maturity.

(d) Bank shall provide Debtor a statement of the amount payable on account of prepayment. Debtor acknowledges that (i) Bank establishes a Base Interest Rate upon the understanding that it is applied to the Base Interest Rate Portion for the entire Interest Period, and (ii) any prepayment may result in Bank incurring additional costs, expenses or liabilities; and Debtor agrees to pay the liquidated damages as a reasonable estimate of the costs, expenses and liabilities of Bank associated with such prepayment.

(e) Debtor acknowledges that any voluntary prepayment constitutes an alternative method for Debtor to perform its obligations under this Note, for which the amount due under this prepayment formula (whether or not denominated as liquidated damages) is a fair, just and equitable alternate form of compensation to Bank. Debtor further specifically acknowledges and agrees that if Debtor shall prepay all or any part of the indebtedness evidenced by this Note (a) prior to the due date hereof as set forth in this Note for any reason whatsoever, whether such prepayment is voluntary or involuntary, and whether or not such prepayment arises by virtue of the exercise by Debtor of the prepayment privilege expressly reserved in this Note, or (b) after an Event of Default as defined herein, including, but not limited to, an Event of Default under the Deed of Trust or by reason of acceleration as a result of the Deed of Trust, then such prepayment shall include the amount required to be paid hereunder with respect to amounts under this Note bearing interest at the Base Interest Rate. Debtor expressly (i) waives any rights Debtor may have under California Civil Code Section 2954.10 to prepay this Note, in whole or in part, without penalty or fee, upon acceleration of the Maturity Date, and (ii) agrees that if for any reason a prepayment is made, the amount calculated hereunder as it relates to any prepayment restriction contained in this Note shall be due and payable in addition to all other sums due and payable. Debtor expressly acknowledges, by affixing its initials in the space provided herein, that Bank's agreement to make the loan evidenced by this Note at the interest rate and for the term herein set forth constitutes adequate consideration, given individual weight by Debtor, for the foregoing waiver and Debtor's agreement to pay the Liquidated Damages amount referred to herein. Debtor acknowledges that it would be extremely difficult, costly and impractical to calculate and ascertain the actual damages suffered by Bank and that the amount provided herein

is a reasonable estimate of the amount of such detriment and shall constitute a liquidated amount of the damages incurred solely by reason of such a prepayment prior to the regularly scheduled payment date (without limiting any other damages to which Bank may be entitled by reason of any event of default).

Debtor Initials: _____

6. DEFAULT AND ACCELERATION OF TIME FOR PAYMENT. Each of the following shall be an "Event of Default:" (a) the failure of Debtor to make any payment required under this Note when due, if such failure continues beyond ten (10) days after written notice of delinquency is given by Bank to Debtor; (b) any breach or default by Debtor under the terms of this Note other than as provided in clause (a), above, if such breach or default continues beyond thirty (30) days after written notice from Bank; or (c) any breach, misrepresentation or other default by Debtor, any guarantor, co-maker, endorser, or any person or entity other than Debtor providing security for this Note (hereinafter individually and collectively referred to as the "Obligor") under any deed of trust, mortgage, security agreement, guaranty or other agreement between Bank and any Obligor; if such failure continues beyond the period of grace, if any, specified therein. Upon the occurrence of any such default, Bank, in its discretion, may cease to advance funds hereunder and, at its option, may declare all obligations under this Note immediately due and payable.

7. SECURED BY DEED OF TRUST. Debtor's obligations under this Note are secured by that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of December 21, 2005, by Debtor as Trustor, for the benefit of Bank, as beneficiary recorded in the Official Records of Riverside County, California, on February 22, 2006 as Instrument No. 0128549 (as modified by that certain Memorandum of Additional Advance and Amendment to Deed of Trust between Debtor and Bank, of even date herewith) (collectively, the "Deed of Trust").

8. WAIVER OF JURY TRIAL. TO THE MAXIMUM EXTENT PERMITTED BY LAW, DEBTOR AND BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS NOTE, THE OTHER LOAN DOCUMENTS (AS DEFINED IN THE BUILDING LOAN AGREEMENT OF EVEN DATE HERewith), OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. DEBTOR AND BANK EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTER-CLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS NOTE OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE AND THE OTHER LOAN DOCUMENTS.

9. ADDITIONAL AGREEMENTS OF DEBTOR. If any amounts owing under this Note are not paid when due, Debtor promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the collection or enforcement of this Note. Debtor and any endorser of this Note, for the maximum period of time and the full extent permitted by law, (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind, except for notice requirements that are expressly required herein or in the other Loan Documents; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this Note. All payments due hereunder shall be paid without offset or deduction of any kind, and Debtor hereby waives the right to set off against the indebtedness to Bank any sum of money, claim, liability or obligation Bank may owe or Debtor may assert against Bank. If this Note is signed by more than one party, the term "Debtor" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. Any married person who signs this Note agrees that recourse may be had against the separate property of that person for any obligations hereunder. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this Note shall accrue until the funds are deemed collected. In any action brought under or arising out of this Note, Debtor and any Obligor, including their successors and assigns, hereby consent to the jurisdiction of any competent court within the State of California (subject to the terms of any applicable alternative dispute resolution agreement executed between Debtor and Bank), and consent to service of process by any means authorized by said state's law. The term "Bank" includes, without limitation, any holder of this Note. This Note shall be construed in accordance with and governed by the laws of the State of California. The Deed of Trust securing this Note permits the Bank to declare all obligations hereunder immediately due and payable upon breach of the following provision: "Trustor shall not, directly or indirectly, sell, convey, assign, further encumber, grant a security interest in, mortgage, hypothecate, transfer, alienate or otherwise dispose of the real property encumbered by this Deed of Trust or any part thereof or any interest therein, including without limitation, air rights or development rights, whether voluntarily, involuntarily, by operation of law or otherwise, or (except as may otherwise be permitted under the Loan Agreement or this Deed of Trust), lease all or any portion thereof or an undivided interest therein, or enter into an agreement to do so, without the prior written consent of Beneficiary; provided, however, that if the real property encumbered by said Deed of Trust consists of residential real property containing five or more units, Trustor without Beneficiary's consent may enter into leases of single residential units for a term of one year or less upon market rates and terms without prior consent of Beneficiary."

10. INCREASED COSTS. If, because of the introduction of or any change in, or because of any judicial, administrative, or other governmental interpretation of, any law or regulation, there shall be any increase in the cost to Bank of making, funding, maintaining, or allocating capital to any amount outstanding under this Note bearing interest at the applicable LIBOR Rate, including a change in LIBOR Reserve Requirements, then Debtor shall, from time to time upon demand by Bank, pay to Bank additional amounts sufficient to compensate Bank for such increased cost. "LIBOR Reserve Requirements" means, for any loan bearing interest at a rate based on the One-Month LIBOR Rate or another Applicable LIBOR Rate Loan, the maximum reserves

(whether basic, supplemental, marginal, emergency, or otherwise) prescribed by the Board of Governors of the Federal Reserve System (or any successor) with respect to liabilities or assets consisting of or including "Eurocurrency liabilities" (as defined in Regulation D of the Board of Governors of the Federal Reserve System) having a term equal to the term of the applicable Interest Periods for such Base Interest Rate Portions.


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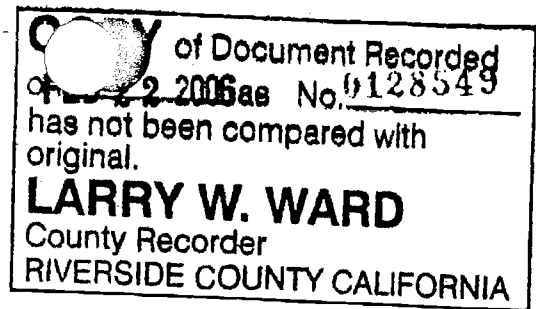
DEBTOR:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager/Member

By: 
Name: JAMES C. GIANNOLAS
Title: PRESIDENT



RECORDING REQUESTED BY:
BANK OF THE WEST,
a California banking corporation

AND WHEN RECORDED MAIL TO:

BANK OF THE WEST,
a California banking corporation
Attn: Lynn Foster
Construction Finance/REID
3000 Oak Road, Suite 400 (NC-OAK-04-A)
Walnut Creek, CA 94597
Loan No. 1000207841

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**CONSTRUCTION DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(California)**

THIS CONSTRUCTION DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is made as of December 21, 2005 by MURRIETA VILLAGEWALK L.P., a California limited partnership, as "Trustor," in favor of FIRST SANTA CLARA CORPORATION, a California corporation, as "Trustee," for the benefit of BANK OF THE WEST, a California banking corporation, as "Beneficiary."

1. **GRANT IN TRUST.** For the purpose of securing payment and performance of the Secured Obligations (as defined in Section 2 below), Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, its successors and assigns, IN TRUST, WITH POWER OF SALE TOGETHER WITH THE RIGHT OF ENTRY AND POSSESSION, for the benefit and security of Beneficiary, all present and future rights, titles, interests, estates, powers and privileges that Trustor now has or may hereafter acquire in or to the following property and any interest therein (collectively, the "Trust Estate" or "Subject Property"):

(a) The real property located in the County of Riverside, State of California, more particularly described in Exhibit "A" attached hereto (the "Property");

(b) All buildings and other improvements and structures now or hereafter located on the Property (collectively, the "Improvements");

(c) All existing and future leases, subleases, subtenancies, licenses, agreements and concessions relating to the use, occupancy or enjoyment of all or any part of the Property, together with any and all guaranties and other agreements relating to or made in connection with any of the foregoing (individually, a "Lease", and collectively, the "Leases");

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(d) All rents, issues, income, revenues, royalties, profits, proceeds and earnings now or hereafter payable with respect to or otherwise derived from the ownership, use, management, operation, leasing or occupancy of the Property and the Improvements, including, without limitation, cash or security deposited under any of the Leases to secure the performance by the lessees of their obligations thereunder (collectively, the "Rents");

(e) All tenements, hereditaments, appurtenances, privileges, choses in action, options to purchase all or any part of the Property or Improvements or any interest therein (and any greater estate in the Property or Improvements now owned or hereafter acquired by Trustor pursuant thereto), and other rights and interests now or in the future benefiting or otherwise relating to the Property or the Improvements, including, without limitation, easements, rights-of-way, sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Property, development rights, oil, gas or other mineral rights and all royalty, leasehold and other rights of Trustor pertaining thereto;

(f) All water and water rights pertaining to the Property, and shares of stock evidencing the same, and all deposits made with or other security given to utility companies by Trustor with respect to the Property;

(g) All policies of insurance and all claims, demands or proceeds relating to such insurance or condemnation awards, recoveries or settlements which Trustor now has or may hereafter acquire with respect to the Property or the Improvements situated thereon, including all advance payments of insurance premiums made by Trustor with respect thereto;

(h) All existing and future inventory, furnishings, fixtures, equipment, supplies, construction materials, goods and other tangible personal property, which are now or hereafter owned or acquired by Trustor or in which Trustor now or at any time has rights, wherever located or used or usable in connection with the Property, and whether located at, placed upon or about, or affixed or attached to or installed in or on the Property or the Improvements or any part thereof, or located elsewhere in the possession of Trustor or any warehouseman, bailee, contractor, supplier or any other person, used or to be used in connection with or otherwise relating to the Property or the Improvements or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy thereof, and all accessories, attachments, parts, or repairs of or to any of such property, including but not limited to all appliances, furniture and furnishings, findings, materials, suppliers, equipment and fixtures, and all building material, supplies, and equipment now or hereafter delivered to the Property and installed or used or intended to be installed or used therein whether stored on the Property or elsewhere; and all renewals or replacements thereof or articles in substitution thereof;

(i) All (i) accounts, chattel paper, deposit accounts, money, documents and instruments (whether negotiable or nonnegotiable), contract rights, insurance policies, and all rights to payment of any kind relating to or otherwise arising in connection with or derived from the Property, the Improvements or any other part of the Trust Estate. (ii) refunds, rebates, reserves, deferred payments, deposits, cost savings, letters of credit, and payments of any kind due from or payable by (A) any federal, state, municipal or other governmental or quasi-governmental agency, authority or district (individually, a "Governmental Agency"), or (B) any

insurance or utility company, in either case relating to any or all of the Trust Estate, (iii) refunds, rebates and payments of any kind due from or payable by any Governmental Agency for any taxes, assessments, or governmental or quasi-governmental charges or levies imposed upon Trustor with respect to or upon any or all of the Trust Estate, (iv) guarantees of any of the foregoing and any security therefor, (v) cash funds and cash collateral accounts maintained pursuant to any of the loan documents secured by or referred to in this Deed of Trust, and (vi) proceeds and claims arising on account of any damages to or taking of the Property or any part thereof, and all causes of action and revenues for any loss or diminution in the value of the Property or Improvements;

(j) All general intangibles relating to or arising out of the ownership, design, development, operation, management and use of the Property and construction of the Improvements, including, but not limited to, (i) all names under which or by which the Property or the Improvements may at any time be operated or known, all rights to carry on business under any such names or any variants thereof, and all goodwill in any way relating to the Property, (ii) all permits, licenses, authorizations, variances, land use entitlements, approvals and consents issued or obtained in connection with the construction of the Improvements, (iii) all permits, licenses, approvals, consents, authorizations, franchises and agreements issued or obtained in connection with the use, occupancy or operation of the Property, (iv) all rights as a declarant (or its equivalent) under any covenants, conditions and restrictions or other matters of record affecting the Property, (v) all materials prepared for filing or filed with any governmental agency, (vi) all rights under any contract in connection with the development, design, use, operation, management and construction of the Property, (vii) all books and records prepared and kept in connection with the acquisition, construction, operation and occupancy of the Property and the Improvements, and (viii) all royalties, fees and goodwill associated with any of the foregoing (subject to any franchise or license agreements relating thereto);

(k) Whether or not included in clause (f), above, all water stock, shares of stock or other evidence of ownership of any part of the Property or the Improvements that is owned by the Trustor in common with others, and all documents of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Property or Improvements, and all documents of membership in any membership facility developed on the Property;

(l) All surety, bonding, security, construction, architectural, engineering, development, financing, guaranty, indemnity, maintenance, management, service, supply and warranty agreements, commitments, contracts and subcontracts, all insurance policies, and all licenses and bonds, in any way pertaining to the development, construction, use, operation and maintenance of the Property and Improvements and any business of Trustor therein conducted, and all guarantees of any of the foregoing and any security therefor;

(m) All sales agreements, escrow agreements, deposit receipts and other documents and agreements for the sale or other disposition of all or any part of the real or personal property described herein, and deposits, proceeds and benefits arising from the sale or other disposition of all or any part of such real or personal property;

(n) All engineering and architectural drawings, plans, specifications, soils tests and reports, feasibility studies, appraisals, engineering reports, manuals, computer software, studies, data and drawings pertaining to any or all of the property described in clauses (a) through (m), above, and all contracts and agreements relating to the aforesaid plans and specifications or to the aforesaid studies, data and drawings;

(o) All ledger sheets, files, records, documents and instruments (including, but not limited to, computer programs, tapes, and related electronic data processing software) evidencing an interest in or relating to the foregoing collateral in clauses (a) through (n), above, or in this clause (o); and

(p) All additions and accretions to, substitutions and replacements for, and proceeds and products of, any of the foregoing.

Items 1(g) through 1(p), inclusive, above, are herein referred to as the "Collateral" and are a part of the Trust Estate.

2. SECURED OBLIGATIONS. Trustor makes the grant, conveyance, transfer and assignment set forth in Section 1 above FOR THE PURPOSE OF SECURING the following obligations (collectively, the "Secured Obligations") in such order of priority as Beneficiary may elect:

(a) Payment of all sums at any time owing and the performance of all other obligations arising under that certain Promissory Note Secured by Deed of Trust in the original principal amount of Fifty-One Million Dollars (\$51,000,000) dated as of December 21, 2005 executed by Trustor to the order or in favor of Beneficiary (the "Note");

(b) Payment of interest on such sums according to the terms of the Note;

(c) Payment of all other sums, including late charges and any attorney's fees and other advances made by Beneficiary hereunder as hereinafter provided, with interest thereon as hereinafter provided, which are due or payable to Trustee or Beneficiary under the provisions hereof;

(d) Due, prompt and complete observance, performance and discharge of each and every obligation, covenant and agreement of Trustor contained herein, in the Note, in the Building Loan Agreement ("Loan Agreement") executed by Trustor in connection with the indebtedness evidenced by the Note, and in any master agreement pertaining to interest rate swaps or options now or hereafter executed by Trustor in connection with the obligations evidenced by the Note, and related transactions thereunder, or in any other instrument or document heretofore or hereafter executed by Trustor having reference to or arising out of the indebtedness evidenced by the Note which recites that the obligations thereunder are secured hereby;

(e) Payment of such additional sums as may be hereafter borrowed from Beneficiary by Trustor when evidenced by a promissory note or notes which are by the terms thereof (or by the terms of any other instrument executed by Trustor in connection therewith)

secured by this Deed of Trust, together with interest and late charges thereon according to the terms of such promissory note or notes;

(f) Performance of such future obligations which Trustor may agree to perform for the benefit of Beneficiary when Trustor executes a document or documents which recites that such obligations are secured hereby; and

(g) All modifications, extensions and renewals of any of the obligations secured hereby, however evidenced, including, without limitation: (i) modifications of the required principal payment dates or interest payment dates or both, as the case may be, deferring or accelerating payment dates wholly or partly; or (ii) modifications, extensions or renewals at a different rate of interest whether or not in the case of a note, the modification, extension or renewal is evidenced by a new or additional promissory note or notes.

The term "obligations" is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest and charges, prepayment charges (if any), late charges, extension fees, renewal fees and loan fees at any time accruing or assessed on any of the Secured Obligations.

This Deed of Trust, the Note, the Loan Agreement, and any other instrument or agreement given to evidence or further secure the payment and performance of any obligation secured hereby are hereinafter sometimes collectively referred to as the "Loan Documents." All terms of the Secured Obligations and the documents evidencing such obligations are incorporated herein by this reference. All persons who may have or acquire an interest in the Subject Property shall be deemed to have notice of the terms of the Secured Obligations and to have notice, if provided therein, that: (a) the Loan Documents may permit borrowing, repayment and reborrowing so that repayments shall not reduce the amounts of the Secured Obligations; and (b) the rate of interest on one or more Secured Obligations may vary from time to time.

3. AFFIRMATIVE COVENANTS OF TRUSTOR. Trustor hereby agrees as follows:

3.1 Performance of Obligations. To pay, perform, observe and discharge each and every condition, obligation, covenant and agreement for which this Deed of Trust has been given as security as provided above.

3.2 Maintenance, Repair and Alterations. To keep the Trust Estate in good condition and repair; not to remove, demolish or substantially alter any of the Improvements without the prior written consent of Beneficiary except if and to the extent otherwise expressly provided in the Loan Agreement and except for such alterations as may be required by any law, ordinance, rule, regulation or order by any governmental authority having jurisdiction over the Trust Estate; to notify Beneficiary in writing of any material damage or destruction to the Trust Estate or any portion thereof immediately upon Trustor obtaining knowledge of same, whether or not covered by insurance; to complete or restore promptly and in good and workmanlike manner any Improvements which may be constructed, damaged or destroyed on the Property and to pay when due all claims for labor performed and materials furnished therefor; not to initiate or acquiesce in any change in any zoning or other land classification which affects the Subject

Property without Beneficiary's prior written consent except if and to the extent otherwise expressly provided in the Loan Agreement; to comply with all laws, ordinances, regulations, covenants, conditions, restrictions and equitable servitudes (including, without limitation, the directives of any Governmental Agency) now or hereafter affecting the Trust Estate or any part thereof or requiring any alterations, improvements or alterations to be made thereon; not to commit or permit any waste or deterioration of the Trust Estate; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; to perform, in the event all or any portion of the Trust Estate constitutes a leasehold estate, each and every obligation of Trustor under the terms of the agreements creating such leasehold estate; not commit, suffer or permit any act to be done in or upon the Trust Estate in violation of any law, ordinance or regulation; and do all other acts which from the character or use of the Subject Property or Personal Property may be reasonably necessary to maintain and preserve its value.

3.3 Insurance.

(a) Coverage. To keep the Improvements insured at all times against loss or damage by fire with extended coverage, and against any other risk or hazard which, in the opinion of Beneficiary, should be insured against, including, without limitation, flood and business interruption, in an amount not less than the full insurable value thereof on a replacement cost basis, with a company or companies and in such form and with such endorsements as may be required by Beneficiary. All such insurance policies shall be endorsed with a standard non-contributory mortgagee clause in favor of Beneficiary. Trustor shall also carry public liability insurance, in such form, amount and with such company or companies as Beneficiary may require from time to time, with Beneficiary included thereon as named insured under a standard mortgagee endorsement clause. The policy or policies evidencing all insurance required hereunder (or certificates of such insurance) and receipts for the payment of premiums thereon shall be delivered to and held by Beneficiary. All such insurance policies may only be canceled or modified upon not less than thirty (30) days' prior written notice to Beneficiary. Trustor shall pay premiums on such insurance as they become due, and shall not permit any condition to exist on or with respect to the Property or the Improvements which would wholly or partially invalidate any insurance thereon.

(b) Application of Proceeds. Trustor hereby absolutely and unconditionally assigns to Beneficiary all insurance proceeds that Trustor may be entitled to receive. All such proceeds shall be delivered to and held by Beneficiary to be applied to Beneficiary's expenses in settling, prosecuting or defending any insurance claim, and then, subject to the satisfaction of all of the conditions set forth below, to the restoration of any portion of the Property and/or the Trust Estate that has been damaged or destroyed to the same condition, character and value as existed prior to such damage or destruction. The conditions to such use are: (a) no default or Event of Default shall have occurred and be continuing; (b) Beneficiary's security is not materially impaired, as determined by Beneficiary; (c) all income from the Property (from Leases, insurance or otherwise) during such restoration and thereafter will be equal to or greater than the income which was required to pay all debt service and operating expenses prior to the casualty; (d) Trustor provides evidence satisfactory to Beneficiary that the insurance that Beneficiary requires Trustor to maintain will be available to Trustor during restoration and thereafter; (e) Beneficiary shall have approved the plans and specifications for such restoration; and (f) in the event that in Beneficiary's sole judgment the insurance proceeds

are not sufficient to accomplish restoration, Trustor deposits with Beneficiary, within fifteen (15) days after demand by Beneficiary, the additional amounts necessary to accomplish restoration. Notwithstanding subparagraph (a) above, if a default exists at the time Beneficiary would be required to release such Proceeds, Beneficiary shall hold such Proceeds until such default is cured or the default becomes an Event of Default. If the default is timely cured, then such condition in subparagraph (a) above shall be deemed satisfied. If the default is not cured by the end of the applicable cure period then the condition in subparagraph (a) above will not be deemed to be satisfied. Proceeds disbursed for restoration will be released to Trustor or otherwise under the procedures set forth in the Loan Agreement. If any of the conditions set forth above are not satisfied, or if Trustor fails to commence restoration of the Trust Estate within thirty (30) days after the insurance proceeds have been paid, or if Trustor fails to diligently pursue such restoration to completion, then Beneficiary shall have the option to either apply the insurance proceeds to any indebtedness secured hereby in such order as Beneficiary may determine or release such proceeds to Trustor, without such release being deemed a payment of any indebtedness secured hereby, rather than to apply such proceeds to the restoration of the Property and/or the Trust Estate. Such application or release shall not cure or waive any default or Event of Default or notice of default hereunder or invalidate any act done pursuant to such notice. If the Property and/or the Trust Estate is completely restored at a cost less than the available insurance proceeds, and if there is not then a default or Event of Default under the Loan Documents, and if no amounts of the Loan are then outstanding, then such excess proceeds shall be paid over to Trustor, or if not paid to Trustor, shall be applied to amounts owing under the Loan Documents. Beneficiary may commence, appear in, defend or prosecute any assigned claim or action, and may adjust, compromise, settle and collect all claims, proceeds and awards assigned to Beneficiary, but Beneficiary shall not be responsible for any failure to collect any claim, proceeds or award, regardless of the cause of the failure. As used in this Section, the term "Beneficiary" shall be deemed to include any parent company of Beneficiary and/or its affiliates or subsidiaries.

3.4 Taxes. To (a) pay at least ten (10) days prior to delinquency, all real property taxes and assessments, general and special, and all other taxes, assessments and charges of any kind or nature whatsoever, which are imposed upon, assessed against or affect the Trust Estate or any part thereof, (b) pay when due all encumbrances, charges or liens of any kind or nature whatsoever, which create or may create a lien upon the Trust Estate or any part thereof (provided, that with respect to Mechanic's Liens, as defined in Section 3.9, Trustor shall have the rights set forth in Section 3.9), or any interest therein, whether prior and superior or subject and subordinate to the lien hereof, and (c) deliver, upon Beneficiary's request, to Beneficiary, within ten (10) days after the date upon which any such tax, assessment, encumbrance, charge or lien is due and payable by Trustor, official receipts of the appropriate taxing authority (or other proof satisfactory to Beneficiary) evidencing the payment thereof. If Trustor is ever in breach of this requirement, then, at Beneficiary's option, Beneficiary may require Trustor to establish and maintain an impound account with Beneficiary, into which Trustor monthly shall deposit an amount established by Beneficiary as Beneficiary's estimate of one-twelfth (1/12th) of the annual amount of all taxes, assessments, encumbrances, charges and liens coming due during each calendar year, such sums to be applied by Beneficiary to payment of these amounts before delinquency, to be replenished by Trustor at any time upon ten (10) days notice if Beneficiary determines the amount it holds to be insufficient to pay the foregoing obligations before they become delinquent. Beneficiary, except as otherwise required by applicable law, shall (i) not be

required to pay interest on any funds held hereunder, (ii) be authorized to assign any funds held by it to any successor holder of the Beneficiary's interest in this Deed of Trust and thereupon be relieved of any further obligation for the application or refund of such sums, and (iii) at any time, at its option, following default, apply funds held hereunder to the Secured Obligations.

3.5 Condemnation. Trustor, upon obtaining knowledge of the institution of any proceedings for the condemnation of the Trust Estate or any portion thereof, shall immediately notify Beneficiary of such fact in writing. If the Trust Estate or any part thereof, is taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor to which Trustor shall be entitled. Beneficiary shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceeding or to make any compromise or settlement in connection with such taking or damage to the extent of the interests of Trustor therein, but Beneficiary shall not be responsible for any failure to collect any claim or award, regardless of the cause of the failure. Trustor hereby absolutely and unconditionally assigns to Beneficiary all such compensation, awards, damages, rights of action and proceeds to which Trustor shall be entitled (the "Proceeds"), and, after deducting therefrom all its reasonable expenses, including attorneys' fees, Beneficiary shall apply or release the Proceeds with the same effect and as provided in Section 3.3(b) above with respect to disposition of insurance proceeds; provided, however, that if there are any excess Proceeds after the full payment of the costs of the restoration of the Trust Estate, Beneficiary shall be entitled to apply such excess to the reduction of the principal balance due under the Note (in the reverse order of maturity) without any adjustment in the dollar amount of the regular installments due under the Note. Trustor agrees to execute such further assignments of the Proceeds as Beneficiary or Trustee may require. Nothing herein contained shall prevent the accrual of interest as provided in the Note on any portion of the Proceeds to be applied to the principal balance due under the Note until the Proceeds are received by Beneficiary.

3.6 CC&Rs. To promptly and completely observe, perform and discharge each and every condition, obligation, covenant and agreement affecting the Subject Property, whether the same is prior and superior or subject and subordinate hereto, including, without limitation, if the Subject Property is or will be a condominium, community apartment or part of a planned development project, each and every provision to be performed by Trustor under any declaration of covenants, conditions and restrictions pertaining thereto.

3.7 Actions Affecting Trust Estate. To appear in and defend, at Trustor's expense, any action or proceeding purporting to affect the Trust Estate, the security hereof or the rights or powers of Beneficiary or Trustee hereunder; and to pay all costs and expenses incurred by Beneficiary or Trustee, including attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust or to exercise the power of sale hereunder.

3.8 Actions by Beneficiary to Preserve Trust Estate. Should Trustor fail to perform any of its obligations under this Deed of Trust, then Beneficiary, in its discretion, without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereunder, may make or do the same. In connection therewith, and without limiting its general powers, Beneficiary shall have and is hereby given the right, but not

the obligation: (a) only during the continuance of an Event of Default (subject to Section 7.9 below), to enter upon and take possession of the Trust Estate or any part thereof, (b) only during the continuance of an Event of Default (subject to Section 7.9 below), to make additions, alterations, repairs and improvements to the Trust Estate or any part thereof which Beneficiary may consider necessary or proper to keep the Trust Estate in good condition and repair, (c) to commence, maintain, appear and participate in any action or proceeding affecting or which may affect, or which is necessary to protect, the security hereof or the rights or powers of Beneficiary or Trustee hereunder, (d) to pay, purchase, contest or compromise any encumbrance, claim, charge or lien which in the judgment of Beneficiary may affect or appears to affect the security of this Deed of Trust or which create or may create a lien upon the Trust Estate or any part thereof or interest therein, whether prior and superior or subject and subordinate to the lien hereof, and (e) in exercising such powers, to pay necessary expenses incurred in connection therewith, to employ counsel and other consultants, and to pay such counsel's or consultants' fees and expenses. Immediately upon demand therefor by Beneficiary, Trustor shall pay all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights, together with interest thereon according to the terms of the Note, and all such sums shall be secured by this Deed of Trust. In no event shall Beneficiary be responsible for any failure to collect any claim or award, or to initiate, prosecute or maximize the amount thereof, regardless of the cause of the failure including, without limitation, any malfeasance or nonfeasance by Beneficiary or its employees or agents.

3.9 Liens and Liabilities.

(a) Discharge of Mechanics Liens. Trustor will pay, bond or otherwise discharge, from time to time when the same shall become due, all claims and demands of mechanics, material suppliers, laborers and others which, if unpaid, might result in, or permit the creation of, a lien on the Property, or on the revenues, rents, issues, income or profits arising therefrom (herein collectively "**Mechanic's Liens**") and, in general, Trustor shall do, or cause to be done, at Trustor's sole cost and expense, everything necessary to fully preserve the lien and priority of this Deed of Trust; provided, however, Trustor shall not be obligated to pay, bond or discharge such Mechanic's Liens if payment is not yet due under the contract which is the foundation of such Mechanic's Liens and if such contract does not postpone payment for more than fifty-five (55) days after the performance thereof; and provided further that so long as an Event of Default shall not have occurred and be continuing hereunder, Trustor shall have the right to contest or object to the amount or validity of any such claim and demand by appropriate administrative or judicial proceedings, in which event all of the following provisions shall apply: (a) Trustor shall give Beneficiary written notice of Trustor's intent to so contest or object to such Mechanic's Liens; (b) Trustor shall thereafter diligently proceed to cause such Mechanic's Liens to be removed and discharged; and (c) Trustor, if requested by Beneficiary, shall deposit with Beneficiary a bond or other assurance reasonably satisfactory to Beneficiary in such amounts as Beneficiary shall reasonably require, but not more than 125% of the amount of the Mechanic's Liens plus costs, expenses, including reasonable attorneys' fees, and interest.

(b) Creation of Liens. Except as otherwise set forth herein, Trustor will not, without Beneficiary's consent, create, place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual

(except for normal ad valorem real property taxes which are not yet due and payable), security interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Property, prior to, on a parity with or subordinate to the lien of this Deed of Trust. If any of the foregoing becomes attached to the Property without such consent, Trustor will promptly cause the same to be discharged and released.

(c) No Consent. Nothing in the Loan Documents shall be deemed or construed in any way as constituting the consent or agreement by Beneficiary, express or implied, to pay any contractor, subcontractor, laborer, mechanic or materialman for the performance of any labor or the furnishing of any material for any improvement, construction, alteration or repair of the Property, or to constitute any such person as a beneficiary of any obligation Beneficiary may incur to Trustor concerning such matters, or to create a trust fund for any such person. Trustor further agrees that neither Trustee nor Beneficiary stands in any fiduciary relationship to Trustor.

3.10 Books and Records. Trustor shall keep and maintain, or cause to be kept and maintained, proper and accurate books, records and accounts of the Trust Estate and of its own financial affairs to permit the preparation of financial statements therefrom. Beneficiary, through its agents, representative or employees, shall upon reasonable prior notice (provided an Event of Default shall not have occurred, in which case no prior notice shall be necessary) have the right, from time to time, at any time and at all times, during normal business hours, to examine, copy and audit such books, records and accounts.

3.11 Personal Property. Trustor shall not remove from the Property any Personal Property (as defined in Section 6 below) except in the ordinary course of business and then only if such removed property is replaced with similar property of comparable quality and value.

3.12 Further Assurances. Trustor will, at the request of Beneficiary, execute, deliver and furnish such documents or take such further action as Beneficiary may deem necessary or desirable to evidence Trustor's obligations under the Secured Obligations, perfect the security therefor, or otherwise carry out the terms of this Deed of Trust and any of the other documents delivered to Beneficiary in connection herewith.

4. ADDITIONAL COVENANTS OF TRUSTOR. Trustor hereby agrees as follows:

4.1 Other Financing. Trustor shall not create or permit to continue in existence any mortgage, pledge, security interest, lien, charge or encumbrance of any kind upon the Trust Estate or any part thereof or any interest therein except for: (a) the lien of this Deed of Trust, (b) liens for taxes and assessments not yet delinquent, (c) to the extent permitted to remain under Section 3.9(a), above, certain Mechanic's Liens as therein provided, (d) any pledge created in connection with the Mezzanine Loan as defined in the Loan Agreement or replacement mezzanine financing approved by Beneficiary, and (e) such other liens or charges as are specifically approved in writing by Beneficiary. Trustor shall, at Trustor's expense, take all action necessary to promptly secure releases of all liens and encumbrances which in the opinion of Beneficiary are or may be prior and superior to Beneficiary's security interest.

4.2 Transfers.

(a) Transfer of Property. Trustor shall not, directly or indirectly, sell, convey, assign, further encumber, grant a security interest in, mortgage, hypothecate, transfer, alienate or otherwise dispose of the Trust Estate or any part thereof or any interest therein, including, without limitation, air rights or development rights, whether voluntarily, involuntarily, by operation of law or otherwise, or (except as may otherwise be permitted under the Loan Agreement or this Deed of Trust), any lease of all or any portion thereof or an undivided interest therein, or enter into an agreement so to do, without the prior written consent of Beneficiary; provided, however, that if the Trust Estate consists of multifamily residential real property containing five or more dwelling units, Trustor, without Beneficiary's consent, may enter into leases of single residential units for a term of one year or less upon market rates and terms without prior consent of Beneficiary.

(b) Transfer of Beneficial Interest. Except as expressly permitted herein, without limiting the provisions of Section 4.2(a) above, the occurrence of any of the following events, without Beneficiary's prior written consent, shall be deemed to constitute an unpermitted transfer of the Trust Estate: if Trustor is a closely-held corporation, trust, partnership, limited liability company or joint venture, the issuance, sale, conveyance, transfer, disposition or encumbering, or the entering into of any agreement to accomplish any thereof, with respect to more than twenty-five percent (25%) in the aggregate at any time or over time of any class of the currently issued and outstanding stock of or membership interest in Trustor, if a closely-held corporation or limited liability company, or of the beneficial interest of Trustor, if a trust, partnership or joint venture, or a change of any general partner or joint venturer of Trustor, if a partnership or joint venture, either voluntarily, involuntarily, by operation of law or otherwise. For purposes of this Section 4.2(b), "closely-held corporation" shall mean any corporation not listed on a national or regional stock exchange. Notwithstanding the foregoing, however, Trustor may permit a transfer of any partnership interest in Trustor or such other action which effects a change in the ownership, structure, management or control of Trustor, provided that, following such action, James C. Gianulias indirectly controls not less than fifty-one percent (51%) of the interest in Trustor and Beneficiary shall be satisfied that such action will not impair in any way the enforceability of any Guaranty and following such transfer, James C. Gianulias is not the general partner of Trustor or of any of its constituent entities.

(c) Transfer of Duties. Trustor shall not transfer or delegate the duties of managing the Trust Estate under any management agreement, if any, to any person, firm, corporation, partnership or other entity without the prior written consent of Beneficiary.

If Trustor at any time without Beneficiary's express prior written consent shall do, suffer or permit the occurrence of any of the foregoing, under Sections 4.2(a), 4.2(b) or 4.2(c), then the Note and all sums secured hereby shall be immediately due and payable without claim, notice or demand. Any consent by Beneficiary permitting a transaction otherwise prohibited under Sections 4.2(a), 4.2(b) or 4.2(c) above shall not constitute a consent to or waiver of any right of Beneficiary to withhold its consent on any subsequent occasion to a transaction not otherwise permitted by the provisions hereof.

4.3 No Security Interests. Except as otherwise permitted in the Loan Agreement, if any, including in connection with the Mezzanine Loan, as defined in the Loan Agreement, all equipment, personal property, fixtures and other property subject to the lien of the security interest granted to Beneficiary in this Deed of Trust shall be fully paid for by Trustor, and shall be subject to no security interest, lien or other encumbrance, other than that granted to Beneficiary and as contemplated by the Permitted Encumbrances.

4.4 Notices Received. Trustor shall comply with and promptly furnish to Beneficiary true and complete copies of any notices pertaining to the Property by any governmental authority of the United States, or the State, County, or City, or any other political subdivision in which the Property is located or which exercised jurisdiction over Trustor or the Trust Estate. Trustor shall promptly notify Beneficiary of any material fire or other material casualty or any notice of taking or eminent domain proceeding affecting the Trust Estate. Trustor shall promptly notify Beneficiary of any other action, proceeding or investigation concerning the Property or the Trust Estate, or any party thereof, of which it acquires notice.

4.5 No Changes. So long as any amount or obligation is outstanding by Trustor to Beneficiary under any of the Loan Documents, and except if and to the extent otherwise expressly provided in the Loan Agreement, Trustor will not, without the written consent of Beneficiary:

(a) Change the use of the Subject Property or allow any material permits or licenses required for such use of the Subject Property to expire, lapse or be suspended or terminated.

(b) Cause or suffer to become effective or otherwise consent to the formation of any community facilities district which includes the Subject Property or any part of the Subject Property, any assessment district which includes the Subject Property or any part of the Subject Property, or any other comparable or similar district, area or territory which includes the Subject Property or any part of the Subject Property pursuant to any restriction, or cause or otherwise consent to the levying of assessments by any such assessment district against the Subject Property or any part thereof, the levying of special taxes by any community facilities district against the Subject Property or any part thereof, or the levying of assessments, taxes or other imposition by any such district, area or territory. Trustor shall immediately give notice to Beneficiary of any notification or advice that Trustor may receive from any municipality or other third party of any intent or proposal to include all or any part of the Subject Property in a community facilities district. Beneficiary shall have the right to file a written objection to the inclusion of all or any part of the Subject Property in a community facilities district, either in its own name or in the name of Trustor, and to appear at, and participate in, any hearing with respect to the formation of any such district.

5. ASSIGNMENT OF LEASES AND RENTS; PERFORMANCE OF LEASES.

5.1 Assignment of Rents and Leases. Trustor hereby irrevocably absolutely and unconditionally assigns and transfers to Beneficiary all of Trustor's right, title and interest in and to the Leases and the Rents; provided, however, that so long as no Event of Default (as defined in Section 7.1 below) has occurred and is continuing (subject to the provisions of Section

7.9 below), Trustor shall have the right under a license granted hereby to collect, receive, use and enjoy all Rents as trustee for the benefit of Beneficiary and to apply the amounts so collected first to the payment of the Secured Obligations that are then due and payable and then to the payment of all other sums due and payable hereunder, and thereafter, so long as no Event of Default is continuing (subject to the provisions of Section 7.9 below), the balance may be distributed to Trustor. If an Event of Default has occurred and is continuing (subject to the provisions of Section 7.9 below), Trustor's right to collect and receive the Rents under the license granted hereby shall cease and the license shall be revoked automatically and, pursuant to Section 7.2(a) hereof, Beneficiary shall have the sole right, with or without taking possession of the Property, to collect all Rents. This is a present and absolute assignment and not an assignment for security only. This assignment shall terminate upon reconveyance of this Deed of Trust, if all amounts owing under the Loan Documents have been paid in full to Beneficiary.

5.2 Effect of Assignment. The foregoing irrevocable and absolute assignment shall not cause Beneficiary to be: (a) a mortgagee in possession; (b) responsible or liable for the control, care, management or repair of the Property or for performing any of the terms, agreements, undertakings, obligations, representations, warranties, covenants and conditions of the Leases; or (c) responsible or liable for any waste committed on the Property by the lessees under any of the Leases or any other parties; for any dangerous or defective condition of the Property; or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any lessee, licensee, employee, invitee or other person. Beneficiary and Trustee shall not directly or indirectly be liable to Trustor or any other person as a consequence of: (i) the exercise or failure to exercise by Beneficiary or Trustee, or any of their respective employees, agents, contractors or subcontractors, any of the rights remedies or powers granted to Beneficiary or Trustee hereunder; or (ii) the failure or refusal of Beneficiary to perform or discharge any obligation, duty or liability of Trustor arising under the Leases.

5.3 Representations and Warranties. Trustor represents and warrants that: (a) all existing Leases are in full force and effect and are enforceable in accordance with their respective terms subject to applicable laws affecting creditors' rights and principles of equity, and no breach or default, or event which would constitute a breach or default after notice or the passage of time, or both, exists under any existing Leases on the part of Trustor or, to the best of Trustor's knowledge, any other party; (b) no rent or other payment under any existing Lease has been paid by any lessee for more than one (1) month in advance; and (c) none of the lessor's interests under any of the Leases has been transferred or assigned.

5.4 Negative Covenants Regarding Leases. Trustor shall not enter into any Lease without the prior written consent of Beneficiary or as provided in the Loan Agreement. If any Lease is permitted by Beneficiary, Trustor shall not, without the prior written consent of Beneficiary, (a) cancel, terminate or consent to the surrender of any Lease, (b) modify or in any way alter the terms of any Lease, (c) release any lessee or guarantor from any obligations or conditions to be performed by any lessee or guarantor under any Lease, (d) discount the rent or collect any rent from any lessee for a period of more than one (1) month in advance, or (e) execute any further assignment of any of its right, title and interest in the Leases and the Rents without the prior written consent of Beneficiary. Notwithstanding the foregoing, Trustor may pre-lease the apartments to be constructed on the Property in Trustor's ordinary course of business.

5.5 Affirmative Covenants Regarding Leases. Trustor shall (a) observe, perform and discharge each and every obligation, term, covenant, condition and agreement of Trustor under the Leases, (b) enforce the performance of each and every obligation, term, covenant, condition and agreement in the Leases to be performed by any lessee or guarantor thereof to the extent commercially reasonable to do so, (c) except as may be otherwise provided in the other Loan Documents, keep the Property and the Improvements leased at a market rental, subject to applicable restrictive covenants affecting the Property, and on such other terms and conditions as are reasonably acceptable to Beneficiary, and (d) execute and deliver to Beneficiary upon demand, at any time and from time to time, any and all assignments and other instruments which Beneficiary may deem advisable to carry out the true purposes and intent of the assignment set forth in Section 5.1 above.

5.6 Beneficiary's Right to Proceeds. Any attempted action in violation of the provisions of Section 5.4 or 5.5 shall be null and void. Without in any way limiting the requirement of Beneficiary's consent hereunder, any sums received by Trustor in consideration of any termination (or the release or discharge of any lessee), modification or amendment of any Lease shall be paid over to Beneficiary and applied to reduce the outstanding Secured Obligations and any such sums received by Trustor shall be held in trust by Trustor for such purpose.

5.7 Subordination of Leases and Attornment. Each Lease of any portion of the Property or Improvements shall be absolutely subordinate to the lien of this Deed of Trust. However, each Lease shall contain a provision satisfactory to Beneficiary, and, each tenant under a Lease, by virtue of executing a Lease covering the Property, the Improvements or any portion thereof, hereby agrees, that in the event of the exercise of the private power of sale or a judicial foreclosure hereunder, such Lease shall not be terminated (unless such Lease was executed in violation of the terms of this Deed of Trust, in which event it may be terminated at the option of the purchaser at such sale), and the tenant thereunder shall attorn to such purchaser and, if requested to do so, shall enter into a new Lease for the balance of the term of such Lease then remaining upon the same terms and conditions. Any such Lease and the rents thereunder shall be subject to this Deed of Trust.

6. SECURITY AGREEMENT. This Deed of Trust shall constitute a security agreement as that term is used in the Uniform Commercial Code of California (the "UCC") and Trustor hereby pledges to Beneficiary and grants to Beneficiary, as additional collateral for the Secured Obligations, a security interest in all of the property described in Section 1 of this Deed of Trust which may be personal property (collectively, the "**Personal Property**"). Trustor hereby irrevocably authorizes Beneficiary to execute and file in the appropriate state governmental records, as Beneficiary deems necessary or desirable, any and all financing statements covering all or any portion of the Trust Estate, as well as extensions, renewals, amendments and terminations thereof, in such form as Beneficiary deems necessary or desirable to perfect its security interest in the Trust Estate or any portion thereof under the UCC. Trustor shall pay all costs of filing or recording such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. If this Deed of Trust is fully reconveyed in the real property records as pertaining to the Property and the Improvements, this Deed of Trust nonetheless shall continue in effect as a security agreement until all

obligations of Trustor are satisfied, no further advances or commitments on the part of Beneficiary to make further advances are possible or exist, and Beneficiary files a termination statement in the Office of the Secretary of the State of California terminating the UCC-1 in full. Trustor shall not file any termination statement or amendment of any financing statement or continuation statement now or hereafter filed by Beneficiary with respect to the Trust Estate or any portion thereof unless and until (a) all Secured Obligations hereunder have been fully and finally paid, satisfied and retired in full and no further advances or commitments on the part of Beneficiary to make further advances are possible or exist, and (b) Beneficiary has failed to file a termination statement or to furnish Trustor with a termination statement concerning any financing statement filed by Beneficiary regarding all or any portion of the Trust Estate within twenty (20) days following Beneficiary's receipt of an authenticated demand therefor from Trustor. Trustor shall procure any documents, including, without limitation, mortgagee or landlord waivers or subordination agreements, in form and substance satisfactory to Beneficiary, with respect to any and all Personal Property (or fixtures which are a part of the Trust Estate), deliver to Beneficiary any instrument, mark any chattel paper, give any notice and take any other actions which are necessary or desirable to perfect or to continue the perfection and first priority of the security interest created hereunder, or to protect the Personal Property or fixtures against the rights, claims or interests of third parties, and to pay all costs incurred in connection therewith. Trustor hereby appoints Beneficiary as Trustor's true attorney-in-fact, coupled with an interest, to perform (but without any obligation to do so) any of the foregoing acts should Trustor fail to do so, irrevocable until such time as the Secured Obligations have been indefeasibly satisfied, to be exercised from time to time and at any time by Beneficiary during the continuance of an Event of Default hereunder (subject to the provisions of Section 7.9 below). Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor agrees that Beneficiary is, and shall be deemed to be, the "secured party" as that term is defined in the UCC, and Beneficiary shall have all of the rights and remedies of a secured party under the UCC as well as any and all other rights and remedies available at law or in equity. In addition to Beneficiary's rights under the UCC, Beneficiary may, but shall not be obligated to, at any time without notice and at the expense of Trustor: (a) give notice to any person of Beneficiary's rights hereunder and enforce such rights at law or in equity; (b) insure, protect, defend and preserve the Personal Property or any rights or interests of Beneficiary therein; (c) upon reasonable prior notice to Trustor (provided an Event of Default shall not have occurred, in which case no prior notice shall be necessary), inspect the Personal Property; and (d) during the continuance of an Event of Default (subject to the provisions of Section 7.9 below), endorse, collect and receive any right to payment of money owing to Trustor under or from the Personal Property. Notwithstanding the above, in no event shall Beneficiary be deemed to have accepted any property other than cash in satisfaction of any obligation of Trustor to Beneficiary unless Beneficiary shall make an express written election of said remedy under UCC Section 9620, or other applicable law. Trustor, upon demand of Beneficiary, shall assemble the Personal Property and make it available to Beneficiary at the Property or a place which is reasonably convenient to Beneficiary, and Beneficiary's expense in retaking, holding, preparing for sale, selling or the like shall be borne by Trustor, such expenses to include Beneficiary's and Trustee's attorneys' fees incurred in connection therewith. Except as otherwise provided in this Section or the other Loan Documents so long as no Event of Default is continuing (subject to the provisions of Section 7.9 below) under this Deed of Trust or any of the Loan Documents, Trustor may possess,

use, move, transfer or dispose of any of the Personal Property in the ordinary course of trustor's business and in accordance with the Loan Agreement.

7. EVENTS OF DEFAULT AND REMEDIES.

7.1 Events of Default. Any of the following events shall, at Beneficiary's option, constitute an event of default (an "Event of Default") hereunder:

(a) Failure to Pay. The failure of Trustor (i) to pay any installment of principal or interest under the Note within ten (10) days of the due date thereof (or within ten (10) days after written notice from Beneficiary if such notice is required under the terms of the Note), or (ii) to pay any other sum due from Trustor under any Loan Document or any other instrument or agreement secured hereby, whether at maturity, by acceleration or as part of a prepayment or otherwise, and the continuation of such failure following the expiration of any applicable notice or cure period provided for therein or herein, or if no such notice or cure period is so provided, the continuation of such failure for ten (10) days after written notice thereof from Beneficiary;

(b) Failure to Perform Deed of Trust. The failure of Trustor to keep, observe and perform any other provisions of this Deed of Trust, and the continuation of such failure for a period of thirty (30) days after written notice from Beneficiary, except that if such breach is not a violation of any requirement or restriction of Sections 3.3, 3.4, 3.5, 4.1, 4.2, 5.4 or 5.5 of this Deed of Trust and is not reasonably capable of being cured within such thirty-day period, then such thirty-day period shall be further extended as necessary to complete the cure (but in no event more than sixty (60) days after written notice from Beneficiary) so long as Trustor commences the cure within the original fifteen-day period and thereafter diligently pursues such cure to completion.

(c) Failure to Perform Other Documents. The failure of Trustor to promptly and completely observe or perform any term, condition, covenant, agreement or obligation contained in any other Loan Document or other instrument or agreement secured hereby, and the continuation of such failure following the expiration of any applicable notice, cure or grace period, if any, provided for therein or herein;

(d) Other Events of Default. The occurrence of any "event of default" (i.e., after the giving of any required notice and completion of applicable cure periods for such event of default) under any of the other Loan Documents (as defined therein) or any other instrument or agreement secured hereby.

7.2 Remedies. Upon the occurrence of any Event of Default, Beneficiary may, at its option:

(a) Acceleration of Indebtedness. Declare all Secured Obligations, and the same shall thereupon become, immediately due and payable without any presentment, demand, protest or notice of any kind.

(b) Termination of License. Terminate Trustor's right and license to collect the Rents, and either in person or by agent, with or without bringing any action or

proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or any part thereof or interest therein, make, modify, enforce, cancel or accept the surrender of any Lease, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including, without limitation, attorneys' fees, to the Secured Obligations, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such Rents and the application thereof as aforesaid, or any of such acts, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of all or any portion of the Trust Estate or the collection, receipt and application of Rents, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale. Failure of Beneficiary at any time, or from time to time, to collect the Rents shall not in any manner affect the subsequent enforcement of Beneficiary of the right to collect the same.

(c) Appointment of Receiver. As a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Trust Estate or the interest of Trustor therein, to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby unconditionally and irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided in this Deed of Trust and shall continue as such and exercise all such powers until the later of (i) the date of confirmation of sale of the Trust Estate, (ii) the disbursement of all proceeds of the Trust Estate collected by such receiver and the payment of all expenses incurred in connection therewith, and (iii) the termination of such receivership with the consent of Beneficiary or pursuant to an order by a court of competent jurisdiction.

(d) UCC Remedies. Exercise any and all remedies available to a secured party under the UCC in such order and in such manner as Beneficiary, in its sole discretion, may determine, and in addition to any of Beneficiary's rights under the UCC or applicable law:

(i) During the continuance of an Event of Default (subject to the provisions of Section 7.9 below), Beneficiary may (A) upon written notice, require Trustor to assemble any or all of the Personal Property and make it available to Beneficiary at a place designated by Beneficiary; (B) without prior notice, enter upon the Property or other place where any of the Personal Property may be located and take possession of, collect, sell, and dispose of any or all of the Personal Property and store the same at locations acceptable to Beneficiary at Trustor's expense; (C) sell, assign and deliver at any place or in any lawful manner all or any part of the Personal Property and bid and become the purchaser at any such sales; and

(ii) During the continuance of an Event of Default (subject to the provisions of Section 7.9 below), Beneficiary may for the account of Trustor and at Trustor's expense: (A) operate, use, consume, sell or dispose of the Personal Property as Beneficiary deems appropriate for the purpose of performing any or all of the Secured Obligations; (B) enter into any agreement, compromise, or settlement, including insurance claims, which Beneficiary may deem desirable or proper with respect to any of the Personal Property; and (C) endorse and deliver evidences of title for, and receive, enforce and collect by legal action or otherwise, all indebtedness and obligations now or hereafter owing to Trustor in connection with or on account of any or all of the Personal Property.

(e) Judicial Foreclosure of Deed of Trust. Commence an action to foreclose this Deed of Trust as a mortgage, to specifically enforce any of the covenants hereof, or otherwise to enforce the same. Trustor acknowledges that the covenants of Trustor shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought by Beneficiary under this purpose, Trustor waives the defense of laches and any applicable statute of limitations.

(f) Power of Sale. Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Trust Estate or any portion thereof to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County in which the Trust Estate is located.

(i) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in said Notice of Sale, either as a whole, or in separate lots or parcels or items as Beneficiary shall deem expedient, and in such order as Beneficiary may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustor hereby expressly waives any right which it may have to direct the order in which any of the Trust Estate may be sold when it consists of more than one lot or parcel, and such order of sale, whether in a single sale or in multiple sales held on different days or at different times, shall be at the sole discretion of Beneficiary. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale.

(ii) After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including costs of evidence of title and attorneys' fees of Trustee and Beneficiary in connection with such sale, Trustee shall apply, in the following priority, the proceeds of sale to payment of: (A) first, all sums expended under the terms hereof, not then repaid, with interest thereon according to the terms of the Note, (B)

second, all other sums then secured hereby, in such order of priority and in such proportion as Beneficiary in its sole discretion may elect, and (C) the remainder, if any, to the person or persons legally entitled thereto.

(iii) Subject to applicable law, Trustee may from time to time postpone the sale of all or any portion of the Trust Estate by public announcement at the time and place of such sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

(g) Multiple Foreclosures. To resort to and realize upon the security hereunder and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and to apply the proceeds received upon the Secured Obligations all in such order and manner as Trustee and Beneficiary, or either of them, determine their sole discretion.

(h) Other Remedies. During the continuance of an Event of Default (subject to the provisions of Section 7.9 below), Exercise all other rights and remedies provided herein, in any Loan Document or other document or agreement now or hereafter securing all or any portion of the obligations secured hereby, or provided by law.

(i) Waiver of Marshaling; Multiple Security. Trustor, for itself and for all parties claiming through or under Trustor, and for all parties who may acquire a lien on or interest in the Subject Property and Personal Property hereby waives all rights to have the Subject Property and Personal Property and/or any other property, which is now or later may be security for any Secured Obligation ("**Other Property**") marshaled upon any foreclosure of the lien of this Deed of Trust or on a foreclosure of any other lien or security interest against any security for the lien of this Deed of Trust or on a foreclosure of any other lien or security interest against any security for any of the Secured Obligations. Beneficiary shall have the right to sell, and any court in which foreclosure proceedings may be brought shall have the right to order a sale of, the Subject Property and any or all of the Personal Property or Other Property as a whole or in separate parcels, in any order that Beneficiary may designate. Beneficiary may proceed in any sequence to exercise its rights hereunder with respect to all or any portion of the Trust Estate and all or any portion of the Personal Property, and to exercise its rights with respect to all or any portion of the Personal Property in accordance with the provisions of the UCC. Beneficiary may elect to sell some or all of the Personal Property together with all or any portion of the Trust Estate which comprises real property to be sold in one or more combined sales, pursuant to applicable provisions of the UCC.

(j) Credit Bid. Upon sale of the Trust Estate at any judicial or non-judicial foreclosure, Beneficiary may credit bid (as determined by Beneficiary in its sole and absolute discretion) all or any portion of the Secured Obligations. In determining such credit bid, Beneficiary may, but is not obligated to, take into account all or any of the following: (i) appraisals of the Trust Estate as such appraisals may be discounted or adjusted by Beneficiary in its sole and absolute underwriting discretion; (ii) expenses and costs incurred by Beneficiary

with respect to the Trust Estate prior to foreclosure; (iii) expenses and costs which Beneficiary anticipates will be incurred with respect to the Trust Estate after foreclosure, but prior to resale, including, without limitation, costs of structural reports and other due diligence, costs to carry the Trust Estate prior to resale, costs of resale (e.g. commissions, attorneys' fees, and taxes), costs of any hazardous materials clean-up and monitoring, costs of deferred maintenance, repair, refurbishment and retrofit, costs of defending or settling litigation affecting the Trust Estate, and lost opportunity costs (if any), including the time value of money during any anticipated holding period by Beneficiary; (iv) declining trends in real property values generally and with respect to properties similar to the Trust Estate; (v) anticipated discounts upon resale of the Trust Estate as a distressed or foreclosed property; (vi) the fact of additional collateral (if any), for the Secured Obligations; and (vii) such other factors or matters that Beneficiary (in its sole and absolute discretion) deems appropriate. In regard to the above, Trustor acknowledges and agrees that: (w) Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (x) this Section does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; (y) the amount of Beneficiary's credit bid need not have any relation to any loan-to-value ratios specified in the Loan Documents or previously discussed between Trustor and Beneficiary; and (z) Beneficiary's credit bid may be (at Beneficiary's sole and absolute discretion) higher or lower than any appraised value of the Trust Estate.

7.3 Remedies Not Exclusive; Waiver. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to Trustee or Beneficiary, or to which either of them may be otherwise entitled, may be exercised concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the obligations secured hereby, Beneficiary, at its sole option, and without limiting or affecting any of the rights or remedies hereunder, may exercise any of the rights or remedies to which it may be entitled hereunder either concurrently with whatever rights it may have in connection with such other security or in such order and in such manner as Beneficiary may deem fit without waiving any rights with respect to such other security.

7.4 Application of Other Sums. All sums received by Beneficiary under Section 3.3, Section 3.5, or any Section of this Article 7, less all costs and expenses incurred by Beneficiary or any receiver under any such section, including, without limitation, attorneys' fees, shall be applied in payment of the Secured Obligations in such order as Beneficiary shall determine in its sole discretion; provided, however, Beneficiary shall have no liability for funds not actually received by Beneficiary.

7.5 No Cure or Waiver. Neither Beneficiary's nor Trustee's nor any receiver's entry upon and taking possession of all or any part of the Subject Property and Personal Property, nor any collection of rents, issues, profits, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, nor the application of any collected sum to any Secured Obligation, nor the exercise or failure to exercise of any other rights or remedy by Beneficiary or Trustee or any receiver shall cure or waive any breach, Default or notice of default under this Deed of Trust, or nullify the effect of

any notice of default or sale (unless all Secured Obligations then due have been paid and performed and Trustor has cured all other defaults), or impair the status of the security, or prejudice Beneficiary or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option or a subordination of the lien of or security interests created by this Deed of Trust.

7.6 Payment of Costs, Expenses and Attorneys' Fees. Trustor agrees to pay to Beneficiary immediately and without demand all costs and expenses incurred by Trustee and Beneficiary pursuant to this Article 7 (including, without limitation, court costs and attorneys' fees, whether incurred in litigation or not) with interest from the date of expenditure until said sums have been paid at the highest rate of interest then applicable to the principal balance of the Note as specified therein. In addition, Trustor shall pay to Trustee all trustee's fees hereunder and shall reimburse Trustee for all expenses incurred in the administration of this trust, including, without limitation, any attorneys' fees.

7.7 Power to File Notices and Cure Defaults. Trustor hereby irrevocably appoints Beneficiary and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, (b) upon the issuance of a deed pursuant to the foreclosure of the lien of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment or further assurance with respect to the Subject Property and Personal Property, Leases, Rents and other proceeds of the Trust Estate in favor of the grantee of any such deed, as may be necessary or desirable for such purpose, (c) to prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve Beneficiary's security interests and rights in or to any of the Subject Property and Personal Property, and (d) upon the occurrence of an event, act or omission which, with notice or passage of time or both, would constitute an Event of Default, Beneficiary may perform any obligation of Trustor hereunder; provided, however, that: (i) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (ii) Beneficiary shall not be liable to Trustor or any other person or entity for any failure to act (whether or not such failure constitutes negligence) by Beneficiary under this Section.

7.8 Rescission of Notice. Beneficiary, from time to time before completion of a sale, may rescind any notice of breach or default and of election to cause the Trust Estate to be sold by executing and delivering to Trustee a written notice of such rescission, which notice, when recorded, shall also constitute a cancellation of any prior declaration of default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations of default and demand for sale, and notices of breach or default, and of election to cause the Trust Estate to be sold to satisfy the obligation hereof, nor otherwise affect any provision, agreement, covenant or condition of the Loan Documents, the Indenture, or this Deed of Trust, or any of the rights, obligations or remedies of the parties hereunder or thereunder.

7.9 Continuing Event of Default. After an Event of Default has occurred, the Event of Default will be deemed to be "continuing" for purposes of the Loan Documents until either:

(a) Beneficiary is obligated to reinstate the indebtedness pursuant to California Civil Code Section 2924c(a)(1), or

(b) Beneficiary expressly agrees in writing, that the Event of Default is no longer continuing.

8. SITE VISITS, OBSERVATION AND TESTING. In addition to any other inspection rights under the Loan Agreement, Beneficiary, through its agents, representatives or employees, is authorized, upon reasonable prior notice (provided an Event of Default shall not have occurred, in which case no prior notice shall be necessary), to enter at any reasonable time upon or in any part of the Trust Estate for the purposes of inspecting same, monitoring construction or other activities thereon, performing any of the acts it is authorized to perform hereunder or under the terms of any of the Loan Documents, performing appraisals, observing the condition thereof, taking and removing soil or groundwater samples, and conducting tests on any part thereof. Beneficiary shall have no obligation or duty to so, however, and no site visit, observation or testing by Beneficiary shall impose any liability on Beneficiary. In no event shall any site visit, observation, inspection, or testing by Beneficiary be a representation that Hazardous Substances (as hereinafter defined) are or are not present in, on or under the Property, or that there has been or shall be compliance with any law, regulation or ordinance pertaining to any applicable governmental law or any plans, specifications, agreements or requirements of any person, including Beneficiary. Neither Trustor nor any other party is entitled to rely on any site visit, observation or testing by Beneficiary. Beneficiary shall endeavor to inform Trustor if Beneficiary discovers any Hazardous Substances or any other adverse condition affecting the Property; however, Beneficiary owes no duty of care to protect Trustor or any other party against, or to inform Trustor or any other party of, any Hazardous Substances or any other adverse condition affecting the Property. Beneficiary shall (i) give Trustor reasonable notice to avoid interfering with Trustor's use of the Property in exercising any rights provided for in this Section, and (ii) reimburse Trustor for the cost of repair of any physical injury to the Property caused by Beneficiary in exercising such rights. For purposes of this Section, "Hazardous Substance" means any substance, material or waste which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or which is or becomes similarly designated, classified or regulated under any federal, state or local law, regulation or ordinance.

9. MISCELLANEOUS.

9.1 Governing Law. This Deed of Trust is to be governed and construed in accordance with the laws of the State of California and federal law as applicable, except that with respect to any portion of the Property located outside of the State of California, the laws of the state in which such property is located (and federal law as applicable) shall be applicable hereto but only to the extent required for Trustee or Beneficiary to enforce or realize upon the rights and remedies hereunder with respect thereto.

9.2 Severability. In the event any one or more of the provisions contained in this Deed of Trust, in the Note or in any of the other Loan Documents shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

9.3 Amendment. This Deed of Trust cannot be modified, waived, discharged or terminated orally, but only by a written instrument signed by the party against whom enforcement of the modification, waiver, discharge or termination is asserted.

9.4 Waiver of Remedies. By accepting payment of any of the Secured Obligations after its due date, or an amount which is less than the amount then due, or the performance of any obligation required hereunder after the date required for such performance, Beneficiary does not waive its rights either to require prompt payment or performance when due of all other Secured Obligations, or to declare a default as herein provided for the failure to so pay or perform.

9.5 No Implied Waiver. No waiver by Beneficiary of any default or breach by Trustor hereunder shall be implied from any omission by Beneficiary to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default identified in the waiver and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Beneficiary to or of any act by Trustor requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. No delay or omission of Trustee or Beneficiary in the exercising of any right or remedy available upon an Event of Default shall impair such right or remedy or any other right or remedy nor shall the same be construed to be a waiver of any Event of Default or any acquiescence therein, and no custom or practice which may develop between Trustor and Beneficiary during the term hereof shall be deemed a waiver of or any way affect the right of Beneficiary to insist upon the performance by Trustor of the obligations secured hereby in strict accordance with the terms hereof or of any other Loan Document.

9.6 Full Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

9.7 Partial Reconveyance. Upon written request of Trustor, Beneficiary shall cause Trustee to reconvey the lien of this Deed of Trust from any legal lot or parcel encumbered hereby after satisfaction of each and every condition precedent to such partial reconveyance set forth in any written agreement between Trustor and Beneficiary providing for such partial reconveyance; provided, that in the absence of such a separate written agreement, nothing herein

shall obligate Beneficiary to approve a reconveyance prior to payment in full and discharge of all of the Secured Obligations.

9.8 Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication (including communications by telegraph, telex or telecommunication facilities providing facsimile transmission) shall be in writing and shall be effective only if the same is delivered by personal service, mailed (postage prepaid, return receipt requested), or telegraphed, telexed or transmitted addressed to the address set forth below. Any such notice if so mailed shall be deemed to have been received by the addressee on the third day following the date of such mailing. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change. It is understood and agreed that each of the parties will use reasonable efforts to send copies of any notices marked "With a copy to" as set forth above; provided, however, that failure to deliver such copy or copies shall have no consequences whatsoever to the effectiveness of any notice made to the other party.

9.9 Acceptance by Trustee. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

9.10 Certain Actions of Trustee. At any time or from time to time without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, and without affecting the personal liability of any person for payment of the Secured Obligations or the effect of this Deed of Trust upon the remainder of the Trust Estate, Trustee may (i) reconvey any part of the Trust Estate, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

9.11 Statements by Trustor. Trustor, upon ten (10) days' written request from Beneficiary, shall furnish a statement of the amount due or outstanding on the Note, a statement of any offsets, counterclaims or defenses to the payment thereof and an annual statement covering the operations of the Property and Improvements.

9.12 Substitution of Trustee. Beneficiary acting alone may, from time to time, by written instrument executed and acknowledged by Beneficiary and recorded in the County in which the Property is located, appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall set forth any information required by law. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee herein. A writing recorded pursuant to the provisions of this Section 9.12 shall be conclusive proof of the proper substitution of such new Trustee.

9.13 Loan Statement Fees. Trustor shall pay to Beneficiary for each statement of Beneficiary regarding the obligations secured hereby which is furnished at Trustor's request, the maximum fee allowed by law, or if there be no maximum fee, then such reasonable fee as is charged by Beneficiary as of the time said statement is furnished.

9.14 Successors and Assigns. This Deed of Trust applies to and shall be binding on and inure to the benefit of all parties to this Deed of Trust and their respective heirs, personal representatives, successors and assigns; provided, however, that this Section 9.14 does not waive or modify the provisions of Sections 4.1 and 4.2.

9.15 Interpretation. In this Deed of Trust, whenever the context so requires, the masculine gender shall include the feminine and/or neuter and the singular number shall include the plural and conversely in each case. The word "include(s)" means "include(s) without limitation," and the word "including" means "including, but not limited to." No listing of specific instances, items or matters shall in any way limit the scope or generality of any language in this Deed of Trust.

9.16 Joint and Several Liability. All obligations of each Trustor hereunder shall be joint and several.

9.17 Headings. Headings are for convenience only and are not intended as a limitation on the content of the paragraph following or as an aid to the construction thereof.

9.18 Waiver. To the fullest extent permitted by law, Trustor waives (a) the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust, and (b) any right to offset any obligations owing by Beneficiary to Trustor or any Trustor funds held by Beneficiary against any obligation or payment due by Trustor or other person obligated to Beneficiary.

9.19 Merger. No merger shall occur as a result of Beneficiary's acquiring any other estate in or any other lien on the Trust Estate unless Beneficiary consents to such merger in writing.

9.20 Attorneys' Fees. In case of any action to recover from Trustor or the Trust Estate, and except as otherwise expressly limited by law, each of Beneficiary and Trustee shall be entitled to recover its reasonable attorneys' fees and costs, in addition to such other relief as it may be entitled. The terms of this Section 9.20 shall be cumulative with Section 7.6 and shall not entitle Beneficiary to a double recovery of attorneys' fees or costs. Whenever Trustor is obligated to pay or reimburse Beneficiary or Trustee for any attorneys' fees, those fees shall include but not be limited to the allocated cost for the services of in-house counsel.

9.21 Releases, Extensions, Modifications and Additional Security. Without affecting the liability of obligations of any person, including Trustor, for the performance of any obligations secured hereby (excepting only any person or property otherwise expressly released in writing by Beneficiary), Beneficiary may, from time to time and without notice, release any person liable for payment of any of said indebtedness or the performance of any of said obligations, extend the time of payment or otherwise alter the terms of any of said obligations, accept additional security therefor of any kind, including trust deeds or mortgages, or alter, substitute or release any property securing said obligations.

9.22 Sale or Participation. Beneficiary may, at any time, sell, transfer, assign or grant participations herein and in any and all notes and other obligations secured hereby, and Beneficiary may forward to each participant and prospective participant all documents and

information which Beneficiary now has or later may acquire relating to those obligations and to Trustor, and any partners or joint venturers of Trustor, whether furnished by Trustor or otherwise, as Beneficiary determines necessary or desirable.

9.23 Request for Notice. Trustor hereby requests that a copy of any notice of default and any notice of sale hereunder be mailed to it at the address set forth below or at such other address as Trustor may designate pursuant to Section 9.8 above. That address is also the mailing address of Trustor as debtor under the UCC. Beneficiary's address given below is the address for Beneficiary as secured party under the UCC.

9.24 Fixture Filing. This Deed of Trust constitutes a financing statement filed as a fixture filing pursuant to Section 9502(c) of the UCC, as amended or recodified from time to time, covering any portion of the Trust Estate which now is or later may become a fixture attached to the Property or any Improvement. In that regard, the following information is provided:

Name of Debtor: MURRIETA VILLAGEWALK L.P.

Type of Organization: Limited Partnership

State of Organization: California

Organizational Identification No.: 200407200007

9.25 Waiver of Jury Trial: THE FOLLOWING WAIVER IS INTENDED TO BE EFFECTIVE TO THE EXTENT THAT SUCH PROVISION MAY BECOME EFFECTIVE UNDER CALIFORNIA LAW IN THE FUTURE. TRUSTOR AND BENEFICIARY EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. TRUSTOR AND BENEFICIARY EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, Trustor has caused this Deed of Trust to be executed as of the day and year first above written.

NOTICES TO TRUSTOR - ADDRESS:

Murrieta Villagewalk L.P.
c/o Cameo Homes
1105 Quail Street,
Newport Beach, CA 92660
Attn: James C. Gianulias
Facsimile: (949) 250-8574

With a copy to:

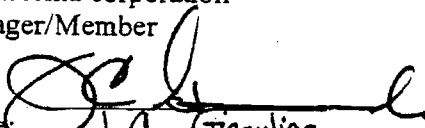
Croudace & Dietrich
5 Park Plaza, Suite 1150
Irvine, CA 92614-8591
Attn: Debra M. Dietrich, Esq.
Facsimile: (949) 794-9909

TRUSTOR:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

By: Cameo Homes,
a California corporation
Its: Manager/Member

By: 
Name: J.C. Gianulias
Title: President

NOTICES TO BENEFICIARY - ADDRESS:

BANK OF THE WEST
Construction Finance
3000 Oak Road, Suite 400
Walnut Creek, California 94597

With a copy to:

Pillsbury Winthrop Shaw Pittman LLP
101 W. Broadway, Suite 1800
San Diego, CA 92101
Attn: Angela M. Yates, Esq.
Facsimile: (619) 236-1995

EXHIBIT "A"

DESCRIPTION OF PROPERTY

THIS EXHIBIT "A" IS ATTACHED TO THAT CERTAIN CONSTRUCTION DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING DATED AS OF DECEMBER 21, 2005, EXECUTED BY MURRIETA VILLAGEWALK L.P., A CALIFORNIA LIMITED PARTNERSHIP AS TRUSTOR.

Real property in the City of Murrieta, County of Riverside, State of California, described as follows:

PARCEL A:

CERTIFICATE OF PARCEL MERGER 764 RECORDED JANUARY 18, 2006 AS INSTRUMENT NO. 06-40726 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA AND FURTHER DESCRIBED AS FOLLOWS:

THAT PORTION DESCRIBED AS PARCELS 13, 14 AND 15 OF PARCEL MAP NO, 31093 IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. AS SHOWN BY A MAP ON FILE IN BOOK 208 PAGES 68 THROUGH 72, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF PARCEL 13 AS SHOWN ON SAID PARCEL MAP, SAID POINT BEING ON A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 930.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 48°27'13" WEST; SAID POINT ALSO BEING THE SOUTHEASTERLY LINE OF LEMON STREET; SAID POINT ALSO BEING THE BEGINNING OF A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 300.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 42°17'57" EAST, THENCE SOUTHERLY ALONG LAST SAID CURVE THROUGH A CENTRAL ANGLE OF 17°37'13" AN ARC DISTANCE OF 92.26 FEET; THENCE SOUTH 65°19'16" EAST ALONG THE NORTHERLY LINE OF PARCEL 13, 279.35 TO A POINT ON THE WESTERLY LINE OF VILLAGE WALK AS SHOWN ON SAID MAP; SAID POINT BEING ON A CONCAVE EASTERLY AND HAVING A RADIUS OF 49.00 FEET; A RADIAL LINE AT SAID POINT BEARS SOUTH 65°19'16" EAST, THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 103°38'40" AN ARC DISTANCE OF 88.64 FEET, THENCE SOUTH 78°57'57" EAST 50.00 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 100.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13°39'45" AN ARC DISTANCE OF 23.85 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 978.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 24°40'44" EAST, THENCE EASTERLY ALONG SAID CURVE AND SAID SOUTHERLY LINE OF VILLAGE WALK THROUGH A CENTRAL ANGLE OF 23°02'25" AN ARC DISTANCE OF 393.28 FEET; THENCE SOUTH 42°16'51" EAST 57.38 FEET; THENCE SOUTH 43°15'19" EAST 155.33 FEET; THENCE SOUTH 48°29'53" EAST

42.53 FEET TO THE BEGINNING OF A TANGENT CURVE
CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 808.00 FEET; THENCE
SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF
05°45'10" AN ARC DISTANCE OF 81.13 FEET A RADIAL AT SAID POINT BEARS
NORTH 47°15'17" EAST; THENCE SOUTH 02°30'08" EAST 19.88 FEET TO A POINT ON
THE NORTHWESTERLY LINE OF CENTERPOINT COURT AS SHOWN ON SAID
PARCEL MAP; THENCE SOUTH 47°44'58" WEST ALONG SAID NORTHWESTERLY
LINE OF CENTERPOINTE COURT 557.16 FEET; THENCE NORTH 86°00'58" WEST
33.25 FEET TO A POINT ON THE NORTHEASTERLY LINE OF JEFFERSON AVENUE AS
SHOWN ON SAID MAP; THENCE NORTH 42°13'06" WEST ALONG SAID
NORTHEASTERLY LINE 1159.62 FEET; THENCE NORTH 00°23'51" EAST 33.97 FEET
TO A POINT ON THE SOUTHEASTERLY LINE OF LEMON STREET AS SHOWN ON
SAID MAP; THENCE NORTH 47°47'05" EAST ALONG SAID LAST MENTIONED LINE
225.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY
AND HAVING A RADIUS OF 930.00 FEET; THENCE NORTHERLY ALONG SAID
CURVE THROUGH A CENTRAL ANGLE OF 06°14'18" AN ARC DISTANCE OF 101.26
FEET TO THE POINT OF BEGINNING

PARCEL B:

PARCEL 16, INCLUSIVE OF PARCEL MAP NO. 31093, IN THE CITY OF MURRIETA,
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN
BOOK 208, PAGES 68 THROUGH 72 INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE
OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 949-100-035 and 949-100-036 and 949-100-037 and 949-100-038

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

of

California

County of

Orange

On

1/23/06

before me,

Ruth Guerrero, Notary Public

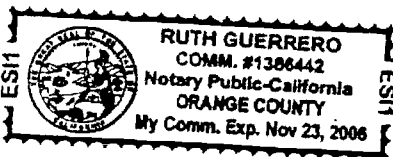
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

James C. Gianulias

Name(s) of Signer(s)

☒ personally known to me -OR- ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature]

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document:

Document Date:

Number of Pages:

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name:

Signer's Name:

- ☐ Individual
- ☐ Corporate Officer
- ☐ Title(s):
- ☐ Partner - ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other:

- ☐ Individual
- ☐ Corporate Officer
- ☐ Title(s):
- ☐ Partner - ☐ Limited ☐ General
- ☐ Attorney-in-Fact
- ☐ Trustee
- ☐ Guardian or Conservator
- ☐ Other:

RIGHT THUMBPRINT
OF SIGNER
Top of Thumb here

RIGHT THUMBPRINT
OF SIGNER
Top of Thumb here

Signer Is Representing:

Signer Is Representing:

RECORDED AT THE REQUEST OF:
WHEN RECORDED MAIL TO:

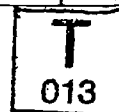


Bank of the West
3000 Oak Road, Suite 400 (NC-OAK-04-A)
Walnut Creek, California 94597
Attention: Loan Administration

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MEMORANDUM OF ADDITIONAL ADVANCE AND
AMENDMENT TO DEED OF TRUST

31



THIS MEMORANDUM OF ADDITIONAL ADVANCE AGREEMENT AND AMENDMENT TO DEED OF TRUST (this "Memorandum") is entered into as of ~~March 29, 2007~~ April 10, 2007 by MURRIETA VILLAGEWALK L.P., a California limited partnership ("Borrower"), for the benefit of BANK OF THE WEST, a California banking corporation ("Lender"), with reference to the following facts:

RECITALS

A. Under the terms of that certain Building Loan Agreement/Disbursement Schedule dated as of December 21, 2005 (the "Loan Agreement"), executed by and between Borrower and Lender, Lender previously has made a loan to Borrower (the "Existing Loan") in the original principal amount of Fifty-One Million Dollars (\$51,000,000), which Existing Loan is evidenced by that certain Promissory Note Secured by Deed of Trust, executed by Borrower in favor of Lender in said amount, dated as of December 21, 2005 (the "Existing Note").

B. The Existing Loan is secured by (i) that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of December 21, 2005, recorded in the Official Records of Riverside County, California on February 22, 2006 as Instrument No. 0128549, executed by Borrower, as trustor, for the benefit of Lender, as beneficiary, encumbering Borrower's interest in that certain real property located in the County of Riverside, State of California and more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference, and all personal property of Borrower, as more particularly described therein (the "Deed of Trust"); and (ii) one or other security documents more particularly described in the Deed of Trust or the Loan Agreement and referred to therein as the "Security Documents." Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Loan Agreement.

C. The Loan Agreement, the Existing Note, the Security Documents and all other documents and instruments heretofore executed by Borrower or Guarantor in favor of Lender in connection with the Existing Loan are referred to herein collectively as the "Existing Loan Documents."

D. Substantially concurrently herewith Borrower and Lender are entering into that certain unrecorded Additional Advance Agreement, of even date herewith (the "Unrecorded Agreement"), pursuant to which Lender is making an additional advance loan to Borrower in

the principal amount of Ten Million Five Hundred Fifty Thousand Dollars (\$10,550,000) (the "Additional Advance"). The Existing Loan and the Additional Advance shall be evidenced by that certain Amended and Restated Promissory Note of even date herewith, in the principal amount of \$61,550,000 executed by Borrower in favor of Lender (the "Restated Note"). In connection with the making of the Additional Advance, certain amendments to the Loan Agreement are being made. The Unrecorded Agreement, the Restated Note, this Memorandum and all other documents, instruments and agreements executed by Borrower in connection with the Unrecorded Agreement and the transactions contemplated therein are collectively referred to herein as the "Additional Advance Documents."

E. Borrower and Lender desire to enter into and record this Memorandum for the purposes of (i) providing constructive notice of the terms and conditions of the Unrecorded Agreement; (ii) amending the Deed of Trust to provide that it shall secure the Restated Note and the Loan Agreement, as modified by the Unrecorded Agreement; and (iii) providing that an Event of Default under either the Restated Note or the Loan Agreement, as modified by the Unrecorded Agreement, or all, shall be deemed to be an Event of Default under the Deed of Trust.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, Borrower and Lender hereby agree as follows:

1. Restated Note and Loan Agreement, as Amended, Secured: The Restated Note and the Loan Agreement, as amended by the Unrecorded Agreement, shall be and remain secured by the Deed of Trust and the other Security Documents, as amended hereby.

2. Modification of Deed of Trust: The Deed of Trust shall be and is hereby modified as follows:

2.1 Wherever the term "Loan" appears in the Deed of Trust, it shall be deemed to refer collectively to both the Existing Loan and the Additional Advance, in the aggregate principal amount of Sixty-One Million Five Hundred Fifty Thousand Dollars (\$61,550,000).

2.2 Wherever the term "Note" appears in the Deed of Trust, it shall be deemed to refer to the Restated Note, as it may be extended, renewed, supplemented, replaced or modified.

2.3 Wherever the term "Loan Agreement" appears in the Deed of Trust, it shall be deemed to refer to the Loan Agreement, as amended by the Unrecorded Agreement.

2.4 Wherever the term "Deed of Trust" appears in the Deed of Trust, it shall be deemed to refer to the Deed of Trust, as amended hereby.

2.5 Wherever the term "Security Documents" appears in the Deed of Trust, it shall be deemed to refer to such respective documents, as amended by the Unrecorded Agreement or the documents and agreements executed and delivered in connection therewith.

2.6 Wherever the term "Loan Documents" appears in the Deed of Trust, it shall be deemed to refer collectively to the Existing Loan Documents and the Additional Advance Documents.

3. No Other Modifications to Deed of Trust: The Deed of Trust and the other Existing Loan Documents shall continue in full force and effect, subject only to the modifications set forth in the Additional Advance Documents.

4. Purpose of Memorandum: This Memorandum has been prepared for the purpose of providing constructive notice of the contents hereof and, except as expressly provided herein, it in no way modifies the terms of the Existing Loan Documents.

[Remainder of Page Intentionally Left Blank.]

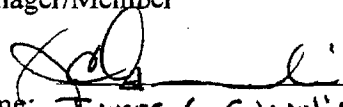
IN WITNESS WHEREOF, Borrower and Lender have caused this Memorandum to be executed as of the date first above written.

BORROWER:

MURRIETA VILLAGEWALK L.P.,
a California limited partnership

By: Murrieta Villagewalk LLC,
a California limited liability company
Its: General Partner

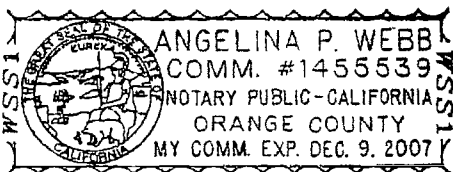
By: Cameo Homes,
a California corporation
Its: Manager/Member

By: 
Name: JAMES L. GIANNOLAS
Title: PRESIDENT

STATE OF California)
) ss.
COUNTY OF Orange)

On April 10, 2007, before me, Angelina P. Webb, a Notary Public in and for said County, personally appeared J.C. Gianoliap, personally known to me (or ~~proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Angelina P. Webb
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public in and for said County, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

LENDER:

BANK OF THE WEST,
a California banking corporation

By: *[Signature]*
Name: JAN HANISIA
Its: VICE PRESIDENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF CONTRA COSTA)

On 8/30/07, before me, CHONA DE LA FUENTE a Notary Public in and for said County, personally appeared JAN MANISTA, personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Chona De La Fuente
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public in and for said County, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY

Real property in the City of Murrieta, County of Riverside, State of California, described as follows:

PARCEL A:

CERTIFICATE OF PARCEL MERGER 764 RECORDED JANUARY 18, 2006 AS INSTRUMENT NO. 06-40726 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA AND FURTHER DESCRIBED AS FOLLOWS:

THAT PORTION DESCRIBED AS PARCELS 13, 14 AND 15 OF PARCEL MAP NO, 31093 IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. AS SHOWN BY A MAP ON FILE IN BOOK 208 PAGES 68 THROUGH 72, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF PARCEL 13 AS SHOWN ON SAID PARCEL MAP, SAID POINT BEING ON A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 930.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 48°27'13" WEST; SAID POINT ALSO BEING THE SOUTHEASTERLY LINE OF LEMON STREET; SAID POINT ALSO BEING THE BEGINNING OF A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 300.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 42°17'57" EAST, THENCE SOUTHERLY ALONG LAST SAID CURVE THROUGH A CENTRAL ANGLE OF 17°37'13" AN ARC DISTANCE OF 92.26 FEET; THENCE SOUTH 65°19'16" EAST ALONG THE NORTHERLY LINE OF PARCEL 13, 279.35 TO A POINT ON THE WESTERLY LINE OF VILLAGE WALK AS SHOWN ON SAID MAP; SAID POINT BEING ON A CONCAVE EASTERLY AND HAVING A RADIUS OF 49.00 FEET; A RADIAL LINE AT SAID POINT BEARS SOUTH 65°19'16" EAST, THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 103°38'40" AN ARC DISTANCE OF 88.64 FEET, THENCE SOUTH 78°57'57" EAST 50.00 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 100.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13°39'45" AN ARC DISTANCE OF 23.85 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 978.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 24°40'44" EAST, THENCE EASTERLY ALONG SAID CURVE AND SAID SOUTHERLY LINE OF VILLAGE WALK THROUGH A CENTRAL ANGLE OF 23°02'25" AN ARC DISTANCE OF 393.28 FEET; THENCE SOUTH 42°16'51" EAST 57.38 FEET; THENCE SOUTH 43°15'19" EAST 155.33 FEET; THENCE SOUTH 48°29'53" EAST 42.53 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 808.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 05°45'10" AN ARC DISTANCE OF 81.13 FEET A RADIAL AT SAID POINT BEARS NORTH 47°15'17" EAST; THENCE SOUTH 02°30'08" EAST 19.88 FEET TO A POINT ON

THE NORTHWESTERLY LINE OF CENTERPOINT COURT AS SHOWN ON SAID PARCEL MAP; THENCE SOUTH 47°44'58" WEST ALONG SAID NORTHWESTERLY LINE OF CENTERPOINTE COURT 557.16 FEET; THENCE NORTH 86°00'58" WEST 33.25 FEET TO A POINT ON THE NORTHEASTERLY LINE OF JEFFERSON AVENUE AS SHOWN ON SAID MAP; THENCE NORTH 42°13'06" WEST ALONG SAID NORTHEASTERLY LINE 1159.62 FEET; THENCE NORTH 00°23'51" EAST 33.97 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF LEMON STREET AS SHOWN ON SAID MAP; THENCE NORTH 47°47'05" EAST ALONG SAID LAST MENTIONED LINE 225.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 930.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 06°14'18" AN ARC DISTANCE OF 101.26 FEET TO THE POINT OF BEGINNING

PARCEL B:

PARCEL 16, INCLUSIVE OF PARCEL MAP NO. 31093, IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 208, PAGES 68 THROUGH 72 INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 949-100-035 and 949-100-036 and 949-100-037 and 949-100-038

JCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

Judy Lindsey (925) 979-4647

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Bank of the West
3000 Oak Road, Suite 400
Walnut Creek, CA 94597
Attn: Construction Finance/REID

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

Murrieta Villagewalk L.P.

OR 1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS

1105 Quail Street

CITY

Newport Beach

STATE

CA

POSTAL CODE

92660

COUNTRY

USA

1d. TAX ID #: SSN OR EIN

20-0963684

ADD'L INFO RE
ORGANIZATION
DEBTOR

1e. TYPE OF ORGANIZATION

limited partnership

1f. JURISDICTION OF ORGANIZATION

California

1g. ORGANIZATIONAL ID #, if any

200407200007

☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR 2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

Bank of the West

OR 3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

3000 Oak Road, Suite 400

CITY

Walnut Creek

STATE

CA

POSTAL CODE

94597

COUNTRY

USA

4. This FINANCING STATEMENT covers the following collateral:

See Addendum to Financing Statement attached hereto and incorporated by this reference.

ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING
This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

ADDENDUM TO UCC-1 FINANCING STATEMENT

DEBTOR: MURRIETA VILLAGEWALK L.P.

SECURED PARTY: BANK OF THE WEST

Item No. 4 (Continued):

(a) All existing and future leases, subleases, subtenancies, licenses, agreements and concessions relating to the use, occupancy or enjoyment of all or any part of the real property more particularly described in Exhibit "A" attached hereto or any portion thereof or the improvements situated thereon (such real property and improvements are referred to herein as the "Property" and the "Improvements," respectively), together with any and all guaranties and other agreements relating to or made in connection with any of the foregoing (individually, a "Lease", and collectively, the "Leases");

(b) All rents, issues, income, revenues, royalties, profits, proceeds and earnings now or hereafter payable with respect to or otherwise derived from the ownership, use, management, operation, leasing or occupancy of the Property and the Improvements, including, without limitation, cash or security deposited under any of the Leases to secure the performance by the lessees of their obligations thereunder;

(c) All tenements, hereditaments, appurtenances, privileges, choses in action, options to purchase all or any part of the Property or Improvements or any interest therein (and any greater estate in the Property or Improvements now owned or hereafter acquired by Debtor pursuant thereto), and other rights and interests now or in the future benefiting or otherwise relating to the Property or the Improvements, including, without limitation, easements, rights-of-way, sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Property, development rights, oil, gas or other mineral rights and all royalty, leasehold and other rights of Debtor pertaining thereto;

(d) All water and water rights pertaining to the Property, and shares of stock evidencing the same, and all deposits made with or other security given to utility companies by Debtor with respect to the Property;

(e) All policies of insurance and all claims, demands or proceeds relating to such insurance or condemnation awards, recoveries or settlements which Debtor now has or may hereafter acquire with respect to the Property or the Improvements, including all advance payments of insurance premiums made by the Debtor with respect thereto;

(f) All existing and future inventory, furnishings, fixtures, equipment, supplies, construction materials, goods and other tangible personal property, which are now or hereafter owned or acquired by Debtor or in which Debtor now or at any time has rights, wherever located or used or usable in connection with the Property, and whether located at, placed upon or about, or affixed or attached to or installed in or on the Property or any part thereof, or located elsewhere in the possession of Debtor or any warehouseman, bailee, contractor, supplier or any other person, and used or to be used in connection with or otherwise relating to the Property or

the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy thereof, and all accessories, attachments, parts, or repairs and substitutions of or to any of such property, including but not limited to all appliances, furniture and furnishings, findings, materials, suppliers, equipment and fixtures, and all building material, supplies, and equipment now or hereafter delivered to the Property and installed or used or intended to be installed or used therein whether stored on the Property or elsewhere; and all renewals or replacements thereof or articles in substitution thereof;

(g) All (i) accounts, chattel paper, deposit accounts, money, documents and instruments (whether negotiable or nonnegotiable), contract rights, insurance policies, and all rights to payment of any kind relating to or otherwise arising in connection with or derived from the Property, (ii) refunds, rebates, reserves, deferred payments, deposits, cost savings, letters of credit, and payments of any kind due from or payable by (A) any federal, state, municipal or other governmental or quasi-governmental agency, authority or district (individually, a "Governmental Agency"), or (B) any insurance or utility company, in either case relating to any or all of the Property, (iii) refunds, rebates and payments of any kind due from or payable by any Governmental Agency for any taxes, assessments, or governmental or quasi-governmental charges or levies imposed upon Debtor with respect to or upon any or all of the Property, and (iv) guarantees of any of the foregoing and any security therefor, (v) cash funds and cash collateral accounts maintained pursuant to any of the loan documents secured by or referred to in that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of December 21, 2005 executed by Debtor, as Trustor, in favor of Secured Party, as Beneficiary, and recorded in the Official Records of the County and State where the Property is located (the "Deed of Trust"), and (vi) proceeds and claims arising on account of any damages to or taking of the Property or any part thereof, and all causes of action and revenues for any loss or diminution in the value of the Property or Improvements;

(h) All general intangibles relating to or arising out of the ownership, design, development, operation, management and use of the Property and construction of the Improvements, including, but not limited to, (i) all names under which or by which the Property or the Improvements may at any time be operated or known, all rights to carry on business under any such names or any variants thereof, and all goodwill in any way relating to the Property, (ii) all permits, licenses, authorizations, variances, land use entitlements, approvals and consents issued or obtained in connection with the construction of the Improvements, (iii) all permits, licenses, approvals, consents, authorizations, franchises and agreements issued or obtained in connection with the use, occupancy or operation of the Property, (iv) all rights as a declarant (or its equivalent) under any covenants, conditions and restrictions or other matters of record affecting the Property, (v) all materials prepared for filing or filed with any governmental agency, (vi) all rights under any contract in connection with the development, design, use, operation, management and construction of the Property, (vii) all books and records prepared and kept in connection with the acquisition, construction, operation and occupancy of the Property and the Improvements, and (viii) all royalties, fees and goodwill associated with any of the foregoing (subject to any franchise or license agreements relating thereto);

(i) Whether or not included in clause (d), above, all water stock, shares of stock or other evidence of ownership of any part of the Property that is owned by the Debtor in common with others, and all documents of membership in any owners' or members' association or similar

group having responsibility for managing or operating any part of the Property, and all documents of membership in any membership facility developed on the Property;

(j) All surety, bonding, security, construction, architectural, engineering, development, financing, guaranty, indemnity, maintenance, management, service, supply and warranty agreements, commitments, contracts and subcontracts, all insurance policies, and all licenses and bonds, in any way pertaining to the development, construction, use, operation and maintenance of the Property and any business of Debtor therein conducted, and all guarantees of any of the foregoing and any security therefor;

(k) All sales agreements, escrow agreements, deposit receipts and other documents and agreements for the sale or other disposition of all or any part of the real or personal property described herein, and deposits, proceeds and benefits arising from the sale or other disposition of all or any part of such real or personal property;

(l) All engineering and architectural drawings, plans, specifications, soils tests and reports, feasibility studies, appraisals, engineering reports, manuals, computer software, studies, data and drawings pertaining to any or all of the Collateral described in clauses (a) through (g), above, and all contracts and agreements relating to the aforesaid plans and specifications or to the aforesaid studies, data and drawings;

(m) All ledger sheets, files, records, documents and instruments (including, but not limited to, computer programs, tapes, and related electronic data processing software) evidencing an interest in or relating to the foregoing Collateral described in clauses (a) through (h), above, or in this clause (i); and

(n) All additions and accretions to, substitutions and replacements for, and proceeds and products of, any of the foregoing.

All of the foregoing being referred to as the "Collateral."

EXHIBIT "A"

LEGAL DESCRIPTION

Real property in the City of Murrieta, County of Riverside, State of California, described as follows:

PARCEL A:

CERTIFICATE OF PARCEL MERGER 764 RECORDED JANUARY 18, 2006 AS INSTRUMENT NO. 06-40726 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA AND FURTHER DESCRIBED AS FOLLOWS:

THAT PORTION DESCRIBED AS PARCELS 13, 14 AND 15 OF PARCEL MAP NO, 31093 IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA. AS SHOWN BY A MAP ON FILE IN BOOK 208 PAGES 68 THROUGH 72, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF PARCEL 13 AS SHOWN ON SAID PARCEL MAP, SAID POINT BEING ON A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 930.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 48°27'13" WEST; SAID POINT ALSO BEING THE SOUTHEASTERLY LINE OF LEMON STREET; SAID POINT ALSO BEING THE BEGINNING OF A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 300.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 42°17'57" EAST, THENCE SOUTHERLY ALONG LAST SAID CURVE THROUGH A CENTRAL ANGLE OF 17°37'13" AN ARC DISTANCE OF 92.26 FEET; THENCE SOUTH 65°19'16" EAST ALONG THE NORTHERLY LINE OF PARCEL 13, 279.35 TO A POINT ON THE WESTERLY LINE OF VILLAGE WALK AS SHOWN ON SAID MAP; SAID POINT BEING ON A CONCAVE EASTERLY AND HAVING A RADIUS OF 49.00 FEET; A RADIAL LINE AT SAID POINT BEARS SOUTH 65°19'16" EAST, THENCE SOUTHEASTERLY AND EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 103°38'40" AN ARC DISTANCE OF 88.64 FEET, THENCE SOUTH 78°57'57" EAST 50.00 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 100.00 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 13°39'45" AN ARC DISTANCE OF 23.85 FEET TO THE BEGINNING OF A COMPOUND CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 978.00 FEET, A RADIAL AT SAID POINT BEARS NORTH 24°40'44" EAST, THENCE EASTERLY ALONG SAID CURVE AND SAID SOUTHERLY LINE OF VILLAGE WALK THROUGH A CENTRAL ANGLE OF 23°02'25" AN ARC DISTANCE OF 393.28 FEET; THENCE SOUTH 42°16'51" EAST 57.38 FEET; THENCE SOUTH 43°15'19" EAST 155.33 FEET; THENCE SOUTH 48°29'53" EAST 42.53 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 808.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF

05°45'10" AN ARC DISTANCE OF 81.13 FEET A RADIAL AT SAID POINT BEARS NORTH 47°15'17" EAST; THENCE SOUTH 02°30'08" EAST 19.88 FEET TO A POINT ON THE NORTHWESTERLY LINE OF CENTERPOINT COURT AS SHOWN ON SAID PARCEL MAP; THENCE SOUTH 47°44'58" WEST ALONG SAID NORTHWESTERLY LINE OF CENTERPOINTE COURT 557.16 FEET; THENCE NORTH 86°00'58" WEST 33.25 FEET TO A POINT ON THE NORTHEASTERLY LINE OF JEFFERSON AVENUE AS SHOWN ON SAID MAP; THENCE NORTH 42°13'06" WEST ALONG SAID NORTHEASTERLY LINE 1159.62 FEET; THENCE NORTH 00°23'51" EAST 33.97 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF LEMON STREET AS SHOWN ON SAID MAP; THENCE NORTH 47°47'05" EAST ALONG SAID LAST MENTIONED LINE 225.29 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 930.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 06°14'18" AN ARC DISTANCE OF 101.26 FEET TO THE POINT OF BEGINNING

PARCEL B:

PARCEL 16, INCLUSIVE OF PARCEL MAP NO. 31093, IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 208, PAGES 68 THROUGH 72 INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 949-100-035 and 949-100-036 and 949-100-037 and 949-100-038

GUARANTY

THIS GUARANTY ("**Guaranty**") is executed as of December 21, 2005, by James C. Gianulias, individually and as Trustee of the James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended and restated October 14, 2003 (collectively, "**Guarantor**"), for the benefit of Bank of the West, a California banking corporation ("**Bank**"), with reference to the following facts:

A. Pursuant to that certain Building Loan Agreement of even date herewith ("**Loan Agreement**"), Bank has agreed to make a loan of Fifty-One Million Dollars (\$51,000,000) ("**Loan**") to Murrieta Villagewalk L.P., a California limited partnership ("**Borrower**"). The Loan is evidenced by a Promissory Note of even date herewith in the principal amount of the Loan ("**Note**") and secured by a Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith affecting the Real Property ("**Deed of Trust**"). Any capitalized term used but not defined herein shall have the meaning set forth in the Loan Agreement.

B. As a condition to the making of the Loan, Bank has required that Guarantor guaranty the obligations of Borrower in accordance with the terms of this Guaranty.

AGREEMENT

NOW, THEREFORE, in consideration of Bank's agreement to make the Loan and as an inducement to Bank to do so, Guarantor covenants and agrees with Bank, for the benefit of the holder from time to time of the Note as follows.

1. Guaranty.

1.1 Guaranty. Guarantor hereby unconditionally and irrevocably guaranties (a) the due and punctual payment of the Guaranteed Principal (defined below); (b) the due and punctual payment of all other monetary payments (other than Guaranteed Principal) required to be made under the Loan Documents (and all renewals, extensions, modifications and rearrangements thereof) including, without limitation, interest, prepayment fees, late charges, loan fees, and any other fees, charges, sums, costs, and expenses which may be owing under any of the Loan Documents (and all renewals, extensions, modifications, and rearrangements thereof); and (c) the full and faithful performance of all of the other terms, covenants, conditions, agreements and other obligations of Borrower contained in the Loan Documents and in the Environmental Indemnity Agreement of even date herewith between Bank and Borrower ("**Environmental Indemnity**"), and all renewals, extensions, modifications and rearrangements of said Loan Documents and Environmental Indemnity (collectively, the "**Obligations**"). This is a guaranty of payment and performance and not of collection or collectibility only. The obligations under this Guaranty shall be absolute, independent and unconditional under any and all circumstances. For purposes of this Guaranty, the term Obligations is used in its most comprehensive sense to include both monetary and non-monetary obligations of Borrower to Bank and to include, without limitation, each and every debt, obligation and liability of Borrower already, now or hereafter made, incurred or created pursuant to (a) the Loan Documents, and (b) the Environmental Indemnity (together with the Loan Documents referred to herein as the

"Guaranteed Agreements") and all extensions, renewals, modifications, restatements and consolidations thereof. The term also includes voluntary and involuntary indebtedness however it arose or arises, whether it was or is a direct obligation to Bank or was or is acquired by Bank by assignment, merger or succession, whether it is due or not yet due, absolute or contingent, liquidated or unliquidated or determined or undetermined, whether arising under a single transaction or a series of transactions, whether arising before or after an obligation of Borrower to Bank has been satisfied in full, and whether Borrower may be liable for it individually or jointly with others, provided that in each case such indebtedness arises pursuant to the Guaranteed Agreements.

(a) The "Guaranteed Principal" amount payable by Guarantor shall be (i) \$51,000,000 or so much thereof as is the outstanding principal amount of the Loan or (ii) if the conditions in Section 1.1(b) are satisfied, then the amount specified in that Section.

(b) Upon satisfaction of all of the conditions of this Section 1.1(b), the amount of the Guaranteed Principal shall be reduced to Twenty-Five Million Five Hundred Thousand Dollars (\$25,500,000); however, Guarantor's obligation to pay the remaining Guaranteed Obligations shall remain unchanged:

(i) No Event of Default (or event that would be an Event of Default with notice or the passage of time) shall have occurred and be continuing as of the date of the satisfaction of the conditions to the reduction of the Guaranteed Principal;

(ii) The Improvements shall have been leased such that the debt service coverage ratio for the Property is not less than 1.25:1.00, which shall be determined based on the Annualized Net Operating Income for the Property and an Assumed Debt Service based upon the following definitions:

"Annualized Net Operating Income" shall be defined as (A) the Effective Gross Rental Income (as defined below) from the Property; minus (B) the Operating Expenses (as defined below) for the Property.

"Effective Gross Rental Income" means (A) "Annualized Gross Rents" defined as rental income, including base rent, utility reimbursements, parking fees, laundry income and other similar revenues, actually paid to the Borrower for the most recent three (3) months, pursuant to Leases executed in accordance with the Leasing Program, with each tenant in occupancy and paying rent, multiplied by four (4).

"Operating Expenses" means the greater of the (a) annualized amount of actual operating expenses for the Property in the previous three (3) months including expenses incurred by the Borrower for utilities serving the common areas of the Improvements, security and life safety, repair and maintenance, insurance, reasonable general and administrative expenses, real

property taxes and assessments and personal property taxes and reserves and an amount for capital reserves calculated at the greater of actual capital reserves (annualized for the previous three (3) months) or \$150 per unit, per year or (b) annual operating expenses estimated in Bank's approved appraisal.

"Assumed Debt Service" means an estimate of annual permanent loan debt service for the Property based on: (A) a loan amount that is equal to \$51,000,000, minus amounts of principal that have been repaid, minus the amounts of the undisbursed Loan commitment that Borrower and Lender have agreed in writing to terminate, and (B) the assumption that the debt service on the Loan is calculated on the basis of a required principal and interest payment on a thirty (30) year fully amortizing loan, with an interest rate calculated at the greatest of eight percent (8%) per annum or the highest interest rate that is then in effect under the Note.

(c) Guarantor acknowledges and agrees to Borrower's waiver of its rights under California Civil Code Section 2822. Guarantor acknowledges and agrees that Lender may apply principal payments first to portions of the Loan that are not guaranteed hereby and/or to the other Guaranteed Obligations, before applying any such amounts to the Guaranteed Principal.

1.2 Intentionally Omitted.

1.3 Reinstatement. All of Bank's rights pursuant to this Guaranty continue with respect to amounts previously paid on account of any Obligations which are thereafter restored or returned by Bank, whether in bankruptcy, reorganization, dissolution, liquidation, insolvency, receivership or similar proceeding ("Insolvency Proceeding"), of Borrower or for any other reason, all as though such amounts had not been paid to Bank, and Guarantor's liability under this Guaranty (and all its terms and provisions) for the amounts that are restored or repaid shall be reinstated and revived, notwithstanding any surrender or cancellation of this Guaranty. Bank, in its sole discretion, may determine whether any amount paid to it must be restored or returned; provided, however, that if Bank elects to contest any claim for return or restoration, Guarantor agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by any Bank in connection with such contest. If any Insolvency Proceeding is commenced by or against Borrower or Guarantor, then at the Bank's election, Guarantor's obligations under this Guaranty shall immediately and without notice or demand become due and payable, whether or not then otherwise due and payable. However, Guarantor shall not be liable for repayment of an amount that is due to an overpayment unrelated to any bankruptcy or insolvency.

1.4 Expenses.

(a) Guarantor shall reimburse Bank for all reasonable attorneys' fees, costs and expenses arising from and after the date hereof, incurred by Bank in connection with the enforcement of Bank's rights under this Guaranty and each of the Guaranteed Agreements

including, without limitation, reasonable attorneys' fees, costs and expenses for trial, appellate proceedings, out-of-court negotiations, workouts and settlements, and for enforcement of rights under any state or federal statute, including, without limitation, reasonable attorneys' fees, costs and expenses incurred to protect Bank's security interests and attorneys fees, costs and expenses incurred in bankruptcy and insolvency proceedings such as (but not limited to) expenses incurred in connection with seeking relief from stay in a bankruptcy proceeding. The term "expenses" means any expenses incurred by Bank in connection with any of the out-of-court, or state, federal or bankruptcy proceedings referenced above, including but not limited to the fees and expenses of any appraisers, consultants and expert witnesses retained or consulted by Bank in connection with any of those proceedings. Such amounts shall bear interest until paid at either the then-current per annum rate of interest set forth in the Note or the default rate of interest provided for in the Note, at Bank's option.

(b) Bank shall also be entitled to recover all attorneys fees, costs and expenses incurred in any post-judgment proceedings to collect and enforce the judgment. This provision is separate and several and shall survive the merger of this agreement into any judgment on this Guaranty.

2. Authorization. Guarantor authorizes Bank, without notice and without affecting Guarantor's liability under this Guaranty, from time to time, whether before or after any revocation of this Guaranty, to (a) renew, compromise, extend, accelerate, release, subordinate, waive, amend and restate, or otherwise amend or change, the interest rate, time or place for payment or any other terms of all or any part of the Obligations; (b) accept delinquent or partial payments on the Obligations; (c) take or not take security or other credit support for this Guaranty or for all or any part of the Obligations, and exchange, enforce, waive, release, subordinate, fail to enforce or perfect, sell, or otherwise dispose of any such security or credit support; (d) apply proceeds of any such security or credit support and direct the order or manner of its sale or enforcement as Bank, in its sole discretion, may determine; (e) release or substitute Borrower or any guarantor or other person or entity liable in respect of all or any part of the Obligations; and (f) alter, modify or amend any of the terms, covenants and conditions of the Guaranteed Agreements.

3. Obligations Absolute. The obligations of Guarantor hereunder shall remain fully effective without regard to, and shall not be affected or impaired by the following, any of which may be taken, at any time, without the consent of, or notice to, Guarantor, nor shall any of the following give Guarantor any recourse or right of action against Bank:

(a) Any express or implied amendment, modification, renewal, addition, supplement, extension (including, without limitation, extensions beyond the original term) or acceleration of or to any provisions of the Guaranteed Agreements;

(b) Any exercise or non-exercise by Bank of any right or privilege under this Guaranty or any of the Guaranteed Agreements;

(c) Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding (each, an "Insolvency Proceeding") relating to Guarantor, Borrower, any affiliate of Borrower or any "guarantor" (which term shall

mean any other party at any time directly or contingently liable for any of the Borrower's obligations under the Guaranteed Agreements);

(d) Any action taken with respect to this Guaranty by any trustee or receiver, or by any court, in any Insolvency Proceeding, whether or not Guarantor shall have had notice or knowledge of any of the foregoing;

(e) Any release, discharge, modification, impairment or limitation of the liability of Borrower from its liability under any of the Guaranteed Agreements, or any release or discharge of any endorser or guarantor or of any other party at any time directly or contingently liable for the Obligations, whether or not consented to by Bank;

(f) Any assignment or other transfer of this Guaranty in whole or in part or of any of the Guaranteed Agreements;

(g) Any acceptance of partial performance of the Obligations or the obligations of Borrower under the Guaranteed Agreements, or of any obligations of Guarantor under this Guaranty or of any obligations of any other guarantor;

(h) Any subordination, compromise, release (by operation of law or otherwise), discharge, compound, collection or liquidation of any or all of the real or personal property security or other collateral described in any of the Guaranteed Agreements or otherwise, in any manner, or any substitute or replacement for such collateral;

(i) Any consent to the transfer of the real or personal property security or any portion thereof or any other collateral described in the Guaranteed Agreements or otherwise; and

(j) Any bid or purchase at any sale of the real or personal property security or any other collateral described in the Guaranteed Agreements or otherwise.

4. Waivers.

4.1 Guarantor unconditionally waives all defenses to the enforcement of this Guaranty, including, without limitation:

(a) All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty, and all other notices to which Guarantor may be entitled;

(b) All defenses arising by reason of any disability or other defense of Borrower, the cessation for any reason of the liability of Borrower, any defense that any other indemnity, guaranty or security was to be obtained, any claim that Bank has made Guarantor's obligations more burdensome than Borrower's obligations, and the use of any proceeds of the Loan other than as intended by Bank or Guarantor;

(c) Any right to require Bank to proceed against Borrower or any guarantor at any time, or to proceed against, enforce or exhaust any security for the Obligations at any time, or to marshal assets or to pursue any other remedy whatsoever at any time;

(d) The benefit or defense of any statute of limitations affecting the liability of Guarantor hereunder, the liability of Borrower or any guarantor under the Guaranteed Agreements or the enforcement hereof, to the extent permitted by law;

(e) Any defense arising by reason of any invalidity or unenforceability of any of the Guaranteed Agreements or any provision thereof, or any disability of any guarantor or of any manner in which Bank has exercised its rights and remedies under the Guaranteed Agreements or by any cessation from any cause whatsoever of the liability of any guarantor;

(f) Any defense based on any action taken or omitted by Bank in any Insolvency Proceeding involving Borrower or any guarantor, including any election to have Bank's claim allowed as being secured, partially secured or unsecured, any extension of credit by Bank to Borrower in any Insolvency Proceeding and the taking and holding by Bank of any security for any such extension of credit;

(g) All conditions precedent to the effectiveness of this Guaranty;

(h) All rights to file a claim in connection with the Obligations in an Insolvency Proceeding filed by or against Borrower;

(i) All rights to require Bank to enforce any of its remedies;

(j) Any defense based upon an election of remedies by Bank, including, without limitation, any election to proceed by judicial or nonjudicial foreclosure of any security, whether real property or personal property security, or by deed in lieu thereof, and whether or not every aspect of any foreclosure sale is commercially reasonable;

(k) Any right Guarantor may have under applicable law including, without limitation, a right to a hearing with respect to the fair market value of any security now or hereafter held for the Obligations, and any right Guarantor may have to require Bank to proceed against any collateral before seeking to obtain a judgment against Guarantor hereunder;

(l) Any duty of Bank to advise Guarantor of any information known to Bank regarding the financial condition of Borrower and all other circumstances affecting Borrower's ability to perform its obligations to Bank and any defense based on any failure by Bank to inform Guarantor of any facts Bank may now or hereafter know about Borrower, the Project, the Loan, or the transactions contemplated by the Loan Agreement, or Bank's assessment of Borrower's financial condition, it being understood and agreed that Bank has no duty so to inform and that Guarantor is fully responsible for being and remaining informed by Borrower of all circumstances bearing on the risk of nonperformance of Borrower's obligations. Guarantor acknowledges that no representations of any kind whatsoever have been made by Bank regarding the financial condition of Borrower and all other circumstances affecting Borrower's ability to perform its obligations to Bank; and Guarantor assumes the responsibility for being and keeping informed regarding such condition or any such circumstances;

(m) Any rights that Guarantor may have under California Civil Code Sections 2787 through 2855, inclusive, 2899 and 3433;

(n) Any right Guarantor might have, under Section 2815 of the California Civil Code or otherwise, to revoke this Guaranty as to any advances made by Bank to or on behalf of Borrower or pursuant to the terms of any of the Guaranteed Agreements; and

(o) To the fullest extent permitted by law, (1) any defense arising as a result of Bank's election, in any proceeding instituted under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto or any other present or future bankruptcy or insolvency statute (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code, and (2) any defense based on any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code.

4.2 Waivers to Be Effective to Maximum Permissible Extent. Guarantor acknowledges and agrees that all waivers of defenses arising from any impairment of Guarantor's rights of subrogation, reimbursement, contribution and indemnification and waivers of any other rights, privileges, defenses or protections available to Guarantor at law, in equity, or otherwise, are intended by Guarantor to be effective to the maximum extent possible.

4.3 Waiver of Subrogation. Without limiting the generality of the foregoing in any way:

(a) Guarantor waives all rights and defenses arising out of an election of remedies by Bank, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Guarantor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the Code of Civil Procedure or otherwise;

(b) Guarantor understands that, if Bank conducts a non-judicial foreclosure sale under a deed of trust providing security for the Obligations, Guarantor would have a defense to a deficiency judgment under this Guaranty because the non-judicial foreclosure would eliminate Guarantor's right of subrogation. This defense arises, in part, because California Code of Civil Procedure Section 580d provides that a non-judicial foreclosure sale under a deed of trust eliminates the right of the secured party to seek a deficiency judgment on an obligation secured by that deed of trust. In addition to the other waivers set forth in this Guaranty, Guarantor specifically waives this defense and agrees that Guarantor will be liable for any deficiency remaining after a non-judicial foreclosure sale under such deed of trust, even though such non-judicial foreclosure destroys Guarantor's right of subrogation. Guarantor will not assert any defense arising from such foreclosure in any action or proceeding which Bank may commence to enforce this Guaranty.

(c) Guarantor waives all rights and defenses that Guarantor may have because the Borrower's debt to Bank is secured by any real property. This means, among other things:

(i) Bank may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower; and

(ii) If Bank forecloses on any real property collateral pledged by Borrower:

(A) The amount of the debt may be reduced only by the price for which that real property or other said collateral is sold at the foreclosure sale, even if the real property or other said collateral is worth more than the sale price; and

(B) Bank may collect from Guarantor even if Bank, by foreclosing on some or all of the real property collateral, has destroyed any right the Guarantor may have to collect from Borrower.

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

(d) Guarantor understands that the exercise by Bank of certain rights and remedies under the Guaranteed Agreements may affect or eliminate Guarantor's right of subrogation against Borrower or any guarantor and that Guarantor may therefore incur partially or totally nonreimbursable liability hereunder. Nevertheless, Guarantor hereby authorizes and empowers Bank, its successors, endorsees and/or assigns, to exercise in its or their sole discretion, any rights and remedies, or any combination thereof, which may then be available, it being the purpose and intent of Guarantor that the obligations hereunder shall be absolute, continuing, independent and unconditional under any and all circumstances. Notwithstanding any other provision of this Guaranty to the contrary, Guarantor hereby waives any claim or other rights which Guarantor may now have or hereafter acquire against Borrower or any other guarantor of all or any of the obligations of Guarantor hereunder that arise from the existence or performance of Guarantor's obligations under this Guaranty or the Guaranteed Agreements, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution and indemnification, and any rights or claims of any kind or nature against Borrower which arise out of or are caused by this Guaranty, and any rights to enforce any remedy which Bank now has or may hereafter have against Borrower, and any benefit of, and any right to participate in, any claim, remedy or security or collateral now or hereafter held by Bank, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from Borrower, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other rights.

4.4 Additional Waivers. Guarantor shall not be released or discharged, either in whole or in part, by Bank's delay or failure to (a) perfect or continue the perfection of any lien or security interest in any collateral described in the Guaranteed Agreements or otherwise, which secures the obligations of Borrower, Guarantor or any other guarantor, or (b) protect the property covered by such lien or security interest.

5. Independent and Separate Obligations. The obligation of Guarantor hereunder is independent of the obligation of Borrower and, after the occurrence of an Event of Default under

any of the Guaranteed Agreements, a separate action or actions may be brought and prosecuted against Guarantor whether or not Guarantor is the alter ego of Borrower, and whether or not Borrower is joined therein or a separate action or actions are brought against Borrower.

6. Bankruptcy; No Discharge. So long as any of the obligations guaranteed hereunder shall be owing to Bank, Guarantor shall not, without Bank's prior written consent, commence or join with any other party in commencing any Insolvency Proceedings of or against Borrower. Guarantor understands and acknowledges that by virtue of this Guaranty, Guarantor has specifically assumed any and all risks of a bankruptcy or reorganization case or other Insolvency Proceeding with respect to Borrower. As an example and not in any way of limitation, a subsequent modification of the Obligations or any other obligations of Borrower under the Guaranteed Agreements in any reorganization case concerning Borrower shall not affect the obligation of Guarantor to pay and perform the Obligations in accordance with their respective original terms.

7. Repayment. If claim is ever made upon Bank for repayment of any amount or amounts received by Bank in payment of the obligations under the Guaranteed Agreements or hereunder (whether or not all or any part of such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid by Bank) and Bank repays all or any part of said amount, then, notwithstanding any revocation or termination of this Guaranty or the cancellation of the Note or any other instrument evidencing the Loan, Guarantor shall be and remain liable to Bank for the amount so repaid to the same extent as if such amount had never originally been received by Bank, except for a repayment that is due to an overpayment unrelated to any bankruptcy or insolvency.

8. Subordination. Any indebtedness of Borrower now or hereafter owing to Guarantor (including without limitation all interest thereon accruing after the commencement of any Insolvency Proceeding) is hereby subordinated in lien and right of payment to the obligations of Borrower to Bank under the Guaranteed Agreements (including without limitation all interest thereon accruing after the commencement of any Insolvency Proceeding). If requested by Bank, such indebtedness shall be collected, enforced and received by Guarantor as trustee for Bank and Guarantor shall promptly pay over to Bank all such proceeds recovered, for application to the Obligations. However, no such payment shall reduce or affect in any manner the absolute, unconditional and independent liability of Guarantor under this Guaranty, except to the extent such payment is applied against the Obligations, subject to Section 1.

9. Payments. Guarantor shall not be credited for payment of any of the Obligations unless such payment is received by Bank in immediately available funds and is made by Guarantor after a demand made by Bank pursuant to this Guaranty. Guarantor agrees that whenever Guarantor shall make any payment to Bank hereunder on account of the liability hereunder, Guarantor will deliver such payment to Bank at the address provided below in this Guaranty and will notify Bank in writing that such payment is made under this Guaranty for such purpose. Bank, without impairing this Guaranty, may apply payments from Borrower to the Obligations, or to such other obligations owed by Borrower to Bank, in such amounts and in such order as Bank in its complete discretion determines. No payment made hereunder by Guarantor to Bank shall cause Guarantor to be or become a creditor of Bank.

10. Representations and Warranties. Guarantor makes the following representations and warranties which shall be continuing (except for the representations and warranties described in Section 10.3 below, which shall be given as of the date this Guaranty is executed and Section 10.4 below which are reinstated as described therein) representations and warranties until this Guaranty terminates in accordance with its terms:

10.1 Guaranty Authorized and Binding. The execution, delivery and performance of this Guaranty are duly authorized and do not require the consent or approval of any court, governmental body or other regulatory authority; and are not in contravention of, or in conflict with, any law or regulation or any term or provision of Guarantor's articles of incorporation or organization, bylaws, or operating agreement, as applicable. This Guaranty is a valid and legally binding obligation of Guarantor enforceable in accordance with its terms. No modification or waiver of any of the provisions of this Guaranty shall be binding upon Bank except as expressly set forth in a writing duly signed and delivered by Bank.

10.2 No Conflict. The execution and delivery of this Guaranty are not, and the performance of this Guaranty will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which Guarantor is a party or by which Guarantor or any of Guarantor's property is or may be bound or affected and do not, and will not, cause any security interest, lien or other encumbrance to be created or imposed upon any such property.

10.3 Litigation. There is no litigation or other proceeding pending or, to the best of Guarantor's knowledge, threatened against, or affecting, Guarantor or Guarantor's property which, if determined adversely to Guarantor, would have a materially adverse effect on the financial condition, property(ies), business(es) or operations of Guarantor, or which prevents or interferes with or adversely affects Guarantor's entering into this Guaranty or the validity of this Guaranty or the carrying out of the terms hereof. Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority.

10.4 Financial Condition. Guarantor's income statement, balance sheet, and statement of retained earnings with supporting schedules ("**Financial Statements**"), which have been submitted in writing by Guarantor to Bank in connection with the Loan, are true and correct and fairly present the financial condition of Guarantor for the period covered thereby. Since the date of said Financial Statements, there has been no material adverse change in Guarantor's financial condition. Guarantor has no knowledge of any liabilities, contingent or otherwise, as of the date of said Financial Statements which are not reflected in said Financial Statements. Other than in the ordinary course of Guarantor's business, Guarantor has not entered into any commitments or contracts which are not reflected in said Financial Statements or which may have a material adverse effect upon Guarantor's financial condition, operations or business as now conducted. Guarantor further covenants and agrees to immediately notify Bank of any material adverse change in Guarantor's financial condition. This representation shall be deemed amended to refer to Guarantor's most recent financial statements that are delivered to Bank, upon such delivery to Bank, until the next set of financial statements are delivered to Bank.

10.5 Solvency. Guarantor is not Insolvent as of the date hereof and the execution and delivery of this Guaranty will not (a) render Guarantor insolvent under generally

accepted accounting principles nor render Guarantor Insolvent, or (b) leave Guarantor with remaining assets which constitute unreasonably small capital given the nature of Guarantor's business, or (c) result in the incurrence of Debts beyond Guarantor's ability to pay them when and as they mature. For the purposes of this Subsection, "Insolvent" means that the present fair salable value of assets is less than the amount that will be required to pay the probable liability on existing Debts as they become absolute and matured, and "Debts" includes any legal liability for indebtedness, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent.

10.6 Financial or Other Benefit or Advantage. Guarantor hereby acknowledges and warrants that Guarantor has derived or expects to derive a financial or other benefit or advantage from the Loan and from each and every renewal, extension, release of collateral or other relinquishment of legal rights made or granted or to be made or granted by Bank to Borrower in connection with the Loan. Guarantor acknowledges that Borrower is not merely the agent, instrumentality or alter ego of Guarantor, and that Borrower is an independent and separate business entity, fully and adequately capitalized for its own business purposes.

10.7 Advice of Counsel. Guarantor has consulted with its attorneys regarding the terms, conditions and waivers set forth in this Guaranty. Guarantor's attorneys have advised Guarantor of the true legal consequences of each waiver set forth in this Guaranty, including the rights Guarantor would have in the absence of such waivers.

10.8 Commercial Purposes. The Loan guaranteed hereby is not made to an individual primarily for personal, family or household purposes and is not secured by a deed of trust or mortgage on a dwelling for four or fewer families occupied entirely or in part by Borrower.

10.9 Power and Authority. The James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended and restated October 14, 2003, is duly formed and James C. Gianulias, as Trustee of that trust has the legal power and authority to execute this Guaranty and perform hereunder and the trust has all the rights and franchises to own its property and to carry on its business as now owned and carried on. Each individual Guarantor has the power and authority to make and carry out this Guaranty.

11. Litigation. Within fifteen (15) days after Guarantor has notice of such matters, Guarantor shall deliver to Bank a detailed disclosure of any litigation or other proceeding pending or, to the best of Guarantor's knowledge, threatened against, or affecting, Guarantor or Guarantor's properties which, if determined adversely to Guarantor, would have a materially adverse effect on the financial condition, properties, businesses or operations of Guarantor, or which prevents or interferes with or adversely affects Guarantor's entering into this Guaranty or the validity of this Guaranty or the carrying out of the terms hereof. Such disclosure shall be updated and delivered to Bank in connection with material occurrences during the course of such litigation or other proceeding.

12. Financial Statements. Guarantor shall provide to Bank all financial statements as and when required by the Loan Agreement. In addition to the foregoing, Guarantor shall permit

Bank at any reasonable time to inspect, audit, and examine the books and records of Guarantor and make copies thereof.

13. WAIVER OF JURY TRIAL. THE FOLLOWING WAIVER IS INTENDED TO BE EFFECTIVE TO THE EXTENT THAT SUCH PROVISION MAY BECOME EFFECTIVE UNDER CALIFORNIA LAW IN THE FUTURE. GUARANTOR AND BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTY, THE GUARANTEED AGREEMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. GUARANTOR AND BANK EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION, IF TRIED, SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTY, THE GUARANTEED AGREEMENTS, OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY, THE GUARANTEED AGREEMENTS. GUARANTOR OR BANK MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE GUARANTOR AND BANK HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

14. Notices. All notices, demands and other communications between Bank and Guarantor pursuant to this Guaranty shall be in writing, shall be addressed to the appropriate address set forth in this Section, or at such other place as Bank or Guarantor, as the case may be, may from time to time designate in writing by ten (10) days prior written notice thereof, and shall be: (a) hand-delivered, effective upon receipt; or (b) sent by United States Express Mail or by private overnight courier, effective upon receipt; or (c) sent by certified mail, return receipt requested, shall be deposited in the United States mail, with postage thereon fully prepaid and shall be deemed effective on the day of actual delivery as shown by the addressee's return receipt or the expiration of three (3) business days after the date of mailing, whichever is the earlier in time. It is understood and agreed that each of the parties will use reasonable efforts to send copies of any notices marked "With a copy to"; provided, however, that failure to deliver such copy or copies shall have no consequences whatsoever to the effectiveness of any notice made to the other party. The addresses of the parties are as follows:

To Guarantor:

James C. Gianulias, individually and as Trustee
1105 Quail Street
Newport Beach, CA 92660
Facsimile: (949) 250-8574

With a Copy to:

Croudace & Dietrich
5 Park Plaza, Suite 1150
Irvine, CA 92614-8591
Attn: Debra M. Dietrich, Esq.
Facsimile: (949) 794-9909

With a Copy to:

Murrieta Villagewalk L.P.
c/o Cameo Homes
1105 Quail Street,
Newport Beach, CA 92660
Attn: James C. Gianulias
Facsimile: (949) 250-8574

To Bank:

Bank of the West
Real Estate Industries Division
3000 Oak Road, Suite 400 (NC-OAK-04-A)
Walnut Creek, California 94597
Attn: Real Estate Loan Administration
Facsimile: (925) 975-3905

With a copy to:

Bank of the West
4041 MacArthur Blvd., Suite 100
Newport Beach, CA 92660
Attn: Jon Ely
Facsimile: (949) 852-1510

Pillsbury Winthrop Shaw Pittman LLP
101 West Broadway, Suite 1800
San Diego, CA 92101
Attn: Angela M. Yates, Esq.
Fax: (619) 236-1995

15. Miscellaneous:

15.1 Amendments. Neither this Guaranty nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

15.2 Assignment. Bank may, at any time and from time to time, assign, conditionally or otherwise, all of the rights of Bank under the Obligations, the Guaranteed

Agreements and/or this Guaranty, whereupon such assignee shall succeed to all rights of Bank hereunder to the extent of such assignment. Bank, or each successor holder of the interests so assigned by Bank may give written notice to Guarantor of any such assignment, but any failure to give, or delay in giving, such notice shall not affect the validity or enforceability of any such assignment. Guarantor shall not have the right to assign any of Guarantor's rights or obligations under this Guaranty.

15.3 Counsel Fees and Costs. The prevailing party shall be entitled to reasonable attorneys' fees and costs (including but not limited to travel and lodging and other costs and fees of outside counsel and experts and a reasonable allocation for Bank's internal counsel), and all other costs and expenses which it may incur in connection with the enforcement or preservation of its rights under, or defense of, this Guaranty or in connection with any other dispute or proceeding relating to this Guaranty, whether or not incurred in any Insolvency Proceeding, arbitration, litigation or other proceeding.

15.4 Counterparts. This Guaranty may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument.

15.5 Demands. Each demand by Bank for performance or payment hereunder shall be in writing and shall be made in the manner set forth herein for notices. A dated statement signed by an officer of Bank setting forth the amount of indebtedness at the time owing to Bank by Borrower under the Guaranteed Agreements shall be prima facie evidence thereof as between Guarantor and Bank in any legal proceedings against Guarantor in connection with this Guaranty.

15.6 Does Not Supersede Other Obligations. The obligations of Guarantor hereunder are in addition to any obligations of Guarantor under any other guaranties of the Obligations and/or any obligations of Borrower or any other persons or entities heretofore given or hereafter to be given to Bank by Guarantor, and this Guaranty shall not affect or invalidate any such other guaranties. The liability of Guarantor to Bank shall at all times be deemed to be the aggregate liability of Guarantor under the terms of this Guaranty and of any other guaranties heretofore or hereafter given by Guarantor to Bank.

15.7 Entire Agreement. This Guaranty supersedes any prior negotiations, discussions or communications between Guarantor and Bank and constitutes the entire agreement between Bank and Guarantor with respect to the Obligations. No course of dealing or parol evidence shall be used to modify or supplement the express terms of this Guaranty.

15.8 Governing Law. This Guaranty shall be governed by and construed according to the laws of California, and Guarantor submits to the nonexclusive jurisdiction of the state or federal courts in said state.

15.9 Guarantor to Keep Informed. Guarantor warrants that it has established with Borrower adequate means of obtaining, on an ongoing basis, such information as Guarantor may require concerning all matters bearing on the risk of nonpayment or nonperformance of the Obligations. Guarantor assumes sole and continuing responsibility for obtaining such information from sources other than from Bank. Bank has no duty to provide any information to

Guarantor until Bank receives Guarantor's written request for specific information in Bank's possession and Borrower has authorized Bank to disclose such information to Guarantor.

15.10 Joint and Several Liability. If more than one Guarantor signs this Guaranty, the obligations of each under this Guaranty are joint and several, and independent of the Obligations and of the liabilities and commitments of any other person or entity. A separate action or actions may be brought and prosecuted against any one or more guarantors, whether action is brought against Borrower or other guarantors of the Obligations, and whether Borrower or others are joined in any such action.

15.11 No Waiver; Remedies. No failure on the part of Bank to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof. Bank shall not be estopped from exercising any such right or remedy at any future time because of any such failure or delay; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

15.12 Section Headings. Section headings in this Guaranty are included for convenience of reference only and shall not modify, define, limit or expand the express provisions of this Guaranty.

15.13 Severability; Inconsistencies. If any provision of this Guaranty is found to conflict with applicable law or to be illegal, invalid or unenforceable, such provision shall be enforced to the maximum extent permitted, but if fully unenforceable, such provision shall be severable, and this Guaranty shall be construed as if such provision had never been a part of this Guaranty, and the remaining provisions shall continue in full force and effect. In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other instrument evidencing or securing the Loan, the Environmental Indemnity or the obligations of Guarantor, the terms of this Guaranty shall remain fully valid and effective and shall control as to the Obligations of Guarantor.

15.14 Successors and Assigns. This Guaranty binds Guarantor and its successors and inures to the benefit of Bank and its successors and assigns.

15.15 Term. The obligations of Guarantor under this Guaranty and any instrument which grants collateral to secure such obligations and the rights of Bank under this Guaranty shall continue in full force and effect until the last date that all of the following have occurred: (a) the Obligations have been fully paid and performed; (b) Bank's commitment to make advances under the Guaranteed Agreements has been terminated or has expired; and (c) the period of time has expired during which any payment received by Bank under the Loan Documents may be deemed to be a preferential or fraudulent transfer under the United States Bankruptcy Code or other similar applicable laws.

15.16 Term Usage. The term "Borrower" shall mean both the named Borrower and any other person or entity at any time assuming or otherwise becoming primarily liable for all or any part of the obligations set forth in the Guaranteed Agreements. When the context in which the words are used in this Guaranty indicates that such is the intent, words in the singular

number shall include the plural and vice-versa. The use of the word "including" in this Guaranty shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not limiting language (such as "but not limited to" or "without limitation" or words of similar import) is used with reference thereto.


15.17 Time is of the Essence. Time is of the essence hereof.

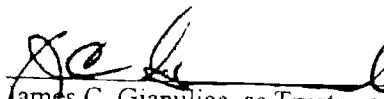
15.18 Married Guarantors. By executing this Guaranty, a Guarantor who is married agrees that recourse may be held against his or her separate and community property for all his or her obligations under this Guaranty.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, this Guaranty has been executed as of the date first written above. Guarantor acknowledges having received a copy of this Guaranty and having made each waiver contained in this Guaranty with full knowledge of its consequences.

GUARANTOR:


James C. Gianulias, an individual


James C. Gianulias, as Trustee of the
James Chris Gianulias 1998 Trust U/D/T
dated December 22, 1998, as amended and
restated October 14, 2003

FIRST AMENDMENT TO GUARANTY AND COMPLETION GUARANTY

April 11, 2007 GH

THIS FIRST AMENDMENT TO GUARANTY AND COMPLETION GUARANTY ("**Amendment**") is made as of ~~March 29, 2007~~ by JAMES C. GIANULIAS, individually and as Trustee of the James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended ("**Guarantor**"), and BANK OF THE WEST, a California banking corporation ("**Lender**").

A. Under the terms of that certain Building Loan Agreement/Disbursement Schedule dated as of December 21, 2005 (the "**Loan Agreement**"), executed by and between MURRIETA VILLAGEWALK L.P., a California limited partnership ("**Borrower**"), and Lender, Lender has made a loan (the "**Existing Loan**") to Borrower in the original principal amount of Fifty-One Million Dollars (\$51,000,000), which Loan is evidenced by that certain Promissory Note Secured by Deed of Trust, executed by Borrower in favor of Lender in said amount, dated as of December 21, 2005 (the "**Existing Note**").

B. All terms defined in the Loan Agreement shall have the same meaning in this Amendment, except as otherwise defined.

C. The Existing Loan is secured by that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of December 21, 2005, recorded February 22, 2006, Instrument No. 0128549, in the Official Records of Riverside County, California, executed by Borrower, as trustor, in favor of First Santa Clara Corporation, a California corporation, as trustee ("**Trustee**"), for the benefit of Lender, as beneficiary, encumbering Borrower's interest certain real property located in the County of Riverside, State of California, and all personal property of Borrower, as more particularly described therein (the "**Deed of Trust**") and that certain UCC-1 Financing Statement filed in the Office of the Secretary of California.

D. In connection with the Loan, Guarantor previously executed in favor of Bank (i) that certain Guaranty dated as of December 21, 2005 (the "**Existing Loan Guaranty**"), whereby Guarantor guaranteed payment and performance of Borrower's obligations under the Existing Loan; and (ii) that certain Completion Guaranty dated as of December 21, 2005 (the "**Existing Completion Guaranty**"), whereby Guarantor guaranteed the completion of certain improvements. The Existing Loan Guaranty and the Existing Completion Guaranty are collectively referred to herein as the "**Existing Guarantor Documents**."

E. Substantially concurrently herewith, Lender is committing to lend to Borrower an additional advance under the Deed of Trust in the aggregate principal sum of Ten Million Five Hundred Fifty Thousand Dollars (\$10,550,000) (the "**Additional Advance**") pursuant to that certain Additional Advance Agreement of even date herewith by Borrower and Lender ("**Additional Advance Agreement**").

F. The Existing Loan and the Additional Advance are now evidenced by that certain Amended and Restated Promissory Note Secured by Deed of Trust in the principal amount of \$61,550,000, which shall be executed and delivered by Borrower concurrently with Borrower's execution and delivery of the Additional Advance Agreement to Lender (the "**Restated Note**"). The Restated Note shall be and remain governed by the terms of the Loan Agreement, as

amended by the terms of the Additional Advance Agreement, and secured by the Deed of Trust, as amended by that certain Memorandum of Additional Advance Agreement and Amendment to Deed of Trust between Borrower and Lender dated as of even date herewith (the "**Memorandum**").

G. As a condition to the Additional Advance, Lender requires and Guarantor has agreed to execute this Amendment to guarantee payment and performance of Borrower's obligations under the Existing Loan and the Additional Advance up to a maximum principal amount of Sixty-One Million Five Hundred Fifty Thousand Dollars (\$61,550,000), on a joint and several basis.

NOW, THEREFORE, for good and valuable consideration, Guarantor does hereby agree as follows:

1. The Existing Guarantor Documents are revised such that all references to the "**Loan**" shall be deemed to refer to the Existing Loan and the Additional Advance, in the aggregate principal amount of \$61,550,000.

2. The Existing Guarantor Documents are revised such that all references to the "**Note**" shall be deemed to refer to the Restated Note, as amended, modified extended, reviewed, supplemented or replaced from time to time.

3. The Existing Guarantor Documents are revised such that all references to the "**Loan Agreement**" shall be deemed to refer to the Loan Agreement as amended by the Additional Advance Agreement, as amended, modified extended, reviewed, supplemented or replaced from time to time.

4. The Existing Guarantor Documents are revised such that all references to the "**Loan Documents**" shall be deemed to refer to the loan documents as amended by the Additional Advance Documents, as defined in the Additional Advance Agreement.

5. The Existing Guarantor Documents are revised such that all references to the "**Deed of Trust**" shall be deemed to refer to the Deed of Trust as amended by that certain Memorandum of Additional Advance Agreement and Amendment to Deed of Trust of even date herewith by Borrower and Lender.


6. Except as specifically amended above, the Existing Guarantor Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects by Guarantor.


7. This Amendment may be executed in counterparts, all of which, taken together, shall constitute the same document.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first above written.

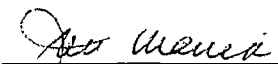
GUARANTOR:


James C. Gianulias, an individual


James C. Gianulias, as Trustee
of the James Chris Gianulias
1998 Trust U/D/T dated
December 22, 1998, as amended

LENDER:

BANK OF THE WEST,
a California banking corporation

By: 
Name: JAN MANISTA
Its: VICE PRESIDENT

PROOF OF SERVICE BY MAIL

I, Pamela Breeden, the undersigned, hereby declare as follows:

1. I am over the age of 18 years and am not a party to the within cause. I am employed by Pillsbury Winthrop Shaw Pittman LLP in the City of San Diego, California.

2. My business address is 12255 El Camino Real, Suite 300, San Diego, CA 92130-4088.

3. I am familiar with Pillsbury Winthrop Shaw Pittman LLP's practice for collection and processing of correspondence for mailing with the United States Postal Service; in the ordinary course of business, correspondence placed in interoffice mail is deposited with the United States Postal Service with first class postage thereon fully prepaid on the same day it is placed for collection and mailing.

4. On November 6, 2008, at 12255 El Camino Real, Suite 300, San Diego, California, I served a true copy of the attached document(s) titled exactly **PROOF OF CLAIM** by placing it/them in an addressed, sealed envelope clearly labeled to identify the person being served at the address shown below and placed in interoffice mail for collection and deposit in the United States Postal Service on that date following ordinary business practices:

SEE ATTACHED SERVICE LIST

I declare under penalty of perjury that the foregoing is true and correct. Executed this 6th day of November, 2008, at San Diego, California.

/s/ Pamela L. Breeden

Pamela L. Breeden

SERVICE LIST

Office of the U.S. Trustee

Michael J. Hauser
411 W. Fourth Street, #9041
Santa Ana, CA 92701

Debtor:

James C. Gianulias
1105 Quail Street
Newport Beach, CA 92660

Debtor's Counsel

Alan J. Friedman
Kerri A. Lyman
Irell & Manella LLP
840 Newport Center Dr, #400
Newport Beach, CA 92660

Debtor:

Cameo Homes, a California corporation
1105 Quail Street
Newport Beach, CA 92660-2705

Debtor's Counsel:

Paul J. Couchot, Esq.
Winthrop Couchot, PC
660 Newport Center, 4th floor
Newport Beach, CA 92660-5946

Attorneys for Petitioning Creditors

California National Bank
c/o Joshua D. Wayser
Katten Muchin Rosenmann LLP
2029 Century Park east Ste 2600
Los Angeles, CA 90067

Famille Holdings L.P.
c/o Jess R. Bressi
19800 MacArthur Blvd #500
Irvine, CA 92612-2435

M.W. Partners III LP
c/o Lori Scott
1301 Fifth avenue, Ste 3100
Seattle, WA 98101

M.W. Housing Partners III LP
c/o Steven G. Polard
1620 26th Street, Ste 600 Tower
Santa Monica, CA 90404

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Andrea A. Khansari
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Counsel for Joint Committee of Unsecured Creditors

Elisa Miller
SulmeyerKupetz, A PC
333 South Hope Street, 35th Floor
Los Angeles, CA 90071

Whitman L. Holt
1901 Avenue of the Stars 12th Fl
Los Angeles, CA 90067

Central District Of California Claims Register

8:08-bk-13150-RK James C Gianulias CASE CONVERTED on 07/02/2008

Judge: Robert N. Kwan


Chapter: 11

Office: Santa Ana

Last Date to file claims: 11/12/2008

Trustee:

Last Date to file (Govt):

<i>Creditor:</i> (20546708) Bank of the West c/o Sue Hodges Esq Pillsbury Winthrop et al 501 W Broadway Ste 1100 San Diego CA 92101-3675	Claim No: 23 <i>Filed:</i> 11/06/2008 <i>Entered:</i> 11/06/2008	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> Walker, Matthew <i>Modified:</i>
Unsecured claimed: \$20667135.98 Total claimed: \$20667135.98		
<i>History:</i>  23-1 11/06/2008 Claim #23 filed by Bank of the West , total amount claimed: \$20667135.98 (Walker, Matthew)		
<i>Description:</i> (23-1) Guarantee of Loan		
<i>Remarks:</i>		

Claims Register Summary