

UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA		Amended PROOF OF CLAIM
Name of Debtor: James C. Gianulias and Cameo Homes, a California corporation		Case Number: Lead# 8:08-bk-13150-RK
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Bank of the West, a California banking corporation, as Agent and as a Lender		<input checked="" type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: <u>25</u> (If known) Filed on: <u>11/10/08</u>
Name and address where notices should be sent: Matthew S. Walker, Esq. Pillsbury Winthrop Shaw Pittman LLP 12255 El Camino Real, Suite 300, San Diego, CA 92130-4088		
Telephone number: (619) 234-5000		
Name and address where payment should be sent (if different from above): Bank of the West Construction Loan Administration 3000 Oak Road, Suite 400 (NC-OAK004-A) Walnut Creek, CA 94597 Telephone number: (925) 256-4143		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
1. Amount of Claim as of Date Case Filed: \$ <u>1,837,682.94</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 checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507(a)(5) <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507(a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507(a)(____). Amount entitled to priority: \$ _____ <i>*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>
2. Basis for Claim: <u>Guarantee of Loan</u> (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements or running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. (Loan Documents, Promissory Note & Guaranty attached as Exs. A-E) If the documents are not available, please explain:		
Date: 6/21/10	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. _____ /s/ Matthew S. Walker Pillsbury Winthrop Shaw Pittman LLP/Matthew S. Walker, Attorneys for Bank of the West	
		FOR COURT USE ONLY

ATTACHMENT TO AMENDED PROOF OF CLAIM

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

Debtor: James C. Gianulias

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

Guarantor: James C. Gianulias – Guaranty (Attached as Exhibits D and E).

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

T.S. Number: N/A

Loan Number: 1050315395-00026

Trustor Name: JB Redmond, LLC

Property Address: 3211 N. Highway 97
Redmond, OR 97756

The amount of Payoff on the above referenced loan is through 04/28/2010 as follows:

PRINCIPAL AND INTEREST

Principal Balance:	\$6,390,986.72
Interest through June 8, 2008	\$120,748.95
Late Charges through June 8, 2008	\$2,319.86
Title Recording Fee:	\$61.00
Legal Fees through December 6, 2008	\$13,393.41
Appraisal Fees/Phase 1 Update	\$6,973.00
Trustee Fees and Costs	\$10,200.00
Less: Foreclosure Sale Credit Bid:	<\$4,707,000.00>
TOTAL AMENDED AMOUNT TO PAYOFF:	<u>\$1,837,682.94</u>

TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT ("Agreement") is made as of July 9, 2007, by and between JB REDMOND, LLC, a California limited liability company ("Borrower") and BANK OF THE WEST, a California banking corporation ("Bank").

1. DEFINITIONS OF TERMS USED IN THIS AGREEMENT:

1.1 Agreement to Furnish Insurance: The Agreement to Furnish Insurance of even date herewith, executed by Borrower.

1.2 Borrower's Equity: The sum of at least \$2,390,135 which has been or shall be paid for the costs of acquiring the Property by Borrower, from sources other than proceeds of the Loan or of any other borrowing from any person.

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

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

1.5 Disbursement Schedule: The schedule of disbursement of the proceeds of the Loan as set forth on Exhibit "A" attached hereto and made a part hereof.

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

1.7 Extension Fee: The fee to be paid by Borrower to Bank for the six (6) month extension of the Maturity Date provided for in Section A of Exhibit "B" of this Agreement, which fee is set forth in the Fee Agreement.

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

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

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

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

JUL-11-2007 10:19

FRESH FINANCEMENT

949 851 8/63 P.03

1.12 Guarantor: Individually and collectively, Cameo Homes, a California corporation ("Cameo Homes") and James C. Gianulias, individually and as Trustee of the James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended and restated October 14, 2003 (collectively, "Gianulias").

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

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

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

1.16 Loan: The principal amount evidenced by the Note, i.e., \$5,850,000.

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

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

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

1.20 Maturity Date: The date the Loan is due and payable in full under the terms of the Note, which is August 5, 2008. The Maturity Date is subject to extension under the terms of Section A of Exhibit "B" of this Agreement.

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

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

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

1.24 Project: The residential/commercial/retail project which is anticipated to be constructed on the Property.

1.25 Property or Real Property: That certain Real Property located in the County of Deschutes, State of Oregon, legally described in the Trust Deed.

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

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

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

1.29 Title Insurer: The issuer of the Title Policy i.e., First American Title Insurance Company of Oregon.

1.30 Title Policy: Bank's title insurance policy for the Trust Deed, with all endorsements required to be issued by Title Insurer under Section 8.1.

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

2. LOAN:

2.1 Purpose: Borrower has applied to Bank for the Loan for the purpose of acquiring the Property and paying the costs, fees and expenses incurred by or to Bank in the course of opening this credit facility, including all loan origination fees and Bank's attorneys' fees, recording fees and title insurance and endorsement premiums.

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

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

- (a) Bank's costs and expenses described in Section 1 of Exhibit "A";

and

JUL-11-2007 10:20

MESA MANAGEMENT

of 62

949 851 8763 P.05

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

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

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

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

- 4.1.1 the executed Note;
- 4.1.2 the executed Trust Deed; ..
- 4.1.3 the executed letter regarding Authorized Signatures, from Borrower;
- 4.1.4 the executed Environmental Indemnity;
- 4.1.5 each Guaranty duly executed by each Guarantor;
- 4.1.6 the executed Agreement to Furnish Insurance;
- 4.1.7 Notice of Applicant's Right to Receive Copy of Appraisal or Other Valuation Report;
- 4.1.8 Authorization to Obtain Credit, Grant Security, Guarantee or Subordinate for Borrower; and
- 4.1.9 Authorization to Obtain Credit, Grant Security, Guarantee or Subordinate for Cameo Homes.

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

- 4.2.1 an executed copy of the purchase agreement and any amendments thereto in connection with the purchase of the Property by Borrower;
- 4.2.2 an executed copy of the escrow settlement statement in connection with the purchase of the Property by Borrower;
- 4.2.3 original insurance policies or certificates thereof for the insurance required by Section 8.3 hereof and the Agreement to Furnish Insurance;

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

4.2.5 intentionally omitted;

4.2.6 intentionally omitted;

4.2.7 for Borrower, current certificates of status issued by the Secretary of State of California and the Secretary of State of Oregon, together with the filed and/or recorded Articles of Organization, the operating Agreement and Management Agreement (if applicable), including all amendments, and evidence of Borrower's qualification to do business in the State of Oregon; and

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

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

(b) a certified Resolution of the Board of Directors authorizing the execution, delivery and performance under the Guaranty executed by Cameo Homes.

4.2.9 for Gianulias, a copy of the relevant portions of the declaration of trust and a trustee's certificate of trust executed pursuant to California Probate Code Section 18100.5 in form and substance satisfactory to Bank.

5. CONDITIONS PRECEDENT TO DISBURSEMENT:

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

5.1.1 Recordation shall have occurred.

5.1.2 Title Insurer shall have issued or agreed to issue the Title Policy described in Section 8.1 hereof, naming Bank as insured to the extent of the Loan amount.

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

5.2.1 Initial Disbursement shall have occurred.

5.2.2 Bank shall have been furnished with a certificate issued by the filing officer of the Secretary of State for the state where Borrower was formed.

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

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

JUL-11-2007 10:20

FRESH FINANCEMENT

of 62

343 001 0100 1.00

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

5.3 Special Conditions. Disbursements shall be subject to satisfaction of any applicable special conditions pursuant to Exhibit "B."

6. LOAN DISBURSEMENT: The proceeds of the Loan shall be used as set forth on the Disbursement Schedule, and shall be disbursed as follows:

6.1 Initial Disbursement: Immediately following Recordation, and upon satisfaction of the conditions of Section 5.1 hereof, Bank shall disburse in accordance with the Disbursement Schedule the amounts necessary to pay all costs, charges and expenses incurred or to be incurred (as estimated by Bank) in connection with the Loan or payable pursuant to this Agreement, the Trust Deed or Security Agreements, including but not limited to Loan Fees (which are deemed earned at Recordation and are not refundable in whole or part), service charges, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, and a portion of the amount required to complete the purchase of the Property.

6.2 Subsequent Disbursements: Upon satisfaction of the conditions of Section 5.2 hereof, Bank shall disburse directly to Bank such sums as are required for the payment of interest on the Loan, up to the amount allocated for such purpose in Exhibit "A". All disbursements shall be made in accordance with the applicable provisions of the Disbursement Schedule. Any funds disbursed hereunder to Borrower shall be received by Borrower in trust and Borrower agrees that the same shall be used only for the payment of those items contemplated by the particular disbursement.

7. REPRESENTATIONS AND WARRANTIES OF BORROWER: Borrower represents and warrants, which representations and warranties shall survive any investigations, inspections or inquiries made by Bank or any of its representatives or any disbursements made by Bank hereunder (except for the representations and warranties of Section 7.4 below, which are reinstated as described therein); that:

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

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

JUL-11-2007 10:21

MESA MANAGEMENT

of 62

949 B51 8/63 P.08

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

7.3 Compliance with Law: Borrower has complied in all material respects with all federal, state and local laws, rules and regulations affecting Borrower, its assets and its business and the Property.

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

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

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

7.7 Other Liens: Borrower has made no contract or arrangement of any kind, the performance of which by the other party thereto would give rise to a lien on the Property.

7.8 Legality of Sales; Special Taxes: The Property is not subject to or affected by any existing or proposed Special Taxes (other than Special Taxes reflected on current tax bills).

JUL-11-2007 10:21

FRESH FINANCEMENT

343 551 8/03 P.03

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

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

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

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

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

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

8.1 Title Insurance: Deliver or cause to be delivered to Bank at Recordation or within a reasonable time thereafter an ALTA 2006 Loan Policy of Title Insurance with a liability limit of not less than the face amount of the Note, issued by Title Insurer, insuring Bank's interest under the Trust Deed as a valid first lien on the Property. Said policy shall contain only such exceptions from its coverage as shall have been approved in writing by Bank. After Recordation, Borrower shall at its own cost and expense, maintain the Trust Deed as a first lien on the Property and deliver or cause to be delivered to Bank from time to time the endorsements and policies referred to herein.

8.2 Litigation: Borrower will notify Bank, within fifteen (15) Business Days of Borrower becoming aware of any (a) actions, suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting it or the Property, or involving the validity or enforceability of the Trust Deed or the priority of the lien thereof, at law or in equity, or before or by any Governmental Authority or Local Authority, or (b) default with respect to any order, writ, injunction, decree or demand or any court or any Governmental Authority or Local Authority.

8.3 Insurance: Maintain and keep in force adequate amounts of such insurance as is usual in Borrower's business and acceptable to Bank, including, without limitation, such fire and

JUL-11-2007 10:22

MESA MANAGEMENT

949 851 8/63 P.10

extended coverage casualty insurance (other than earthquake) and liability insurance as is required by the Trust Deed or the Agreement to Furnish Insurance.

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

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

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

8.7 Payment of Expenses: Pay within five (5) days after Bank's demand, all reasonable and necessary expenses incidental to the making and administration of the Loan including, without limit, preclosing and closing expenses, commitment fees, expenses incurred for architectural and engineering review, construction inspection fees, environmental review fees, attorney's fees, appraiser's fees and appraisal review fees regardless of whether any such services are provided by Bank's employees or agents or by independent contractors.

8.8 No Conveyance or Encumbrance: Not to sell, convey, transfer, dispose of, grant a lien or security interest in, or otherwise further encumber the Property or any part thereof or any interest therein or enter into a lease covering all or any portion thereof or an undivided interest therein, either voluntarily, involuntarily or otherwise, or enter into an agreement so to do without the prior written consent of Bank being first had and obtained. All easements, declarations of covenants, conditions and restrictions, and private or public dedications affecting the Property shall be submitted to Bank for its approval and such approval shall be obtained prior to the execution or granting of any thereof by Borrower, accompanied by a drawing or survey showing the precise location of each thereof. If Borrower is a legal entity, any of the following transfers of any beneficial interest in Borrower shall be deemed to constitute a transfer of the Property for purposes of this Section: (a) if Borrower is a partnership, the transfer of any general partnership interest or (unless traded in a recognized public exchange) of more than twenty-five percent (25%) of the limited partners' interest; (b) if Borrower is a corporation, the transfer (unless traded in a recognized public exchange) of more than twenty-five percent (25%) of the voting common shares or the creation or issuance of any new class of shares, (c) if Borrower is a limited liability company, the transfer (unless traded in a recognized public exchange) of more than twenty-five percent (25%) in interest therein, and (iv) if Borrower is a trust, any change in the effective holding of the beneficial interest of more than twenty-five percent (25%) of the assets thereof; provided however, the same shall not be deemed a transfer as long as, giving effect to all

JUL-11-2007 10:22

MESA MANAGEMENT

of 62

949 851 8753 P.11

transfers, James C. Gianulias directly or indirectly controls fifty-one percent (51%) or more of Borrower.

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

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

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

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

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

9.2 Covenants Against Transfer: The failure of Borrower to comply with the covenants contained in Section 8.8 hereof; or

9.3 Breach of Covenants: The failure of Borrower or any Guarantor to comply with any other covenant contained in any of the Loan Documents or any other document evidencing or securing the Loan and such failure continues for thirty (30) days after written notice thereof to Borrower by Bank (provided that, if the cure reasonably requires more than thirty (30) days to complete, then such thirty (30) day period may be extended for the time reasonably necessary, but in no event later than ninety (90) days after such written notice; but only if all the following conditions are satisfied: (i) Borrower commences the cure within thirty (30) days after such notice, (ii) Borrower diligently and continuously pursues such cure to completion, (iii) within thirty (30) days after such notice, Borrower gives Bank written notice of Borrower's intent to cure, including the steps that Borrower intends to take to cure and the reason(s) that such cure will take more than thirty (30) days to complete, and (iv) no monetary Events of Default are continuing during such extended cure period (subject to the provisions of Section 9.14 below)); or

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

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

JUL-11-2007 10:22

FRESH FINANCEMENT

949 851 8763 P.12

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

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

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

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

9.10 Insolvency: The entry of an order, judgment or decree by any court of competent jurisdiction adjudicating Borrower or any Guarantor as bankrupt or insolvent, if, in the event of an involuntary bankruptcy only, such entry is not dismissed within sixty (60) days, or approving a petition seeking reorganization of Borrower or any Guarantor or an arrangement of the debts of any of them, or appointing a receiver, trustee, conservator, or liquidator of Borrower or any Guarantor or any portion of the Property or any other property of any of them; or

9.11 Adverse Change: The occurrence of an uninsured casualty to the Property and Borrower's failure to either satisfy all of the conditions of Section 3.3(b) of the Trust Deed or repay to Bank all amounts owing under the Loan Documents, in either case, within 45 days after Bank's written notice; or

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

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

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

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

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

JUL-11-2007 10:23

MESH MANAGEMENT

of 62

949 B51 8/63 P.13

9.15 Death: The death of James C. Gianulias (provided that such Event of Default shall be suspended if, within 90 days after his death, (i) each of the then trustees of the trust that is a Guarantor reaffirms the Guaranties that were previously executed by James C. Gianulias individually and as trustee of such trust, and (ii) the executor or administrator of the estate of James C. Gianulias reaffirms on behalf of the estate, the Guaranties that were previously executed by James C. Gianulias, as an individual.

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

10.1 Terminate the obligation of Bank to make disbursements hereunder.

10.2 Declare the Note immediately due and payable.

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

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

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

11. INTENTIONALLY OMITTED.

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

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

13.1 within ninety (90) days after the end of each fiscal year of Borrower and Cameo Homes (calendar year for Gianulias) copies of the financial statements (including, balance sheets, profit and loss statements, changes in financial position, and any other information provided to Bank in connection with underwriting the Loan) of Borrower and Guarantor for the prior fiscal/calendar year, as applicable, all in reasonable detail and prepared for Borrower in accordance with generally accepted accounting principles or other tax based accounting

JUL-11-2007 10:23

MESA MANAGEMENT

949 851 8763 P.14

consistent with statements provided to Bank prior to Recordation, and for Gianulias, in accordance with accounting principles consistently applied, and certified by the party delivering such financial statement; and

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

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

14. SIGNS: During the term of the Loan, Borrower hereby grants Bank the right to erect or cause to be erected Bank's sign or signs in size and location desired by Bank on the Property so long as such sign or signs do not interfere with the reasonable construction of any improvements on the Property and do not disclose the amount of the financing.

15. GENERAL CONDITIONS:

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

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

15.3 Notice: All notices, demand or other communication required or allowed to be given hereunder to either party shall be given in writing (at the address set forth below their respective signatures, below) by any of the following means: (a) personal service; (b) electronic communication; (c) overnight courier; or (d) registered or certified, first class mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner as above provided. Any notice, demand or request sent pursuant to either subsection (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means. Any notice, demand or request sent pursuant to subsection (c) shall be deemed received on the business day immediately following deposit with the overnight courier and, if sent pursuant to subsection (d) shall be deemed received forty-eight (48) hours following deposit into

JUL-11-2007 10:23

FRESH FINANCEMENT

743 631 6763 P.13

the mail. It is understood and agreed that each of the parties will use reasonable efforts to send copies of any notices marked "With a copy to"; provided, however, that failure to deliver such copy or copies shall have no consequences whatsoever to the effectiveness of any notice made to the other party.

15.4 Death or Dissolution of Partner: In the event of the dissolution of Borrower or any Guarantor that is not a natural person or the death of any individual Guarantor (subject to the provisions of Section 9.15) prior to the disbursement of the balance of Loan proceeds, Bank may cease disbursements hereunder (unless, solely in the case of a legal entity, the organizational documents provide for and the entity in fact does continue after such death or dissolution).

15.5 Indemnity: Borrower agrees to indemnify, defend Bank against, and hold Bank harmless from, any and all losses, damages (whether general or otherwise), liabilities, claims, causes of action (whether legal, equitable or administrative), judgments, court costs and legal or other expenses (including attorney's fees) which Bank may suffer or incur as a direct or indirect consequence of: (i) Bank's performance of this Agreement or any of the Loan Documents, including, without limitation, Bank's exercise or failure to exercise any rights, remedies or powers in connection with this Agreement or any of the Loan Documents; (ii) Borrower's failure to perform any of Borrower's obligations as and when required by this Agreement or any of the Loan Documents, including, without limitation, any failure, at any time, of any representation or warranty of Borrower to be true and correct and any failure by Borrower to satisfy any condition; (iii) any claim or cause of action of any kind by any person or entity to the effect that Bank is in any way responsible or liable for any act or omission by Borrower, whether on account of any theory of derivative liability or otherwise; (iv) any act or omission by Borrower or any other person or entity, except Bank, with respect to any of the Property or improvements to be constructed on the Property; (v) any claim or cause of action of any kind by any person or entity which would have the effect of denying Bank the full benefit or protection of any provision of this Agreement or the Loan Documents; or (vi) any act or omission by Borrower or any other party with respect to the Property or otherwise arising out of or relating to the Property in any manner. Bank's rights of indemnity shall not be directly or indirectly limited, prejudiced, impaired or eliminated in any way by any finding or allegation that Bank's conduct is active, passive or subject to any other classification or that Bank is directly or indirectly responsible under any theory of any kind, character or nature for any act or omission by Borrower or any other person or entity, except Bank. Notwithstanding the foregoing, Borrower shall not be obligated to indemnify Bank with respect to any willful misconduct or act of gross negligence which Bank is personally determined by the judgment of a court of competent jurisdiction (sustained on appeal, if any) to have committed or acts or omissions that first occur after title to the Property is transferred as the result of a foreclosure sale under the Deed of Trust. Borrower shall pay any indebtedness arising under said indemnity to Bank immediately upon demand by Bank together with interest thereon from the date such indebtedness arises until paid at the greatest effective rate of interest specified in the Note and which is applicable on or after the maturity or acceleration of the Note. Borrower's duty to indemnify Bank shall survive the release and cancellation of the Note and the release and reconveyance or partial release and reconveyance of the Trust Deed.

15.6 Further Assurances; Authorization: Borrower shall, upon the request of Bank, at Borrower's expense, execute, acknowledge and deliver such further instruments (including,

JUL-11-2007 10:24

FRESH FINANCEMENT

of 62

343 031 0103 7.10

without limit, a declaration of no offset) and perform such other acts as may be necessary, desirable or proper (as determined by Bank) to carry out the purposes of the Loan Documents or to perfect and preserve the lien or charge of the Loan Documents.

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

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

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

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

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

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

15.13 Nonliability of Bank: The relationship of Borrower and Bank under the Loan Documents is, and shall at all times remain, solely that of Bank and Borrower, and Bank neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Property or Loan, except as expressly provided in the Loan Documents. Bank shall not be

JUL-11-2007 10:24

MESA MANAGEMENT

949 851 8763 P.17

liable in any way for any failure to perform or delay in performing the whole or any part of the Loan Documents by Bank and Bank may suspend or terminate all or any portion of Bank's obligations under the Loan Documents if such delay or failure by Bank results directly or indirectly from, or such suspension or termination by Bank is based upon, the action or inaction, or purported action, of any governmental or local authority (except to the extent that the regulatory authority imposes such restriction as a result of Bank's unlawful conduct), or any war (whether declared or not), rebellion, insurrection, strike, lock-out, boycott or blockade (whether presently in effect, announced or in the sole judgment of Bank deemed probable) or any act of God, or any other cause or event beyond the control of Bank.

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

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

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

JUL-11-2007 10:24

MESA MANAGEMENT

949 851 8763 P.18

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

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

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

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

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

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

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

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

15.25 Bank Consents: With respect to any matter requiring Bank's consent hereunder, Borrower shall direct written request for such consent to Bank at the address set forth on the signature page of this Agreement pursuant to Section 15.3 above, including such information as Borrower may deem pertinent to Bank's decision. From time-to-time, Bank may designate a specific individual to whom such requests shall be directed. No failure of Bank to respond to a request shall be deemed a consent to the request. No response by Bank shall be effective as a consent unless the same is in writing executed by a duly authorized officer of Bank.

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

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

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

JUL-11-2007 10:25

MESA MANAGEMENT

949 851 8763 P.20

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

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

[Remainder of page intentionally left blank.]

JUL-11-2007 10:25

MESA MANAGEMENT

949 851 8763 P.21

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES AND COMMITMENTS MADE BY BANK AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE DEBTOR'S RESIDENCE, MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BANK TO BE ENFORCEABLE.

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

BANK:

BANK OF THE WEST,
a California banking corporation

By: _____
Name: _____
Title: _____

Address:

Construction Loan Administration
3000 Oak Road, Suite 400 (NC-OAK-04-A)
Walnut Creek, California 94597
Fax No. (925) 256-0546

With a copy to:

Pillsbury Winthrop Shaw Pittman LLP
501 West Broadway, Suite 1100
San Diego, CA 92101
Attn: Angela M. Yates, Esq.
Fax No.: (619) 236-1995

BORROWER:

JB REDMOND, LLC,
a California limited liability company

By: James C. Gianulias
Name: James C. Gianulias
Title: Manager

Address:

JB Redmond, LLC
c/o Cameo Homes
1105 Quail Street,
Newport Beach, CA 92660
Attn: James C. Gianulias
Fax No.: (949) 250-8574

With a copy to:

Croudace & Dietrich
5 Park Plaza, Suite 1150
Irvine, CA 92614
Attn: Debra M. Dietrich, Esq.
Fax No.: (949) 794-9909

EXHIBIT A

DISBURSEMENT SCHEDULE

THIS EXHIBIT A IS ATTACHED TO AND A PART OF THAT CERTAIN TERM LOAN AGREEMENT DATED AS OF JULY 9, 2007.

THE LOAN PROCEEDS IN THE AMOUNT OF \$5,850,000.00 SHALL BE DISBURSED AS FOLLOWS:

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

1.1 To Bank, the approximate sum of \$75,135.00 as reimbursement for Loan expenses as specified in a separate fee agreement between Bank and Borrower.

1.2 To First American Title Insurance Company of Oregon for the benefit of Borrower through Escrow No. 7062-701005 the approximate sum of \$5,364,865.00 for land purchase and Title and Recording.

2. **SUBSEQUENT DISBURSEMENTS:** The remainder of the Loan proceeds in the sum aggregate of \$410,000.00 plus funds not disbursed as provided for in Section 1 hereof or less any additional funds disbursed as provided for in Section 1 hereof, shall be disbursed for the following purposes and subject to the following documentation requirements:

(a) The sum of \$410,000.00 is an interest reserve which shall be disbursed from time to time on the interest payment date specified in the Note by the Bank's disbursement of sufficient amounts to pay interest due on the Note. Each such interest payment shall then be deemed paid in full. When said sum has been completely disbursed, Borrower shall make interest payments directly to Bank in accordance with the terms of the Note.

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

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

JUL-11-2007 10:26

MESA MANAGEMENT

949 851 8763 P.23

EXHIBIT B

SPECIAL CONDITIONS

SPECIAL CONDITIONS: The following provisions are incorporated into the Term Loan Agreement dated as of July 9, 2007, and supersede any provision of the Agreement to the extent inconsistent therewith.

A. Extensions: Provided that no uncured Event of Default has occurred as provided in Section 9 of the Agreement, Borrower shall be permitted to extend the Maturity Date for one period of six (6) months (the "Extension Period") provided that Borrower (1) by written notice to Bank requests the extension at least thirty (30) days prior to the Maturity Date, (2) pays the applicable Extension Fee on or before the current Maturity Date, (3) executes any documentation required by Bank in connection with such extension, and (4) causes the Title Company to issue an endorsement to the Title Policy assuring Bank that the priority of the Trust Deed is unaffected by the extension.

B. Single Asset Status: Within forty-five (45) days of Recordation, Borrower shall either (i) dispose of any and all assets other than its right, title and interest in and to the Property or (ii) cause the Property to be transferred to a newly formed single asset entity, which entity shall be subject to Bank's review and approval, and Borrower and such entity shall enter into assignment and assumption documentation evidencing the assignment and assumption of the Loan by such entity, all of which shall be subject to Bank's review and approval.

C. Assumption: At Bank's sole discretion, and pursuant to terms and conditions to be set forth by Bank in its sole discretion, Borrower may cause the Property to be transferred to a single asset entity. Such entity shall be subject to Bank's review and approval in Bank's sole discretion. Such entity shall enter into assignment and assumption documentation evidencing the assignment and assumption of the Loan by such entity and which documentation shall be subject to Bank's approval in Bank's sole discretion.

Revid

ADDITIONAL ADVANCE AGREEMENT

This ADDITIONAL ADVANCE AGREEMENT (this "Agreement") is made and entered into as of this 7th day of August, 2007, by and between BANK OF THE WEST, a California banking corporation ("Lender"), and JB REDMOND, LLC, a California limited liability company ("Borrower"), with reference to the following facts:

RECITALS:

A. Under the terms of that certain Term Loan Agreement dated as of July 9, 2007 (the "Loan Agreement"), executed by and between Borrower and Lender, Lender previously has made a loan to Borrower (the "Existing Loan") in the original principal amount of Five Million Eight Hundred Fifty Thousand Dollars (\$5,850,000), which Existing Loan is evidenced by that certain Promissory Note Secured by Deed of Trust, executed by Borrower in favor of Lender in said amount, dated as of July 9, 2007 (the "Existing Note").

B. The Existing Loan is secured by that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of July 9, 2007, recorded in the Official Records of Deschutes County, Oregon on July 11, 2007 as Instrument No. 2007-38414, executed by Borrower, as trustor, in favor of First Santa Clara Corporation, as trustee ("Trustee"), for the benefit of Lender, as beneficiary, encumbering Borrower's interest in certain real property located in the County of Deschutes, State of Oregon, and all personal property of Borrower, as more particularly described therein (the "Deed of Trust").

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

D. Borrower desires to obtain an additional advance loan (the "Additional Advance") in the principal amount of Five Hundred Eighty-Five Thousand Dollars (\$585,000). Lender is willing to make the Additional Advance to Borrower solely upon the terms, conditions precedent, and other requirements set forth in this Agreement.

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

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

2. Reaffirmation of Indebtedness: Borrower hereby expressly acknowledges and agrees that, as of the date hereof, the outstanding principal balance of the Existing Loan is comprised of approximately Five Million Four Hundred Sixty-Five Thousand Six Hundred

Sixty-Three and 20/100ths Dollars (\$5,465,663.20) in disbursed funds and Three Hundred Eighty-Four Thousand Three Hundred Thirty-Six and 80/100ths Dollars (\$384,336.80) in undisbursed funds, with interest accruing thereon as provided in the Existing Note. Borrower additionally acknowledges and agrees that, as of the date hereof, the Borrower hereby confirms, admits and acknowledges that said indebtedness is owing to Lender and confirms, admits and acknowledges that the Loan Agreement, the Existing Note, the Deed of Trust and all of the other Existing Loan Documents continue in full force and effect.

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

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

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

4. Additional Advance:

4.1 Funding Obligations: Subject to satisfaction of the conditions precedent set forth in Article 5, below, Lender hereby agrees to extend to Borrower the Additional Advance in the principal amount of Five Hundred Eighty-Five Thousand Dollars (\$585,000). Disbursement of the Additional Advance shall be conditioned upon the timely satisfaction of all conditions precedent set forth in Article 5, below. Upon satisfaction of said conditions precedent, proceeds of the Additional Advance shall be available for disbursement to Borrower or for Borrower's benefit on the Closing Date (defined below).

4.2 Restated Note: Subject to satisfaction of the conditions precedent set forth in Article 5, below, the Existing Loan and the Additional Advance shall be evidenced by, bear interest and be payable in accordance with the terms of that certain Amended and Restated Promissory Note in the principal amount of Six Million Four Hundred Thirty-Five Thousand Dollars (\$6,435,000) of even date herewith, in form and substance satisfactory to Lender (the "Restated Note"), which Restated Note shall be executed and delivered to Lender by Borrower concurrently with Borrower's execution and delivery of this Agreement to Lender. The Restated Note shall be governed by the terms of the Loan Agreement, as amended hereby, and secured by the Deed of Trust, as amended by the Memorandum, upon all of the terms and conditions of this Agreement. The indebtedness previously evidenced by the Existing Note and the amount of the Additional Advance are consolidated in the Restated Note so as to constitute a single indebtedness to Lender. Following the Closing Date (defined below), Lender shall return the Existing Note to Borrower, which Existing Note shall be marked cancelled.

4.3 Loan Documents: Borrower's obligations to Lender under the Loan Documents, as amended hereby, shall continue in full force and effect with respect to the Existing Loan and the Additional Advance. Subject to satisfaction of the conditions precedent

set forth in Article 5, below, the Loan Agreement and Loan Documents shall be modified as follows:

(a) All references to the "Loan" shall be deemed to mean and refer to the Existing Loan and the Additional Advance, in the aggregate outstanding principal amount of Six Million Four Hundred Thirty-Five Thousand Dollars (\$6,435,000).

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

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

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

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

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

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

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

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

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

- (a) This Agreement;
- (b) The Restated Note;
- (c) A Memorandum of Additional Advance Agreement and Amendment to Deed of Trust in form and substance satisfactory to Lender (the "Memorandum");
- (d) A First Amendment to Guaranty executed by Cameo Homes ("Cameo Homes Amendment");
- (e) A First Amendment to Guaranty executed by Gianulias ("Gianulias Amendment");
- (f) Authorizing resolutions and certificates giving authorization to the applicable parties to execute documents related to the Additional Advance on behalf of Borrower and Guarantor, as applicable.

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

5.3 Title Insurance: Borrower shall have caused Title Company to issue to Lender, as endorsements to Lender's existing title insurance policy dated _____, Policy No. _____ (the "Title Policy") issued by Title Company, assurance satisfactory to Lender that the Deed of Trust, as amended by the Memorandum, secures the Additional Advance in the same priority as originally insured and also constitutes a valid first priority lien against the Property, subject to only such matters as Lender may approve in writing. Without limiting the generality of the foregoing, Title Company shall issue the following endorsements to the Title Policy, all of which shall be satisfactory to Lender: CLTA Endorsement No. 108.8 (or Oregon 51.1) (providing additional advance coverage in the amount of the Additional Advance), and CLTA Endorsement No. 110.5 (or Oregon 73.2) insuring that the Additional Advance is secured by the Deed of Trust, as amended by the Memorandum, in the identical priority originally insured, subject only to those matters approved in writing by Lender (the "Title Endorsements").

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

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

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

(c) All recording fees;

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

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

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

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

6. Release of Lender. As additional consideration for the agreements of Lender herein set forth, Borrower, on behalf of itself and its heirs, successors, assigns, administrators, personal representatives, executors, general and limited partners, agents, attorneys, contractors, affiliates and employees, and the officers, directors and shareholders of its respective partners, and the Guarantors (collectively, the "Releasing Parties") hereby release, remise and discharge Lender, and each of Lender's subsidiaries, divisions, affiliate corporations, trustees, beneficiaries, officers, directors, agents, employees, servants, successors, attorneys and assigns (collectively, the "Released Parties") from and against any and all claims, demands, debts, liabilities, contracts, obligations, accounts, causes of action or claims for relief of whatever kind or nature, whether known or unknown, suspected or unsuspected by Releasing Parties, past, present or future, which arise from or by reason of, or are in any way connected with any agreements, transactions, occurrences, conduct, acts or omissions of Released Parties, whatsoever, commenced, done or occurred at any time in respect of (a) the Loan, (b) the Loan Documents and the obligations evidenced thereby, including, without implied limitation, the terms thereof, (c) any notices of default or sale in reference to the existing Loan Documents or any other matter pertaining to the collection or enforcement by Lender of the Loan or recourse to collateral or security thereof by Lender, (d) any alleged oral or written agreements or understandings by and between Releasing Parties and Released Parties in any way arising out of or related to the Loan, the Loan Documents, the Project, the Property or the indebtedness or any amendments, modifications, representations or warranties in relation thereto, or (e) the disbursement, administration and modification of the Loan and the Loan Documents. Releasing

Parties further agree to refrain and forbear from commencing, instituting or participating in, either as a named or unnamed party, any lawsuit, action or other proceedings against Released Parties, or any of them which is in any way connected with, based upon, related to or arising out of, directly or indirectly, the matters released herein. Releasing Parties acknowledge and agree that the Loan Documents continue and remain in full force and effect without waiver, modification or amendment other than as expressly set forth in this Agreement. Releasing Parties, by placing their initials in the spaces provided herein hereby knowingly and voluntarily expressly waive and relinquish any and all rights, if any, conferred upon them by the provisions of Section 1542 of the California Civil Code, which reads:

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

Initials: SL

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

[Remainder of Page Intentionally Left Blank.]

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

BORROWER:

JB REDMOND, LLC,
a California limited liability company

By: [Signature]
Name: James C. Gianulias
Title: Manager

LENDER:

BANK OF THE WEST,
a California banking corporation

By: _____
Name: _____
Its: _____

EXHIBIT "A"
DISBURSEMENT SCHEDULE

THIS EXHIBIT A IS ATTACHED TO AND A PART OF THAT CERTAIN TERM LOAN AGREEMENT DATED JULY 9, 2007 BY AND BETWEEN THE UNDERSIGNED.

THE ADDITIONAL ADVANCE PROCEEDS IN THE AMOUNT OF \$585,000 SHALL BE DISBURSED AS FOLLOWS:

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

1.1 To Lender, the approximate sum of \$10,850.00 as reimbursement for Loan expenses as specified in a separate fee agreement between Lender and Borrower.

1.2 To First American Title Insurance Company of Oregon for the benefit of Borrower through Escrow No. 7062-701005 the approximate sum of \$1,500.00 for Title and Recording.

1.3 To Borrower, the approximate sum of \$537,650.00 for land advance.

2. **SUBSEQUENT DISBURSEMENTS:** The remainder of the Additional Advance Loan proceeds in the sum aggregate of \$35,000.00 plus funds not disbursed as provided for in Section 1 hereof or less any additional funds disbursed as provided for in Section 1 hereof, shall be disbursed for the following purposes and subject to the following documentation requirements:

(a) The sum of \$35,000.00 is an interest reserve which shall be disbursed from time to time on the interest payment date specified in the Note by the Lender's disbursement of sufficient amounts to pay interest due on the Note. Each such interest payment shall then be deemed paid in full. When said sum has been completely disbursed, Borrower shall make interest payments directly to Lender in accordance with the terms of the Note.

[Remainder of page intentionally left blank.]

THIS DISBURSEMENT SCHEDULE IS EXECUTED BY BORROWER AND LENDER AS
OF AUGUST 7, 2007.

BANK:

BANK OF THE WEST,
a California banking corporation

By: _____
Name: _____
Title: _____

BORROWER:

JB REDMOND, LLC,
a California limited liability company

By: James C. Gianulias
Name: James C. Gianulias
Title: Manager

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

\$6,435,000

Walnut Creek, California
Dated as of August 7, 2007

This Amended and Restated Promissory Note Secured by Deed of Trust ("Note") amends and restates in its entirety that certain Promissory Note Secured by Deed of Trust dated as of July 9, 2007, from JB REDMOND, LLC, a California limited liability company ("Debtor"), to BANK OF THE WEST, a California banking corporation ("Bank") in the principal amount of Five Million Eight Hundred Fifty Thousand Dollars (\$5,850,000) ("Existing Note"). All principal outstanding under the Existing Note shall be deemed outstanding under this Note and all accrued but unpaid interest under the Existing Note shall be deemed accrued under this Note upon the effectiveness of the Additional Advance Agreement (defined below). This Note is the "Restated Note" described in the Additional Advance Agreement (defined below).

FOR VALUE RECEIVED, Debtor promises to pay to the order of Bank, as indicated below, the principal sum of Six Million Four Hundred Thirty-Five Thousand Dollars (\$6,435,000), or so much thereof as is disbursed, together with interest on the balance of such principal from time to time outstanding, at the per annum rate or rates and at the times set forth below. The entire unpaid principal balance of this Note and all interest, charges and fees thereon shall be due and payable in full on or before August 5, 2008, without claim, notice or demand (the "Maturity Date").

1. INTEREST RATE OPTIONS.

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

Period, in an amount approximately equal to the Base Interest Rate Portion and for a period comparable to the Interest Period selected, for delivery on the first day of the relevant Interest Period (adjusted for any and all assessments, surcharges and reserve requirements), rounded upward, if necessary to the nearest 1/1000 of 1%, and such rate shall apply for a period of time equal to such relevant Interest Period. "Origination Date" means the first day of the Interest Period. "Prime Rate" means the rate announced by Bank from time to time at its corporate headquarters as its Prime Rate. The Prime Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time. "Variable Rate" means a rate of interest based on the Prime Rate as provided herein. "Loan Agreement" means that certain Term Loan Agreement as of July 9, 2007 between Debtor and Bank, as modified by that certain Additional Advance Agreement ("Additional Advance Agreement") of even date herewith between Debtor and Bank.

(b) DESIGNATION OF BASE INTEREST RATE:

At Debtor's option, subject to the terms of this Section 1, Base Interest Rate Portions in minimum amounts of \$500,000 shall bear interest at a per annum rate, equal to 2.75% in excess of Bank's LIBOR Rate for the Interest Period selected by Debtor, acceptable to Bank.

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

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

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

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

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

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

This is a non-revolving credit facility.

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

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

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

5. PREPAYMENT.

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

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

(b) Intentionally Omitted.

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

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

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

DEBTOR AND BANK EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTER-CLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS NOTE OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE AND THE OTHER LOAN DOCUMENTS.

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

Beneficiary; provided, however, that if the real property encumbered by said Deed of Trust consists of residential real property containing five or more units, Trustor without Beneficiary's consent may enter into leases of single residential units for a term of one year or less upon market rates and terms without prior consent of Beneficiary."

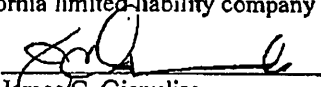
10. **INCREASED COSTS.** If, because of the introduction of or any change in, or because of any judicial, administrative, or other governmental interpretation of, any law or regulation, there shall be any increase in the cost to Bank of making, funding, maintaining, or allocating capital to any amount outstanding under this Note bearing interest at the Applicable LIBOR Rate, including a change in LIBOR Reserve Requirements, then Debtor shall, from time to time upon demand by Bank, pay to Bank additional amounts sufficient to compensate Bank for such increased cost. "LIBOR Reserve Requirements" means, for any loan bearing interest at a rate based on the One-Month LIBOR Rate or another Applicable LIBOR Rate Loan, the maximum reserves (whether basic, supplemental, marginal, emergency, or otherwise) prescribed by the Board of Governors of the Federal Reserve System (or any successor) with respect to liabilities or assets consisting of or including "Eurocurrency liabilities" (as defined in Regulation D of the Board of Governors of the Federal Reserve System) having a term equal to the term of the applicable Interest Periods for such Base Interest Rate Portions.

[Remainder of Page Intentionally Left Blank]

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY BANK AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE DEBTOR'S RESIDENCE, MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY BANK TO BE ENFORCEABLE.

DEBTOR:

JB REDMOND, LLC,
a California limited liability company

By: 
Name: James C. Gianulias
Title: Manager

JUL-11-2007 11:21

MESA MANAGEMENT

949 851 8763 P.46

GUARANTY

THIS GUARANTY ("Guaranty") is executed as of July 9, 2007, by James C. Gianulias, individually and as Trustee of the James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended and restated October 14, 2003 (collectively, "Guarantor"), for the benefit of Bank of the West, a California banking corporation ("Bank"), with reference to the following facts:

A. Pursuant to that certain Term Loan Agreement of even date herewith ("Loan Agreement"), Bank has agreed to make a loan of Five Million Eight Hundred Fifty Thousand Dollars (\$5,850,000) ("Loan") to JB Redmond, LLC, a California limited liability company ("Borrower"). The Loan is evidenced by a Promissory Note of even date herewith in the principal amount of the Loan ("Note") and secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith affecting the Real Property ("Deed of Trust"). Any capitalized term used but not defined herein shall have the meaning set forth in the Loan Agreement.

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

AGREEMENT

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

1. Guaranty.

1.1 Guaranty. Guarantor hereby unconditionally and irrevocably guaranties (a) the due and punctual payment of all amounts due under the Note and the Loan Agreement and of all monetary payments required to be made under the Loan Documents (and all renewals, extensions, modifications and rearrangements thereof); and (b) the full and faithful performance of all of the terms, covenants, conditions, agreements and other obligations of Borrower contained in the Loan Documents and in the Environmental Indemnity Agreement of even date herewith between Bank and Borrower ("Environmental Indemnity"), and all renewals, extensions, modifications and rearrangements of said Loan Documents and Environmental Indemnity (collectively, the "Obligations"). This is a guaranty of payment and performance and not of collection or collectibility only. The obligations under this Guaranty shall be absolute, independent and unconditional under any and all circumstances. For purposes of this Guaranty, the term Obligations is used in its most comprehensive sense to include both monetary and non-monetary obligations of Borrower to Bank and to include, without limitation, each and every debt, obligation and liability of Borrower already, now or hereafter made, incurred or created pursuant to (a) the Loan Documents, and (b) the Environmental Indemnity (together with the Loan Documents referred to herein as the "Guaranteed Agreements") and all extensions, renewals, modifications, restatements and consolidations thereof. The term also includes voluntary and involuntary indebtedness however it arose or arises, whether it was or is a direct obligation to Bank or was or is acquired by Bank by assignment, merger or succession, whether

JUL-11-2007 11:22

MESA MANAGEMENT

949 851 8763 P.47

it is due or not yet due, absolute or contingent, liquidated or unliquidated or determined or undetermined, whether arising under a single transaction or a series of transactions, whether arising before or after an obligation of Borrower to Bank has been satisfied in full, and whether Borrower may be liable for it individually or jointly with others, provided that in each case such indebtedness arises pursuant to the Guaranteed Agreements.

1.2 Intentionally Omitted.

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

1.4 Expenses.

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

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

JUL-11-2007 11:24 MESH TRANSMISSION

Post-it® Fax Note	7671	Date	# of pages
To	Diane Young	From	
Co./Dept.		Co.	
Phone #		Phone #	
		Fax #	

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

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

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

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

(c) Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding (each, an "Insolvency Proceeding") relating to Guarantor, Borrower, any affiliate of Borrower or any "guarantor" (which term shall mean any other party at any time directly or contingently liable for any of the Borrower's obligations under the Guaranteed Agreements);

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

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

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

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

JUL-11-2007 11:24

RECEIVED

JUL-11-2007

11:24

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

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

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

4. Waivers.

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

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

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

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

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

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

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

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

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

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

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

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

(l) Any duty of Bank to advise Guarantor of any information known to Bank regarding the financial condition of Borrower and all other circumstances affecting Borrower's ability to perform its obligations to Bank and any defense based on any failure by Bank to inform Guarantor of any facts Bank may now or hereafter know about Borrower, the Project, the Loan, or the transactions contemplated by the Loan Agreement; or Bank's assessment of Borrower's financial condition, it being understood and agreed that Bank has no duty so to inform and that Guarantor is fully responsible for being and remaining informed by Borrower of all circumstances bearing on the risk of nonperformance of Borrower's obligations. Credit may be granted or continued from time to time by Bank to Borrower without notice to or authorization from Guarantor, regardless of the financial or other condition of Borrower at the time of any such grant or continuation. Bank shall have no obligation to disclose or discuss with Guarantor its assessment of the financial condition of Borrower. Guarantor acknowledges that no representations of any kind whatsoever have been made by Bank regarding the financial condition of Borrower and all other circumstances affecting Borrower's ability to perform its obligations to Bank; and Guarantor assumes the responsibility for being and keeping informed regarding such condition or any such circumstances;

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

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

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

4.2 Waivers to Be Effective to Maximum Permissible Extent. Guarantor acknowledges and agrees that all waivers of defenses arising from any impairment of

JUL-11-2007 11:25

FRESH FINANCIAL

242 001 0100 P.04

Guarantor's rights of subrogation, reimbursement, contribution and indemnification and waivers of any other rights, privileges, defenses or protections available to Guarantor at law, in equity, or otherwise, are intended by Guarantor to be effective to the maximum extent possible.

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

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

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

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

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

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

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

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

This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because the Borrower's debt is secured by any real property. These rights and defenses include,

JUL-11-2007 11:23

FRESH MANAGEMENT

MS 001 0103 11:03

but are not limited to, any rights or defenses based upon Sections 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

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

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

5. Independent and Separate Obligations. The obligation of Guarantor hereunder is independent of the obligation of Borrower and, after the occurrence of an Event of Default under any of the Guaranteed Agreements, a separate action or actions may be brought and prosecuted against Guarantor whether or not Guarantor is the alter ego of Borrower, and whether or not Borrower is joined therein or a separate action or actions are brought against Borrower.

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

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

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

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

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

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

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

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

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

10.5 Solvency. Guarantor is not Insolvent as of the date hereof and the execution and delivery of this Guaranty will not (a) render Guarantor insolvent under generally accepted accounting principles nor render Guarantor Insolvent, or (b) leave Guarantor with remaining assets which constitute unreasonably small capital given the nature of Guarantor's business, or (c) result in the incurrence of Debts beyond Guarantor's ability to pay them when and as they mature. For the purposes of this Subsection, "Insolvent" means that the present fair salable value of assets is less than the amount that will be required to pay the probable liability on existing Debts as they become absolute and matured, and "Debts" includes any legal liability for indebtedness, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent.

10.6 Financial or Other Benefit or Advantage. Guarantor hereby acknowledges and warrants that Guarantor has derived or expects to derive a financial or other benefit or advantage from the Loan and from each and every renewal, extension, release of collateral or other relinquishment of legal rights made or granted or to be made or granted by Bank to Borrower in connection with the Loan. Guarantor acknowledges that Borrower is not merely the

agent, instrumentality or alter ego of Guarantor, and that Borrower is an independent and separate business entity, fully and adequately capitalized for its own business purposes.

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

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

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

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

12. Financial Statements. Guarantor shall provide to Bank all financial statements as and when required by the Loan Agreement. In addition to the foregoing, Guarantor shall permit Bank at any reasonable time to inspect, audit, and examine the books and records of Guarantor and make copies thereof.

13. WAIVER OF JURY TRIAL. TO THE MAXIMUM EXTENT PERMITTED BY LAW, GUARANTOR AND BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTY, THE GUARANTEED AGREEMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. GUARANTOR AND BANK EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION, IF TRIED, SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY

ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTY, THE GUARANTEED AGREEMENTS, OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY, THE GUARANTEED AGREEMENTS. GUARANTOR OR BANK MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE GUARANTOR AND BANK HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

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

To Guarantor:

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

With a Copy to:

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

JUL-11-2007 11:27

FRESH ASSIGNMENT

JUL 11 2007 11:27

With a Copy to:

JB Redmond, LLC
c/o Cameo Homes
1105 Quail Street,
Newport Beach, CA 92660
Attn: James C. Gianulias
Facsimile: (949) 250-8574

To Bank:

Bank of the West
Real Estate Industries Division
3000 Oak Road, Suite 400 (NC-OAK-04-A)
Walnut Creek, California 94597
Attn: Real Estate Loan Administration
Facsimile: (925) 937-1041

With a copy to:

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

Pillsbury Winthrop Shaw Pittman LLP
501 West Broadway, Suite 1100
San Diego, CA 92101
Attn: Angela M. Yates, Esq.
Fax: (619) 236-1995

15. Miscellaneous:

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

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

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

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

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

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

15.7 Governing Law. This Guaranty shall be governed by and construed according to the laws of California, and, except as provided in any alternative dispute resolution agreement executed between Guarantor and Bank, Guarantor submits to the nonexclusive jurisdiction of the state or federal courts in said state.

15.8 Guarantor to Keep Informed. Guarantor warrants that it has established with Borrower adequate means of obtaining, on an ongoing basis, such information as Guarantor may require concerning all matters bearing on the risk of nonpayment or nonperformance of the Obligations. Guarantor assumes sole and continuing responsibility for obtaining such information from sources other than from Bank. Bank has no duty to provide any information to Guarantor until Bank receives Guarantor's written request for specific information in Bank's possession and Borrower has authorized Bank to disclose such information to Guarantor.

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

15.10 No Waiver; Remedies. No failure on the part of Bank to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof. Bank shall not be estopped from exercising any such right or remedy at any future time because of any such failure or delay; nor shall any single or partial exercise of any right or remedy hereunder

JUL-11-2007 11:41

FILED IN PROCEEDING

JUL 11 2007 11:41

preclude any other or further exercise thereof or the exercise of any other right or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

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

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

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

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

15.15 Term Usage. The term "Borrower" shall mean both the named Borrower and any other person or entity at any time assuming or otherwise becoming primarily liable for all or any part of the obligations set forth in the Guaranteed Agreements. When the context in which the words are used in this Guaranty indicates that such is the intent, words in the singular number shall include the plural and vice-versa. The use of the word "including" in this Guaranty shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not limiting language (such as "but not limited to" or "without limitation" or words of similar import) is used with reference thereto.

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

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

15.18 Limitation on Liability. Notwithstanding anything to the contrary elsewhere contained herein or in any Loan Document to which Guarantor is a party, the aggregate liability of Guarantor under this Guaranty for payment and performance of the obligations guaranteed by this Guaranty shall not exceed an amount which, in the aggregate, is

JUL-11-2007 11:28

FRESH MANAGEMENT

342 831 8100 1.10

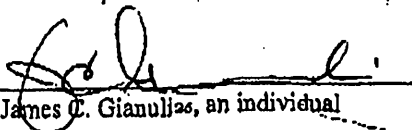
One Thousand Dollars (\$1,000) less than that amount which if so paid or performed would constitute or result in a fraudulent conveyance, or terms of similar import, under applicable state or federal law, including, without limitation, Section 548 of the United States Bankruptcy Code.

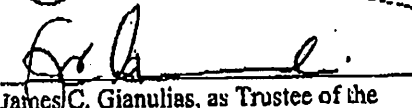
[Remainder of Page Intentionally Left Blank.]

UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE AFTER OCTOBER 3, 1989, CONCERNING LOANS AND OTHER CREDIT EXTENSIONS THAT ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY THE BANK TO BE ENFORCEABLE.

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

GUARANTOR:


James C. Gianulias, an individual


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

FIRST AMENDMENT TO GUARANTY

THIS FIRST AMENDMENT TO GUARANTY ("Amendment") is made as of August 7, 2007 by JAMES C. GIANULIAS, individually and as Trustee of the James Chris Gianulias 1998 Trust U/D/T dated December 22, 1998, as amended ("Guarantor"), and BANK OF THE WEST, a California banking corporation ("Lender").

A. Under the terms of that certain Term Loan Agreement dated as of July 9, 2007 (the "Loan Agreement"), executed by and between JB REDMOND, LLC, a California limited liability company ("Borrower"), and Lender, Lender has made a loan (the "Existing Loan") to Borrower in the original principal amount of Five Million Eight Hundred Fifty Thousand Dollars (\$5,850,000), which Loan is evidenced by that certain Promissory Note Secured by Deed of Trust, executed by Borrower in favor of Lender in said amount, dated as of July 9, 2007 (the "Existing Note").

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

C. The Existing Loan is secured by that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of July 9, 2007, recorded July 11, 2007, Instrument No. 2007-38414, in the Official Records of Deschutes County, Oregon, executed by Borrower, as trustor, in favor of First Santa Clara Corporation, a California corporation, as trustee ("Trustee"), for the benefit of Lender, as beneficiary, encumbering Borrower's interest certain real property located in the County of Deschutes, State of Oregon, and all personal property of Borrower, as more particularly described therein (the "Deed of Trust").

D. In connection with the Loan, Guarantor previously executed in favor of Bank that certain Guaranty dated as of July 9, 2007 (the "Existing Loan Guaranty"), whereby Guarantor guaranteed payment and performance of Borrower's obligations under the Existing Loan.

E. Substantially concurrently herewith, Lender is committing to lend to Borrower an additional advance under the Deed of Trust in the aggregate principal sum of Five Hundred Eighty-Five Thousand Dollars (\$585,000) (the "Additional Advance") pursuant to that certain Additional Advance Agreement of even date herewith by Borrower and Lender ("Additional Advance Agreement").

F. The Existing Loan and the Additional Advance are now evidenced by that certain Amended and Restated Promissory Note Secured by Deed of Trust in the principal amount of \$6,435,000, which shall be executed and delivered by Borrower concurrently with Borrower's execution and delivery of the Additional Advance Agreement to Lender (the "Restated Note"). The Restated Note shall be and remain governed by the terms of the Loan Agreement, as amended by the terms of the Additional Advance Agreement, and secured by the Deed of Trust, as amended by that certain Memorandum of Additional Advance Agreement and Amendment to Deed of Trust between Borrower and Lender dated as of even date herewith (the "Memorandum").

G. As a condition to the Additional Advance, Lender requires and Guarantor has agreed to execute this Amendment to guarantee payment and performance of Borrower's obligations under the Existing Loan and the Additional Advance up to a maximum principal amount of Six Million Four Hundred Thirty-Five Thousand Dollars (\$6,435,000), on a joint and several basis.

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

1. The Existing Loan Guaranty is revised such that all references to the "Loan" shall be deemed to refer to the Existing Loan and the Additional Advance, in the aggregate principal amount of \$6,435,000.

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

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

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

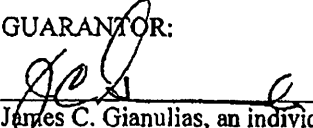
5. The Existing Loan Guaranty is revised such that all references to the "Deed of Trust" shall be deemed to refer to the Deed of Trust as amended by that certain Memorandum of Additional Advance Agreement and Amendment to Deed of Trust of even date herewith by Borrower and Lender.


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

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

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

GUARANTOR:


James C. Gianulias, an individual


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

LENDER:

BANK OF THE WEST,
a California banking corporation

By: _____
Name: _____
Its: _____

In re:
James C. Gianulias/Cameo Homes

CHAPTER 11
Debtor(s). CASE NUMBER 8:08-bk-13150-BK

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

12255 El Camino Real, Suite 300, San Diego, CA 92130-4088

A true and correct copy of the foregoing document described AMENDED PROOF OF CLAIM

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On June 28, 2010, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- Alan J Friedman afriedman@irell.com (**Attorney for Debtor**)
- Kerri A Lyman klyman@irell.com (**Attorney for Debtor**)
- James E Till jtill@milbank.com, jmattiace@thelobelfirm.com;pnelson@thelobelfirm.com (**Attorney for Debtor**)
- James E Till jtill@thelobelfirm.com, jmattiace@thelobelfirm.com;pnelson@thelobelfirm.com
- United States Trustee (SA) ustpregron16.sa.ecf@usdoj.gov (**Office of the U.S. Trustee**)
- Frank Cadigan frank.cadigan@usdoj.gov (**Office of the U.S. Trustee**)
- Daniel A Lev dlev@sulmeyerlaw.com, asokolowski@sulmeyerlaw.com (**Creditor Committee**)
- Elissa Miller emiller@sulmeyerlaw.com, asokolowski@sulmeyerlaw.com (**Creditor Committee**)
- Victor A Sahn vsahn@sulmeyerlaw.com (**Creditor Committee**)
- Whitman L Holt wholt@stutman.com (**Creditor Committee**)
- Steven Werth swerth@sulmeyerlaw.com, asokolowski@sulmeyerlaw.com (**Creditor Committee**)
- John B Acierno ecfcacb@piteduncan.com
- Jess R Bressi jbressi@luce.com
- Jon M Chatalian efile@pbgc.gov, chatalian.jon@pbgc.gov
- Sean T Cork scork@ssd.com
- Paul J Couchot pcouchot@winthropcouchot.com, pj@winthropcouchot.com;sconnor@winthropcouchot.com
- Melissa Davis mdavis@shbllp.com
- Susan S Davis sdavis@coxcastle.com
- Daniel Denny ddenny@gibsondunn.com
- Lei Lei Wang Ekvall lekvall@wgllp.com
- David K Eldan malvarado@pmcos.com, rpinal@pmcos.com;calendar@pmcos.com
- Jose A Garcia ecfcacb@piteduncan.com
- Beth Gaschen bgaschen@wgllp.com
- Robert P Goe kmurphy@goeforlaw.com, rgoe@goeforlaw.com;mforsythe@goeforlaw.com
- Michael J Hauser michael.hauser@usdoj.gov

In re:
James C. Gianulias/Cameo Homes

Debtor(s).

CHAPTER 11

CASE NUMBER 8:08-bk-13150-BK

- Marsha A Houston mhouston@reedsmith.com
- John J Immordino john.immordino@wilsonelser.com, raquel.burgess@wilsonelser.com
- Lance N Jurich ljurich@loeb.com, kpresson@loeb.com
- Bradford Klein brad.e.klein@gmail.com
- Donna L La Porte dlaporte@wrightlegal.net, bkgroup@wrightlegal.net
- David F Makkabi cmartin@pprlaw.net
- Robert C Martinez rmartinez@mclex.com
- Andrew K Mauthe mauthelaw@attglobal.net
- Randall P Mroczynski randym@cookseylaw.com
- Mike D Neue mneue@thelobelfirm.com, jmattiace@thelobelfirm.com; pnelson@thelobelfirm.com
- Penelope Parmes pparmes@rutan.com
- Steven G Polard spolard@perkinscoie.com
- Timothy R Pomeroy tpomeroy@klinedinstlaw.com
- Hamid R Rafatjoo hrafatjoo@venable.com, ataylor@venable.com; revey@venable.com
- Cassandra J Richey cmartin@pprlaw.net
- Christopher O Rivas crivas@reedsmith.com
- Martha E Romero Romero@mromerolawfirm.com
- Anthony J Rothman anthony@arothmanlaw.com
- John D Schlotter ecfmail@aclawllp.com
- Mark C Schnitzer mschnitzer@rhlaw.com
- Leonard M Shulman lshulman@shbllp.com
- Timothy J Silverman tim@sgsslaw.com
- Derrick Talerico dtalerico@loeb.com, kpresson@loeb.com; ljurich@loeb.com
- Joshua D Wayser joshua.wayser@kattenlaw.com, kim.johnson@kattenlaw.com
- Deborah A Winslow ecf@shermeta.com
- John H Wunsch sandra.g.mcmasters@wellsfargo.com

☐ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

On _____ I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

June 28, 2010 Pamela Breeden
Date Type Name

/s/ Pamela Breeden
Signature

Central District Of California Claims Register

8:08-bk-13150-RK James C Gianulias **Converted** 07/02/2008

Judge: Robert N. Kwan Chapter: 11

Office: Santa Ana **Last Date to file claims:** 11/11/2008

Trustee: **Last Date to file (Govt):**

Creditor: (26775161) Bank of the West, A Calif. corp,as agent/lender c/o Matthew S Walker, Esq Pillsbury Winthrop Shaw Pittman LLP 12255 El Camino Real, Ste.300 San Diego, CA 92130- 4088 <u>Claimant History</u>	Claim No: 25 <i>Original Filed</i> <i>Date: 11/10/2008</i> <i>Original Entered</i> <i>Date: 11/10/2008</i> <i>Last Amendment</i> <i>Filed: 06/28/2010</i> <i>Last Amendment</i> <i>Entered: 06/28/2010</i>	Status: <i>Filed by: CR</i> <i>Entered by:</i> <i>Modified:</i>
--	---	---

Unsecured claimed: \$1837682.94

Total claimed: \$1837682.94

History:

<u>Details</u>	<u>25-1</u>	11/10/2008 Claim #25 filed by Bank of the West, total amount claimed: \$6823562.55 (Walker, Matthew)
----------------	-------------	--

<u>Details</u>	<u>25-2</u> 06/28/2010 Amended Claim #25 filed by Bank of the West, A Calif. corp,as agent/lender, total amount claimed: \$1837682.94 (Walker, Matthew)
----------------	---

<i>Description:</i> (25-1) Proof of Claim with attachment, exhibits and POS (Guarantee of Loan)

(25-2) Guarantee of Loan - Amended Claim Amount

Remarks:

Claims Register Summary

Case Name: James C Gianulias

Case Number: 8:08-bk-13150-RK

Chapter: 11

Date Filed: 06/06/2008

Total Number Of Claims: 1

	Total Amount Claimed	Total Amount Allowed
Unsecured	\$1837682.94	
Secured		
Priority		
Unknown		
Administrative		
Total	\$1837682.94	\$0.00