

# ORIGINAL

B10 (Official Form 10 (12/07))

UNITED STATES BANKRUPTCY COURT      CENTRAL DISTRICT OF CALIFORNIA		PROOF OF CLAIM
Name of Debtor: <b>JAMES C. GIANULIAS</b>		Case Number: <b>8:08-bk-13150-RK</b>
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): <b>Pacific Mercantile Bank</b>		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.  <b>Court Claim</b> Number: _____ <i>(If known)</i>  Filed on: _____
Name and address where notices should be sent: <b>Leonard M. Shulman Shulman Hodges &amp; Bastian LLP 26632 Towne Center Drive, Suite 300, Foothill Ranch, CA 92610</b>		
Telephone number: <b>(949) 340-3400</b>		
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.  <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Telephone number:		
<b>1. Amount of Claim as of Date Case Filed:</b> \$ <u>3,007,750.00*</u>  If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.  If all or part of your claim is entitled to priority, complete item 5.  <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		<b>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.</b>  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)(____).  <b>Amount entitled to priority:</b>  \$ _____
<b>2. Basis for Claim:</b> <u>Money Loaned</u> (See instruction #2 on reverse side.)		
<b>3. Last four digits of any number by which creditor identifies debtor:</b> _____  <b>3a. Debtor may have scheduled account as:</b> _____ (See instruction #3a on reverse side.)		
<b>4. Secured Claim</b> (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.  <b>Nature of property or right of setoff:</b> <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe:  <b>Value of Property:</b> \$ <u>9,000,000.00</u> <b>Annual Interest Rate</b> _____ %  <b>Amount of arrearage and other charges as of time case filed included in secured claim,</b> <b>if any:</b> \$ _____ <b>Basis for perfection:</b> _____  <b>Amount of Secured Claim:</b> \$ <u>3,007,750.00 *</u> <b>Amount Unsecured:</b> \$ _____		
<b>6. Credits:</b> The amount of all payments on this claim has been credited for the purpose of making this proof of claim.  <b>7. Documents:</b> 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.  If the documents are not available, please explain:		<div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <b>FOR COURT USE ONLY</b> </div>
<b>Signature:</b> 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.  Date: <u>11/3/08</u>		

\* Plus Interest and Attorney's fees and costs.

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

## SUMMARY REGARDING PROOF OF CLAIM

**Lender:** Pacific Mercantile Bank

**Borrower:** James C. Gianulias, an individual  
1105 Quail Street  
Newport Beach, CA 92660

**Guarantor:** Cameo Homes, a California corporation

**History of  
Borrowers &  
Guarantors:**

Originally on 10/26/05, PMB issued a credit line in the amount of \$2MM to G Companies Construction, Inc.; the guarantors were James Gianulias and Cameo Homes.

On 4/24/06, James Gianulias and Cameo Homes deleted as guarantors and added as co-borrowers with G Companies Construction.

On 5/25/07, James Gianulias and Cameo Homes deleted as co-borrowers but added back as guarantors. Remaining borrower is G Companies Construction.

On 11/23/07, James Gianulias becomes sole borrower and deleted as guarantor (Cameo Homes is sole remaining guarantor). G Companies Construction is deleted as a borrower and PMB's security interests in assets of G Companies Construction is released.

**Date of  
Loan:** October 26, 2005

**Loan  
Amount:** \$3,000,000 (term loan)

**Security  
Interests:** UCC-1 filing on Borrower's 33.3% partnership interests in Cambridge Square Partners owned via Gianulias's Trust. The partnership owns 33 acres of raw land in the Cameron Park area of northern California. Estimated value of the land is \$9MM; estimated value of the partnership is \$3MM.

**Maturity  
Date:** Last extension of the maturity date is through **December 30, 2008** pursuant to a certain Change in Terms Agreement dated May 15, 2008.

# PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,000,000.00	10-26-2005	10-26-2006	10103299			405	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing \*\*\*\*\* has been omitted due to text length limitations.

**Borrower:** G COMPANIES CONSTRUCTION, INC  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH FINANCIAL CENTER  
450 NEWPORT CENTER DRIVE, SUITE 100  
NEWPORT BEACH, CA 92660

**Principal Amount:** \$2,000,000.00

**Initial Rate:** 6.750%

**Date of Note:** October 26, 2005

**PROMISE TO PAY.** G COMPANIES CONSTRUCTION, INC ("Borrower") promises to pay to PACIFIC MERCANTILE BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million & 00/100 Dollars (\$2,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

**PAYMENT.** Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on October 26, 2006. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning November 26, 2005, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

**VARIABLE INTEREST RATE.** The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 6.750%. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate equal to the Index, resulting in an initial rate of 6.750%. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

**PREPAYMENT; MINIMUM INTEREST CHARGE.** Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$100.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Pacific Mercantile Bank, 949 South Coast Drive, Suite 300 Costa Mesa, CA 92626.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$5.00, whichever is greater.

**INTEREST AFTER DEFAULT.** Upon default, the variable interest rate on this Note shall immediately increase to 6.000 percentage points over the Index, if permitted under applicable law.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**Default in Favor of Third Parties.** Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Cure Provisions.** If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. Borrower also will pay any court costs, in addition to all other sums provided by law.

**JURY WAIVER.** Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

**GOVERNING LAW.** This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of California.

PROMISSORY NOTE  
(Continued)

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Loan No: 10103299

**CHOICE OF VENUE.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of ORANGE County, State of California.

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**COLLATERAL.** Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein: inventory, chattel paper, accounts, equipment, general intangibles, fixtures, standing timber and mineral, oil and gas described in a Commercial Security Agreement dated October 28, 2005.

**LINE OF CREDIT.** This Note evidences a revolving line of credit. Advances under this Note may be requested orally by Borrower or as provided in this paragraph. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following persons currently are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of their authority: JAMES C. GIANULIAS, President of G COMPANIES CONSTRUCTION, INC; CHRISTINE SORESI, Secretary of G COMPANIES CONSTRUCTION, INC; VICTOR MAHONY, Chief Executive Officer of G COMPANIES CONSTRUCTION, INC; and R MICHAEL HALL, Chief Financial Officer of G COMPANIES CONSTRUCTION, INC. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

**SUCCESSOR INTERESTS.** The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.


**GENERAL PROVISIONS.** This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

**PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.**

**BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.**

**BORROWER:**

G COMPANIES CONSTRUCTION, INC

By:   
JAMES C. GIANULIAS, President of G COMPANIES  
CONSTRUCTION, INC

**LENDER:**

  
PACIFIC MERCANTILE BANK

X  
Authorized Signer

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Boarded:  Date: 11-16-05  
Called Back:  Date: 11-17-05

# BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	04-30-2008	10103299			405	
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** JAMES C. GIANULIAS  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

THIS BUSINESS LOAN AGREEMENT dated November 23, 2007, is made and executed between JAMES C. GIANULIAS ("Borrower") and PACIFIC MERCANTILE BANK ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement ("Loan"). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

**TERM.** This Agreement shall be effective as of November 23, 2007, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

**CONDITIONS PRECEDENT TO EACH ADVANCE.** Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

**Loan Documents.** Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) guaranties; (6) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

**Payment of Fees and Expenses.** Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

**Representations and Warranties.** The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

**No Event of Default.** There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

**REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

**Business Activities.** Borrower maintains an office at 1105 QUAIL STREET, NEWPORT BEACH, CA 92660. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's principal office address or any change in Borrower's name. Borrower shall do all things necessary to comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

**Properties.** Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Lien Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

**Indebtedness and Liens.** (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

**Continuity of Operations.** (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, or (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change ownership, dissolve or transfer or sell Collateral out of the ordinary course of business.

**Loans, Acquisitions and Guaranties.** (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

**Agreements.** Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Loan.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

**Right to Cure.** If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after receiving written notice from Lender demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**LOAN BALANCE.** Notwithstanding anything in this (Note) (Agreement) to the contrary, Borrower agrees that for a period of (30) thirty consecutive days during each of its fiscal years Borrower shall repay the entire outstanding principal balance on the Loan and during such period Borrower shall not have the right to, and Borrower shall not, request an advance of funds under the Loan.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Arbitration.** Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Borrower and Lender agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

**Attorneys' Fees; Expenses.** Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection efforts directed by the court.

**Loan.** The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

**Note.** The word "Note" means the Note executed by JAMES C. GIANULIAS in the principal amount of \$3,000,000.00 dated October 26, 2005, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Permitted Liens.** The words "Permitted Liens" mean (1) liens and security interests securing indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

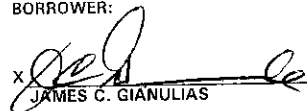
**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

**Security Agreement.** The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

**Security Interest.** The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED NOVEMBER 23, 2007.

BORROWER:

x   
JAMES C. GIANULIAS

LENDER:

PACIFIC MERCANTILE BANK

By:   
Authorized Signer

# COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No.	Call / Coll.	Account	Officer	Initials
						405	<i>[Signature]</i>
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** G COMPANIES CONSTRUCTION, INC.  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

**Guarantor:** CAMEO HOMES  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**GUARANTEE OF PAYMENT AND PERFORMANCE.** For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents.

**INDEBTEDNESS.** The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, attorneys' fees, arising from any and all debts, liabilities and obligations that Borrower individually or collectively or interchangeably with others, owes or will owe Lender under the Note and Related Documents and any renewals, extensions, modifications, refinancings, consolidations and substitutions of the Note and Related Documents.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unexpired guaranties.

**CONTINUING GUARANTY.** THIS GUARANTY ENCOMPASSES A LINE OF CREDIT AND GUARANTOR UNDERSTANDS AND AGREES THAT THIS GUARANTY SHALL BE OPEN AND CONTINUOUS UNTIL THE INDEBTEDNESS IS PAID IN FULL AND THE LENDER DECLARES THAT THE LINE OF CREDIT IS FULLY SATISFIED, PERFORMED AND TERMINATED.

**DURATION OF GUARANTY.** This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. This Guaranty covers a revolving line of credit and it is specifically anticipated that fluctuations will occur in the aggregate amount of the Indebtedness. Guarantor specifically acknowledges and agrees that fluctuations in the amount of the Indebtedness, even to zero dollars (\$ 0.00), shall not constitute a termination of this Guaranty. Guarantor's liability under this Guaranty shall terminate only upon (A) termination in writing by Borrower and Lender of the line of credit, (B) payment of the Indebtedness in full in legal tender, and (C) payment in full in legal tender of all of Guarantor's other obligations under this Guaranty.

**GUARANTOR'S AUTHORIZATION TO LENDER.** Guarantor authorizes Lender, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

**GUARANTOR'S REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

**GUARANTOR'S FINANCIAL STATEMENTS.** Guarantor agrees to furnish Lender with the following:

**Interim Statements.** As soon as available after the end of each Half-year, Guarantor's balance sheet and profit and loss statement for the period ended, prepared by Guarantor in form satisfactory to Lender.

**Tax Returns.** As soon as available, but in no event later than 15 days after the applicable filing date for the tax reporting period ended, Federal and other governmental tax returns, prepared by a tax professional satisfactory to Lender.

All financial reports required to be provided under this Guaranty shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Guarantor as being true and correct.

**GUARANTOR'S WAIVERS.** Except as prohibited by applicable law, Guarantor waives any right to require Lender to (A) make any presentment, protest, demand, or notice of any kind, including notice of change of any terms of repayment of the Indebtedness, default by Borrower or any other guarantor or surety, any action or nonaction taken by Borrower, Lender, or any other guarantor or surety of Borrower, or the creation of new or additional Indebtedness; (B) proceed against any person, including Borrower, before proceeding against Guarantor; (C) proceed against any collateral for the Indebtedness, including Borrower's collateral, before proceeding against Guarantor; (D) apply any payments or proceeds received against the Indebtedness in any order; (E) give notice of the terms, time, and place of any sale of the collateral pursuant to the Uniform Commercial Code or any other law governing such sale; (F) disclose any information about the Indebtedness, the Borrower, the collateral, or any other guarantor or surety, or about any action or nonaction of Lender; or (G) pursue any remedy or course of action in Lender's power whatsoever.

Guarantor also waives any and all rights or defenses arising by reason of (H) any disability or other defense of Borrower, any other guarantor or surety or any other person; (I) the cessation from any cause whatsoever, other than payment in full, of the Indebtedness; (J) the application of proceeds of the Indebtedness by Borrower for purposes other than the purposes understood and intended by Guarantor and Lender; (K) any act of omission or commission by Lender which directly or indirectly results in or contributes to the discharge of Borrower or any other guarantor or surety, or the Indebtedness, or the loss or release of any collateral by operation of law or otherwise; (L) any statute of limitations in any action under this Guaranty or on the Indebtedness; or (M) any modification or change in terms of the Indebtedness, whatsoever, including without limitation, the renewal, extension, acceleration, or other change in the time payment of the Indebtedness is due and any change in the interest rate.

Guarantor waives all rights and any defenses arising out of an election of remedies by Lender even though that the election of remedies, such as



**COMMERCIAL GUARANTY  
(Continued)**

Loan No: 10103299

Page 2

a non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Borrower by operation of Section 580d of the California Code of Civil Procedure or otherwise.

Guarantor waives all rights and defenses that Guarantor may have because Borrower's obligation is secured by real property. This means among other things: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower. (2) If Lender forecloses on any real property collateral pledged by Borrower: (a) the amount of Borrower's obligation may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. (b) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's obligation is secured by real property. These rights and defenses include, but are not limited to, any rights and defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

Guarantor understands and agrees that the foregoing waivers are unconditional and irrevocable waivers of substantive rights and defenses to which Guarantor might otherwise be entitled under state and federal law. The rights and defenses waived include, without limitation, those provided by California laws of suretyship and guaranty, anti-deficiency laws, and the Uniform Commercial Code. Guarantor acknowledges that Guarantor has provided these waivers of rights and defenses with the intention that they be fully relied upon by Lender. Guarantor further understands and agrees that this Guaranty is a separate and independent contract between Guarantor and Lender, given for full and ample consideration, and is enforceable on its own terms. Until all of the indebtedness is paid in full, Guarantor waives any right to enforce any remedy Guarantor may have against the Borrower or any other guarantor, surety, or other person, and further, Guarantor waives any right to participate in any collateral for the indebtedness now or hereafter held by Lender.

**GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS.** Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

**SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR.** Guarantor agrees that the indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Guaranty:

**Amendments.** This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Arbitration.** Borrower and Guarantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Guaranty or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Borrower and Guarantor and Lender agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Guaranty shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

**Attorneys' Fees; Expenses.** Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

**Governing Law.** This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Guaranty has been accepted by Lender in the State of California.

**Choice of Venue.** If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of ORANGE County, State of California.

**Integration.** Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

**Interpretation.** In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

**Notices.** Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given to Lender to any Guarantor is deemed to be notice to all Guarantors.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other

right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Successors and Assigns.** Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Borrower.** The word "Borrower" means G COMPANIES CONSTRUCTION, INC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**GAAP.** The word "GAAP" means generally accepted accounting principles.

**Guarantor.** The word "Guarantor" means everyone signing this Guaranty, including without limitation CAMEO HOMES, and in each case, any signer's successors and assigns.

**Guaranty.** The word "Guaranty" means this guaranty from Guarantor to Lender.

**Indebtedness.** The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

**Lender.** The word "Lender" means PACIFIC MERCANTILE BANK, its successors and assigns.

**Note.** The word "Note" means the promissory note dated October 26, 2005, in the original principal amount of \$3,000,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

**EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED MAY 25, 2007.**

GUARANTOR:

CAMEO HOMES

By: 

JAMES C. GIANOULAS, President of CAMEO  
HOMES

# CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	10-26-2008	10103299			405	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

Borrower: G COMPANIES CONSTRUCTION, INC; JAMES C. GIANULIAS; and CAMEO HOMES  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

Lender: PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

Principal Amount: \$3,000,000.00 Initial Rate: 7.750% Date of Agreement: April 24, 2006

DESCRIPTION OF EXISTING INDEBTEDNESS. BORROWER G COMPANIES CONSTRUCTION, INC BECAME OBLIGATED TO LENDER FOR A PROMISSORY NOTE DATED OCTOBER 26, 2005, IN THE AMOUNT OF \$2,000,000.00. THIS NOTE IS A REVOLVING LINE OF CREDIT WITH A MAXIMUM CREDIT LIMIT OF \$2,000,000.00.

DESCRIPTION OF COLLATERAL. THIS NOTE IS SECURED BY A COMMERCIAL SECURITY AGREEMENT DATED OCTOBER 26, 2005.

DESCRIPTION OF CHANGE IN TERMS. MAXIMUM CREDIT LIMIT: THE MAXIMUM CREDIT LIMITED IS HEREBY INCREASED FROM \$2,000,000.00 TO \$3,000,000.00.

ADDITIONAL BORROWERS: JAMES C. GIANULIAS AND CAMEO HOMES ARE HEREBY ADDED AS CO-BORROWERS TO THE LOAN.

GUARANTORS: THE GUARANTORS JAMES C. GIANULIAS AND CAMEO HOMES ARE HEREBY DELETED.

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN THE SAME.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

PRIOR TO SIGNING THIS AGREEMENT, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. EACH BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

CHANGE IN TERMS SIGNERS:

G COMPANIES CONSTRUCTION, INC

By: JAMES C. GIANULIAS, President of G COMPANIES CONSTRUCTION, INC

X JAMES C. GIANULIAS

CAMEO HOMES

By: J.C. GIANULIAS, President/Secretary of CAMEO HOMES

LENDER:

PACIFIC MERCANTILE BANK

X Authorized Signer

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Input: JS Date: 6/22/06  
Called Back: JS Date: 11-3-06

# CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	12-26-2006	10103299			405	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** G COMPANIES CONSTRUCTION, INC.; JAMES C. GIANULIAS; and CAMEO HOMES  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

**Principal Amount:** \$3,000,000.00      **Initial Rate:** 8.250%      **Date of Agreement:** November 2, 2006

**DESCRIPTION OF EXISTING INDEBTEDNESS.** BORROWER G COMPANIES CONSTRUCTION, INC BECAME OBLIGATED TO LENDER FOR A PROMISSORY NOTE DATED OCTOBER 26, 2005, IN THE AMOUNT OF \$2,000,000.00, AS AMENDED FROM TIME TO TIME.

**DESCRIPTION OF COLLATERAL.** THIS NOTE IS SECURED BY COLLATERAL AS DESCRIBED IN A COMMERCIAL SECURITY AGREEMENT DATED OCTOBER 26, 2005.

**DESCRIPTION OF CHANGE IN TERMS.**

**MATURITY DATE:** THE MATURITY DATE IS HEREBY EXTENDED TO DECEMBER 26, 2006.

**PAYMENT:** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on December 26, 2006. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning November 26, 2006, with all subsequent interest payments to be due on the same day of each month after that.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 8.250% per annum.** The interest rate to be applied to the unpaid principal balance during this loan will be at a rate equal to the Index, resulting in an initial rate of 8.250% per annum.

**NOTICE:** Under no circumstances will the interest rate on this loan be more than the maximum rate allowed by applicable law.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. EACH BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**CHANGE IN TERMS SIGNERS:**

G COMPANIES CONSTRUCTION, INC

By: [Signature]  
JAMES C. GIANULIAS, President of G COMPANIES CONSTRUCTION, INC

X [Signature]  
JAMES C. GIANULIAS

CAMEO HOMES

By: [Signature]  
J.C. GIANULIAS, President/Secretary of CAMEO HOMES

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**Boarded:** [Signature] **Date:** 11/10/06  
[Signature] 11/15/06

# CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
300,000.00	10-26-2005	03-31-2007	10103295			405	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

Borrower: G COMPANIES CONSTRUCTION, INC; JAMES C. GIANULIAS; and CAMEO HOMES  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

Lender: PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

Principal Amount: \$3,000,000.00 Initial Rate: 8.250% Date of Agreement: January 2, 2007

DESCRIPTION OF EXISTING INDEBTEDNESS. A LINE OF CREDIT EVIDENCED BY A PROMISSORY NOTE DATED OCTOBER 26, 2005, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,000,000.00, MODIFIED BY THAT CERTAIN CHANGE IN TERMS AGREEMENT DATED AS OF APRIL 24, 2006, NOVEMBER 2, 2006 ("NOTE").

DESCRIPTION OF COLLATERAL. A SECURITY INTEREST IN CERTAIN ASSETS OF BORROWER DESCRIBED IN THAT CERTAIN COMMERCIAL SECURITY AGREEMENT DATED OCTOBER 26, 2005, AND EXECUTED BY BORROWER IN FAVOR OF LENDER ("SECURITY AGREEMENT").

DESCRIPTION OF CHANGE IN TERMS. MATURITY DATE: THE MATURITY DATE IS HEREBY EXTENDED TO MARCH 31, 2007.

PAYMENT DUE DATE. THE PAYMENT DUE DATE IS HEREBY CHANGED FROM THE 26TH DAY OF EACH MONTH TO THE LAST DAY OF EACH MONTH, COMMENCING ON JANUARY 31, 2007.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on March 31, 2007. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning January 31, 2007, with all subsequent interest payments to be due on the same day of each month after that.

VARIABLE INTEREST RATE. The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate equal to the index, resulting in an initial rate of 8.250% per annum.

NOTICE: Under no circumstances will the interest rate on this loan be more than the maximum rate allowed by applicable law.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorser of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

PRIOR TO SIGNING THIS AGREEMENT, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. EACH BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

CHANGE IN TERMS SIGNERS:

G COMPANIES CONSTRUCTION, INC

By: [Signature]  
JAMES C. GIANULIAS, President of G COMPANIES CONSTRUCTION, INC

X [Signature]  
JAMES C. GIANULIAS

CAMEO HOMES

By: [Signature]  
J.C. GIANULIAS, President/Secretary of CAMEO HOMES

Boarded: [Signature] Date: 2/5/07  
Called Back: [Signature] Date: 2/7/07

# CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	10-31-2007	10103299			405	<i>[Signature]</i>

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** G COMPANIES CONSTRUCTION, INC  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

**Principal Amount:** \$3,000,000.00      **Initial Rate:** 8.250%      **Date of Agreement:** May 25, 2007

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A LINE OF CREDIT EVIDENCED BY A PROMISSORY NOTE DATED OCTOBER 26, 2005, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,000,000.00, MODIFIED BY THAT CERTAIN CHANGE IN TERMS AGREEMENT DATED AS OF APRIL 24, 2006, NOVEMBER 2, 2006, JANUARY 2, 2007 ("NOTE"). *10/24/2006*

**DESCRIPTION OF COLLATERAL.** A SECURITY INTEREST IN CERTAIN ASSETS OF BORROWER DESCRIBED IN THAT CERTAIN COMMERCIAL SECURITY AGREEMENT DATED OCTOBER 26, 2005, AND EXECUTED BY BORROWER IN FAVOR OF LENDER ("SECURITY AGREEMENT").

**DESCRIPTION OF CHANGE IN TERMS.** MATURITY DATE: THE MATURITY DATE IS HEREBY EXTENDED TO OCTOBER 31, 2007.

JAMES C. GIANULIAS AND CAMEO HOMES BEING DELETED AS BORROWERS AND ADDED AS GUARANTORS.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on October 31, 2007. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning June 30, 2007, with all subsequent interest payments to be due on the same day of each month after that.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate equal to the Index, resulting in an initial rate of 8.250% per annum. NOTICE: Under no circumstances will the interest rate on this loan be more than the maximum rate allowed by applicable law.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

**BORROWER:**

G COMPANIES CONSTRUCTION, INC

*[Signature]*  
BY: JAMES C. GIANULIAS, President of G COMPANIES CONSTRUCTION, INC

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**Boarded:** *[Signature]* **Date:** 5-30-07

**Called Back:** *[Signature]* **Date:** 5/21/07

# CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	04-30-2008	10103299			405	JA

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or term.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** JAMES C. GIANULIAS  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

**Principal Amount:** \$3,000,000.00      **Initial Rate:** 7.500%      **Date of Agreement:** November 23, 2007

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A LINE OF CREDIT EVIDENCED BY A PROMISSORY NOTE DATED OCTOBER 26, 2005, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,000,000.00, MODIFIED BY THAT CERTAIN CHANGE IN TERMS AGREEMENT DATED AS OF APRIL 24, 2006, NOVEMBER 2, 2006, JANUARY 2, 2007, MAY 25, 2007 ("NOTE").

**DESCRIPTION OF COLLATERAL.** A SECURITY INTEREST IN CERTAIN ASSETS OF BORROWER DESCRIBED IN THAT CERTAIN COMMERCIAL SECURITY AGREEMENT DATED OCTOBER 26, 2005, AND EXECUTED BY BORROWER IN FAVOR OF LENDER ("SECURITY AGREEMENT").

**DESCRIPTION OF CHANGE IN TERMS.** **MATURITY DATE:** THE MATURITY DATE IS HEREBY EXTENDED FROM OCTOBER 31, 2007 TO APRIL 30, 2008.

**BORROWERS NAME:** THE BORROWERS NAME IS HEREBY CHANGED FROM G COMPANIES CONSTRUCTION, INC. TO JAMES C. GIANULIAS.

**GUARANTORS:** JAMES C. GIANULIAS IS HEREBY DELETED AS A GUARANTOR.

**SECURITY INTEREST:** THE SECURITY INTEREST IN CERTAIN ASSETS OF G. COMPANIES CONSTRUCTION, INC. AS DESCRIBED IN THAT CERTAIN COMMERCIAL SECURITY AGREEMENT DATED OCTOBER 26, 2005 ARE HEREBY RELEASED.

**REVOLVING FEATURE:** THE REVOLVING CREDIT FEATURE OF THE NOTE IS HEREBY ELIMINATED AND IS HEREBY CHANGED TO A TERM LOAN.

**QUARTERLY PRINCIPAL REDUCTIONS:** PAYMENT SCHEDULE HAS BEEN MODIFIED SEE PAYMENT PARAGRAPH BELOW.

**PAYMENT.** Borrower will pay this loan in accordance with the following payment schedule:


Two quarterly principal payments of \$125,000.00, beginning December 31, 2007, during which interest continues to accrue on the unpaid principal balances at an interest rate based on the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (currently 7.500%), resulting in an interest rate of 7.500%; 4 monthly consecutive interest payments, beginning December 31, 2007, with the interest calculated on the unpaid principal balances at an interest rate based on the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (currently 7.500%), resulting in an interest rate of 7.500%; and one principal and interest payment of \$2,768,567.71 on April 30, 2008, with the interest calculated on the unpaid principal balances at an interest rate based on the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (currently 7.500%), resulting in an interest rate of 7.500%. This estimated final payment is based on the assumption that all payments will be made exactly as scheduled and that the index does not change; the actual final payment will be for all principal and accrued interest not yet paid, together with any unpaid amounts on this loan. Notwithstanding the foregoing, the rate of interest accrual described for the principal only payment stream applies only to the extent that no other interest rate for any other payment stream applies.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell the Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 7.500% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate equal to the Index, resulting in an initial rate of 7.500% per annum. **NOTICE:** Under no circumstances will the interest rate on this loan be more than the maximum rate allowed by applicable law.



**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**CHANGE IN TERMS SIGNERS:**

X   
JAMES C. GIANULIAS

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**Boarded:**  **Date:** 12/7/07  
**Called Back:**  **Date:** 12/10/07

## CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	04-30-2008	10103299			495	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** JAMES C. GIANULIAS  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

**Principal Amount:** \$3,000,000.00      **Initial Rate:** 7.250%      **Date of Agreement:** December 17, 2007

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A LINE OF CREDIT EVIDENCED BY A PROMISSORY NOTE DATED OCTOBER 26, 2005, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,000,000.00, MODIFIED BY THAT CERTAIN CHANGE IN TERMS AGREEMENT DATED AS OF APRIL 24, 2006, NOVEMBER 2, 2006, JANUARY 2, 2007, MAY 25, 2007, NOVEMBER 23, 2007 ("NOTE").

**DESCRIPTION OF COLLATERAL.** A SECURITY INTEREST IN CERTAIN ASSETS OF BORROWER DESCRIBED IN THAT CERTAIN COMMERCIAL SECURITY AGREEMENT DATED OCTOBER 26, 2005, AND EXECUTED BY BORROWER IN FAVOR OF LENDER ("SECURITY AGREEMENT").

**DESCRIPTION OF CHANGE IN TERMS. COLLATERAL ADDITION:** THE FOLLOWING COLLATERAL IS HEREBY ADDED TO THE LOAN: GRANTOR'S INTEREST IN THAT GENERAL PARTNERSHIP KNOWN AS CAMBRIDGE SQUARE PARTNERS AS EVIDENCED BY THAT CERTAIN AGREEMENT OF GENERAL PARTNERSHIP OF CAMBRIDGE SQUARE PARTNERS DATED APRIL 17, 1989, AND SUBSEQUENT FIRST AMENDMENT TO AGREEMENT OF GENERAL PARTNERSHIP OF CAMBRIDGE SQUARE PARTNERS DATED JUNE 12, 2001.

**MODIFICATION OF REPAYMENT TERMS:** THE PAYMENT TERMS ARE HEREBY MODIFIED FROM QUARTERLY PRINCIPAL REDUCTIONS OF \$125,000.00 TO MONTHLY INTEREST ONLY PAYMENTS WITH ALL PRINCIPAL DUE AT MATURITY.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on April 30, 2008. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning December 31, 2007, with all subsequent interest payments to be due on the same day of each month after that.

**VARIABLE INTEREST RATE.** The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the highest rate on corporate loans posted by at least 75% of the USA's thirty (30) largest banks known as The Wall Street Journal Prime Rate as published in The Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The index currently is 7.250% per annum. The interest rate to be applied to the unpaid principal balance during this loan will be at a rate equal to the Index, resulting in an initial rate of 7.250% per annum. **NOTICE:** Under no circumstances will the interest rate on this loan be more than the maximum rate allowed by applicable law.



**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**CHANGE IN TERMS SIGNERS:**

x   
JAMES CHRIS GIANULIAS

LASER PRO Lending, Ver. 5.32.10.003 Corp. Personal Financial Solutions, Inc. 1997, 2007. All Rights Reserved. CA JSC78LPL020C.FG TR-2347 PR-11

**Boarded:**  **Date:** 12/19/07  
**Called Back:**  **Date:** 12/20/07



# CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	04-30-2008	10103299			405	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** JAMES C. GIANULIAS  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

**Principal Amount:** \$3,000,000.00

**Interest Rate:** 3.000%

**Date of Agreement:** March 10, 2008

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A line of credit evidenced by a promissory note dated October 26, 2005, in the original principal amount of \$2,000,000.00, modified by that certain Change In Terms Agreement dated as of April 24, 2006, November 2, 2006, January 2, 2007, May 25, 2007, November 23, 2007, December 17, 2007 ("Note").

**DESCRIPTION OF COLLATERAL.** A security interest in certain assets of Borrower described in those certain Commercial Security Agreement dated April 24, 2006, and a Commercial Pledge Agreement December 17, 2007, and executed by Borrower in favor of Lender ("Security Agreement").

**DESCRIPTION OF CHANGE IN TERMS. INTEREST RATE CHANGE.** The interest rate is hereby changed from Wall Street Journal prime to 3.00% fixed.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**CHANGE IN TERMS SIGNERS:**

x   
JAMES CHRIS GIANULIAS

LASER PRO Lending, Var. 9.38.05.008 Copy: Harland Financial Solutions, Inc. 1997, 2008 All Rights Reserved - CA JISCPL/PLM30C.FD 79-2847 PR-11

**Boarded:**  **Date:** 3/14/08  
**Called Back:**  **Date:** 3/17/08

01 - REVOLVING CREDIT 10103299

PACIFIC MERCANTILE BANK

3/5/2008 1:40:54 PM

Printed by: JASON WANG

Reporting Institution: 28

**Note 10103299 - JAMES C GIANULIAS**

[02] JAMES C GIANULIAS  
1105 QUAIL STREET  
NEWPORT BEACH CA 92660

Rel

Birthdate

Phone

Tax  
Identification

SSN 558-46-1701

Tax Name: [2] JAMES C GIANULIAS

**Account Classification**

Portfolio:	17952	Responsibility Code:	[405] HELEN AMOR
Line:	17952	Purpose Code:	[510] COMMERCIAL(GENERAL PURPOSE)
Product:	[290401] 01 - REVOLVING CREDIT	Collateral:	Multiple
Accounting Branch:	[1] Newport Beach -01		

**Summary**

Principal Balance:	\$3,000,000.00	Interest Method:	[7] 365/360 P&I Separate
Interest Balance:	\$0.00	Current Payment Due Date:	Apr 30, 2008
Net Payoff:	\$3,055,967.69	Current Payment Due Amount:	\$3,000,000.00
Maximum Credit:	\$3,000,000.00	Current Interest Payment Due Date:	Dec 31, 2007
Maximum Credit Code:	Revolving	Current Interest Payment Due Amount:	\$18,958.33
Current Available Credit:	\$0.00	Date Last Payment:	Nov 30, 2007
Current Late Charge Balance:	\$1,884.36	Amount Last Payment:	\$18,750.00
Extra Interest:	\$54,083.33	Current Days Past Due:	65
Minimum Interest:	\$100.00	Total Amount Due:	\$53,467.69
Payments Scheduled:	1	Total Amount Past Due:	\$51,583.33
Payments Billed:		Payment Frequency:	Maturity
Payments Made:		Regular Payment Amount:	\$3,000,000.00
Times Extended:		Current Rate Over:	6.0000%
Times Renewed:	4	One Day's Interest:	\$500.0000
Times Past Due 0-29 Days:	1	Original Note Amount:	\$0.00
Times Past Due 30-59 Days:	2	Original Note Date:	Oct 26, 2005
Times Past Due 60-89 Days:	1	Change Date:	Dec 17, 2007
Times Past Due 90+ Days:		Maturity Date:	Apr 30, 2008
		Months To Maturity:	1.8
		Date Accrued Through:	Mar 04, 2008
		Date Last Transaction Activity:	Feb 11, 2008
		Date Principal Paid To:	Dec 17, 2007
		Date Interest Paid To:	Nov 30, 2007
		Date Last Change:	Feb 29, 2008
		Date Last Updated:	Mar 04, 2008

**Available Credit**

Maximum Credit:	\$3,000,000.00	Date Last Advance:	Mar 29, 2007
Maximum Credit Code:	Revolving	Amount Last Advance:	\$1,000,000.00
Available Credit:	\$0.00	Date Last Zero Balance:	Dec 17, 2007
Line Available Balance Code:	Original Note Amount		

**Available Credit History**

# CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,000,000.00	10-26-2005	12-30-2008	10103299			405	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** JAMES C. GIANULIAS  
1105 QUAIL STREET  
NEWPORT BEACH, CA 92660

**Lender:** PACIFIC MERCANTILE BANK  
NEWPORT BEACH  
450 NEWPORT CENTER DRIVE STE 100  
NEWPORT BEACH, CA 92660

**Principal Amount:** \$3,000,000.00

**Interest Rate:** 3.000%

**Date of Agreement:** May 15, 2008

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A LINE OF CREDIT EVIDENCED BY A PROMISSORY NOTE DATED OCTOBER 26, 2005, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,000,000.00 AND MODIFIED BY CHANGE IN TERMS AGREEMENT DATED APRIL 24, 2006, NOVEMBER 2, 2006, JANUARY 2, 2007, MAY 25, 2007, NOVEMBER 23, 2007, DECEMBER 17, 2007 AND MARCH 10, 2008 ("NOTE").

**DESCRIPTION OF COLLATERAL.** THIS NOTE IS SECURED BY COLLATERAL AS DESCRIBED IN THE COMMERCIAL SECURITY AGREEMENT DATED APRIL 24, 2006 AND A COMMERCIAL PLEDGE AGREEMENT DATED DECEMBER 17, 2007.


**DESCRIPTION OF CHANGE IN TERMS.** THE MATURITY DATE OF THE NOTE IS HEREBY EXTENDED FROM APRIL 30, 2008 TO DECEMBER 30, 2008.

**PAYMENT.** Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on December 30, 2008. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning May 30, 2008, with all subsequent interest payments to be due on the same day of each month after that.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**CHANGE IN TERMS SIGNERS:**

X   
JAMES CHRIS GIANULIAS

LASER PRO Lending, Ver. 5.38.00.008, Copy: Harland Financial Solutions, Inc. 1997, 2008. All Rights Reserved. CA J:\CPL\PL\0200\PC TR-2847 PR-11

**Boarded:**  **Date:** 6/3/08  
**Called Back:**  **Date:** 6/5/08

**PROOF OF SERVICE**

STATE OF CALIFORNIA, COUNTY OF ORANGE

I am employed in the City of Foothill Ranch, County of Orange, State of California. I am over the age of 18 years and not a party to the within action. My business address is 26632 Towne Centre Drive, Suite 300, Foothill Ranch, California 92610.

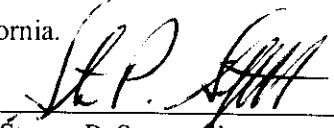
On **November 4, 2008**, I served the documents named below on the parties in this Action as follows:

DOCUMENT(S) SERVED:       **PROOF OF CLAIM**

SERVED UPON:               **SEE THE ATTACHED SERVICE LIST**

- ☒ **(BY MAIL)** I caused each such envelope, with postage thereon fully prepaid, to be placed in the United States mail at Foothill Ranch, California. I am readily familiar with the practice of Shulman Hodges & Bastian LLP for collection and processing of correspondence for mailing, said practice being that in the ordinary course of business, mail is deposited in the United States Postal Service the same day as it is placed for collection. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after deposit for mailing in affidavit.
- ☐ **(BY FACSIMILE)** The above-referenced document was transmitted by facsimile transmission and the transmission was reported as completed and without error. Pursuant to C.R.C. 2009(i), I either caused, or had someone cause, the transmitting machine to properly transmit the attached documents to the facsimile numbers shown on the service list.
- ☐ **(BY OVERNIGHT DELIVERY)** I am readily familiar with the practice of Shulman Hodges & Bastian LLP for collection and processing of documents for overnight delivery and know that the document(s) described herein will be deposited in a box or other facility regularly maintained by Federal Express or Overnite Express for overnight delivery or by Express Mail via the United States Postal Service.
- ☐ **(BY E-MAIL OR ELECTRONIC TRANSMISSION)** Based on a court order or an agreement of the parties to accept service by e-mail or electronic transmission, I caused the document(s) to be sent to the persons at the e-mail addresses as listed above and/or on the attached Service List. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.
- ☐ **(BY PERSONAL SERVICE)** I delivered to an authorized courier or driver authorized by First Legal Support Services to receive documents to be delivered on the same date. A proof of service signed by the authorized courier shall be filed upon receipt from First Legal Support Services.
- ☐ **(STATE)** I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
- ☒ **(FEDERAL)** I declare that I am employed in the office of a member of the bar of this court, at whose direction this service was made. I declare under penalty of perjury that the foregoing is true and correct.

Executed on **November 4, 2008**, at Foothill Ranch, California.

  
\_\_\_\_\_  
Steven P. Swartzell

## **SERVICE LIST**

### **Interested Party**

Office of the United States Trustee  
Santa Ana Division  
411 West Fourth Street, Suite 9041  
Santa Ana, CA 92701-4593

### **Counsel For Creditors Committee**

Victor A. Sahn, Esq.  
Elissa D. Miller, Esq.  
Daniel A. Lev, Esq.  
SulmeyerKupetz  
A Professional Corporation  
333 South Hope Street, Thirty-Fifth Floor  
Los Angeles, California 90071-1406

### **Counsel for Debtor**

Alan J. Freidman  
Kerri A. Lyman  
Irell & Manella, LLP  
840 Newport Center Drive, Suite 400  
Newport Beach, CA 92660

### **Attorney for Debtor, Cameo Homes**

Paul J. Couchot  
Winthrop Couchot PC  
660 Newport Center Drive, #400  
Newport Beach, CA 92660

# 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> (22545143) Pacific Mercantile Bank Leonard M Shulman Shulman Hodges & Bastian LLP 26632 Towne Center Dr Ste 300 Foothill Ranch CA 92610	<b>Claim No: 26</b> <i>Filed:</i> 11/04/2008 <i>Entered:</i> 11/10/2008	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> Mccall, Audrey <i>Modified:</i>
Secured claimed: \$3007750.00 <b>Total    claimed: \$3007750.00</b>		
<i>History:</i>  <a href="#">26-1</a> 11/04/2008 Claim #26 filed by Pacific Mercantile Bank , total amount claimed: \$3007750 (Mccall, Audrey)		
<i>Description:</i>		
<i>Remarks:</i>		

## Claims Register Summary