

B 10 (Official Form 10) (12/08)

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|---|--|--|
| <b>UNITED STATES BANKRUPTCY COURT Central District of California - Santa Ana</b>  |  | <b>PROOF OF CLAIM</b>  |
| Name of Debtor:<br><b>CAMEO HOMES, a California Corporation</b>   |  | Case Number:<br><b>8:08-BK-13151-RK</b>  |
| NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.   |  |  |
| Name of Creditor (the person or other entity to whom the debtor owes money or property):<br><b>GEURTS LAW FIRM, ATTORNEY TRUST ACCOUNT, ATTORNEYS FOR MOIRA J. BOYNTON dba GANNON DESIGN</b>  |  | <input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim.   |
| Name and address where notices should be sent:<br><br><b>GEURTS LAW FIRM<br/>4 Park Plaza, Suite 1025, Irvine, CA 92614</b>   |  | Court Claim Number: _____<br>(If known)  |
| Telephone number:<br><b>(949) 752-7447</b>  |  | Filed on: <b>06/06/2008</b>  |
| Name and address where payment should be sent (if different from above):  |  | <input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  |
| Telephone number:   |  | <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.   |
| 1. Amount of Claim as of Date Case Filed: \$ <u>64,830.28</u>   |  | 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.<br><br>Specify the priority of the claim.  |
| 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.<br><br>If all or part of your claim is entitled to priority, complete item 5.<br><br><input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.  |  |  |
| 2. Basis for Claim: <u>Goods Sold/Services Perf.</u><br>(See instruction #2 on reverse side.)   |  | <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).  |
| 3. Last four digits of any number by which creditor identifies debtor: _____<br><br>3a. Debtor may have scheduled account as: _____<br>(See instruction #3a on reverse side.)   |  | <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).  |
| 4. Secured Claim (See instruction #4 on reverse side.)<br>Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.<br><br>Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other<br>Describe:<br><br>Value of Property: \$ <u>64,830.28</u> Annual Interest Rate <u>11.000</u> %<br><br>Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____<br><br>Amount of Secured Claim: \$ <u>64,830.28</u> Amount Unsecured: \$ <u>0.00</u> |  | <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5).<br><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).<br><input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8).<br><input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. §507 (a)( ). |
| 6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.   |  | Amount entitled to priority:<br><br>\$ _____<br><br><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>   |
| 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of 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 instruction 7 and definition of "redacted" on reverse side.)<br><br>DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.<br><br>If the documents are not available, please explain:  |  |  |
| Date: <u>12/31/08</u> Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.   |  |  |
|   |  | <b>FOR COURT USE ONLY</b>  |

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

Exhibit C  
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December 22, 2008.

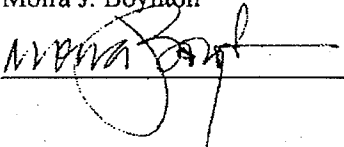
**POWER OF ATTORNEY**

I, Moira J. Boynton dba GANNON DESIGN, designate the Geurts Law Firm, residing at 4 Park Plaza, Suite 1025, Irvine CA 92614, as my attorney in fact in all matters concerning my claim as a creditor of CAMEO HOMES pursuant to Bankruptcy case no. 8:08-bk-13151. This designation is effective immediately and shall continue in all matters affecting the above-referenced claim until such time as I revoke this power of attorney in writing.

Date:

December 22, 2008

Moira J. Boynton

  
\_\_\_\_\_

1 GEURTS LAW FIRM  
Phillip R. Geurts, State Bar No. 231320  
2 Chinh N. Tran, State Bar No. 243910  
3 4 Park Plaza  
Suite 1025  
4 Irvine, California, 92614  
Telephone: (949) 752-7447  
5 Fax No.: (949) 336-7612

6 Attorneys for MOIRA J. BOYNTON, dba GANNON DESIGN., Plaintiff

7  
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 FOR THE COUNTY OF RIVERSIDE

10  
11 MOIRA J. BOYNTON, dba GANNON ) CASE NO. RIC510108  
12 DESIGN, )  
13 Plaintiff, ) COMPLAINT FOR:  
14 v. )  
15 ) 1. BREACH OF WRITTEN  
16 CAMEO HOMES, a California Corporation, ) CONTRACT;  
17 VICTOR J. MAHONY, an individual, ) 2. UNJUST ENRICHMENT;  
18 DOUGLAS WILSON COMPANIES, a ) 3. CONVERSION;  
19 unknown entity, DOUGLAS P. WILSON, an ) 4. INJUNCTIVE RELIEF; and  
20 individual, and DOES 1-50 ) 5. DECLARATORY RELIEF.  
21 Defendants. )

22 Plaintiff, MOIRA J. BOYNTON, dba GANNON DESIGN, for causes of action against  
23 Defendants, and each of them, alleges as follows:

24 **GENERAL ALLEGATIONS**

25 1. Plaintiff MOIRA J. BOYNTON, dba GANNON DESIGN ("Plaintiff") is, and all  
26 times herein was, an individual authorized to and conducting business as GANNON DESIGN in the  
27 above Judicial District.

28 2. Plaintiff is informed and believes, and on that basis alleges, that Defendant CAMEO

1 HOMES ("CAMEO"), is and was, at all relevant times herein, a California corporation doing  
2 business in the above Judicial District.

3 3. Plaintiff is informed and believes and on that basis alleges that Defendant VICTOR  
4 J. MAHONY ("MAHONY"), is and was, at all times herein, an individual residing an individual  
5 residing in the above Judicial District.

6 4. Plaintiff is informed on and believes and on that basis alleges that Defendant  
7 DOUGLAS WILSON COMPANIES ("DOUGLAS"), is and was, at all relevant times herein, an  
8 unknown entity doing business in the above Judicial District.

9 5. Plaintiff is informed and believes and on that basis alleges that Defendant DOUGLAS  
10 P. WILSON ("WILSON"), is and was, at all relevant times herein, an individual residing in the  
11 above Judicial District.

12 6. Plaintiff is informed and believes and on that basis alleges that MAHONY is and was  
13 at all relevant times herein a Shareholder, Director, and/or complete owner of Defendant CAMEO.  
14

15 7. Plaintiff is informed and believes, and thereon alleges, that MAHONY, CAMEO, and  
16 DOES 1 through 25, and each of them, were and are the agents, servants, representatives, and/or  
17 employees of each of the other, and were at all times acting within the course and scope of such  
18 agency, representation and employment and with the permission and consent of each of said  
19 Defendants.  
20

21 8. Plaintiff is informed and believes and on that basis alleges that WILSON is and was  
22 at all relevant times herein a Shareholder, Director, and/or complete owner of Defendant  
23 DOUGLAS.

24 9. Plaintiff is informed and believes, and thereon alleges, that WILSON, DOUGLAS,  
25 and DOES 26 through 50, and each of them, were and are the agents, servants, representatives,  
26 and/or employees of each of the other, and were at all times acting within the course and scope of  
27 such agency, representation and employment and with the permission and consent of each of said  
28 Defendants.

1 10. Plaintiff is ignorant of the true names and capacities, whether individual, corporate,  
2 associate, or otherwise, of the Defendants sued in this Complaint as DOES 1 through 50, and  
3 therefore sues these DOE Defendants by these fictitious names. Plaintiff will amend this Complaint  
4 to allege their true names and capacities when ascertained. Plaintiff is further informed and believes,  
5 and thereon alleges, that each of the fictitiously named Defendant DOE is responsible in some  
6 manner for the occurrences herein alleged, and that Plaintiff's damages as herein alleged were  
7 proximately caused by such named Defendant and/or Defendant DOES.

8 11. Plaintiff provides construction-type services including, but not limited to, graphic  
9 design services, fabrication, and installation of signs for residential and commercial construction.

10 12. On or about February 4, 2007, Plaintiff and Defendants CAMEO and MAHONY  
11 entered into a written Contract (the "Contract") whereby Plaintiff was to perform services for  
12 Defendants for the benefit of a piece of real Property 24405 Village Park Place, Murrieta, California,  
13 County of Riverside, and commonly known as Grand Isle Senior Apartments (the "Property"). A  
14 true and correct copy of the Contract is attached hereto as Exhibit A and incorporated herein by  
15 reference.  
16

17 13. The Contract required Plaintiff to provide its services in supplying graphic design,  
18 fabrication, and installation of various signs required on the Property.

19 14. The Contract required Defendants MAHONY and CAMEO to pay Plaintiff the sum  
20 of \$119,892.55 in the form of progress payments as Plaintiff performed the required services.

21 15. On or about April 20, 2007, Plaintiff and Defendants MAHONY and CAMEO  
22 entered into a Change Order agreement whereby Plaintiff was to perform additional graphic design,  
23 fabrication, and installation services for the additional agreed upon amount of \$9,342.53. A true and  
24 correct copy of an invoice referencing the Change Order agreement is attached hereto as Exhibit B  
25 and incorporated herein by reference.  
26

27 16. On or about June 8, 2007, Plaintiff received a progress payment for services  
28 performed in the amount of \$59,946.28.

1 17. On or about October 15, 2007, Plaintiffs sent Defendants MAHONY and CAMEO  
2 an invoice requesting payment on the Change Order agreement in the amount of \$9,342.53 for  
3 services performed less \$541.48 for labor. A true and correct copy of the invoice is attached hereto  
4 as Exhibit B and incorporated herein by reference.

5 18. On or about October 15, 2007, Plaintiff sent Defendant MAHONY and CAMEO an  
6 invoice requesting a progress payment under the terms of the Contract in the amount of \$47,383.37  
7 for services performed. A true and correct copy of the invoice is attached hereto as Exhibit C and  
8 incorporated herein by reference.

9 19. On or about January 18, 2008, Plaintiff received a check in the amount of \$5,000.00  
10 as partial payment for the progress payment dated October 15, 2007. A true and correct copy of the  
11 check is attached hereto as Exhibit D and incorporated herein by reference.  
12

13 20. Plaintiff never received any payment for services performed under the Change Order  
14 agreement dated April 20, 2007.

15 21. In or about February 2008, Plaintiff dutifully completed all services contemplated by  
16 the terms of the original Contract and the additional Change Order agreement.

17 22. On or about February 19, 2008 Plaintiff sent Defendants MAHONY and CAMEO  
18 an invoice for the outstanding balance of \$54,946.27 due under the terms of the Contract. A true and  
19 correct copy of the invoice is attached hereto as Exhibit E and incorporated herein by reference.  
20

21 23. Plaintiff has not received any payment on this outstanding balance.

22 24. On or about July 18, 2008 WILSON was appointed Receiver by the Superior Court  
23 of California, County of Riverside, to take over the Property.

24 25. On or about August 1, 2008, WILSON, through his agent Thomas C. Hebrank, sent  
25 Plaintiff a letter informing Plaintiff that, despite already receiving the benefit of Plaintiff's  
26 performance under the Contract, WILSON would not pay Plaintiff the amount owed. A true and  
27 correct copy of the letter is attached hereto as Exhibit F and incorporated herein by reference.  
28

1 26. On or about August 18, 2008, Plaintiff, through her counsel, sent a letter to WILSON,  
2 through his agent Thomas C. Hebrank, demanding payment of the outstanding or, in the alternative,  
3 leave to enter the Property and reclaim the materials Defendants refused to pay for. A true and  
4 correct copy of the letter is attached hereto as Exhibit G and incorporated herein by reference.

5 27. Plaintiff has not received any communication from Defendant WILSON or his agent  
6 Thomas C. Hebrank and therefore files the instant action.

7 **FIRST CAUSE OF ACTION**

8 **(For Breach Of Written Contract as Against CAMEO, MAHONY, and DOES 1-25)**

9  
10 28. Plaintiff incorporates by reference each and every paragraph in this Complaint  
11 necessary or helpful to state this cause of action as though fully set forth herein.

12 29. On or about February 4, 2007, Plaintiff and Defendants MAHONY and CAMEO  
13 entered into a written Contract whereby Plaintiff agreed to provide services, materials, design, and  
14 installation, and Defendants agreed to pay Plaintiff for those services, materials, design, and  
15 installation in progressive payments according to the completion of those services.

16 30. By virtue of the Contract and those conditions imposed by law, Defendants agreed,  
17 among other items, to (1) pay for the services, materials, design, and installation of Property signage  
18 for the Property; (2) pay for the services, materials, design, and installation of Property signage  
19 contemplated by the Change Order

20  
21 31. Plaintiff has performed all conditions, covenants, and promises required of it in  
22 accordance with the terms and conditions of the Contract and the Change Order agreement, except  
23 those which have been excused, waived, or otherwise rendered unenforceable, such as by application  
24 of the doctrine of estoppel, or except those excused by law or by the actions or inactions of  
25 Defendants.

26 32. Despite the parties' Contract and Change Order agreement, Defendants did not pay  
27 Plaintiff the agreed upon price for the services, materials, design, and installation work performed.  
28

1 33. Defendants have refused and continue to refuse to pay the agreed upon price to  
2 Plaintiff and/or to pay Plaintiff the amount of damages caused to Plaintiff by virtue of Defendants'  
3 misrepresentations.

4 34. As a direct and proximate cause of Defendants' breach of Contract, Plaintiff has been  
5 damaged in an amount in excess of \$64,830.28, plus reasonable attorney's fees and costs.

6 35. Plaintiff is further entitled to interest on the outstanding amount due at the maximum  
7 legal rate for every month that payment has been and continues to be delinquent, and for  
8 reimbursement of attorney's fees and costs consistent with Business and Professions Code §7108.5.  
9

10 **SECOND CAUSE OF ACTION**

11 **(For Unjust Enrichment as Against DOUGLAS, WILSON, and DOES 26-50)**

12 36. Plaintiff incorporates by reference each and every paragraph in this Complaint  
13 necessary or helpful to state this cause of action as though fully set forth herein.

14 37. Defendants DOUGLAS, WILSON, and DOES 26-50, have benefitted by and through  
15 Plaintiff's services on the Property and now wrongfully and intentionally refuse to compensate  
16 Plaintiff. Additionally, Defendants DOUGLAS, WILSON, and DOES 26-50 have reaped  
17 substantial and unconscionable profits and enrichment from the services, materials, graphic design,  
18 and installation of signage provided by Plaintiff. The misappropriation of the services, materials,  
19 graphic design, and installation of signage from Plaintiff has, in turn, directly resulted in a significant  
20 loss of money, time, and business opportunities for Plaintiff as Plaintiff has remained wholly  
21 uncompensated.  
22

23 38. Without justification, Defendants have used the services, materials, graphic design,  
24 and installation of signage that was misappropriated from Plaintiff for the benefit of each Defendant  
25 and without compensation to Plaintiff.

26 39. Defendants will not allow Plaintiff to enter the Property and reclaim the materials  
27 Defendants refuse to pay for.  
28



1 40. In equity and good conscience, it would be unjust for Defendants to enrich themselves  
2 at the expense of Plaintiff.

3 41. Defendants have been enriched at the expense of Plaintiff in amounts in excess of  
4 \$64,830.28 of which Plaintiff is entitled to full reimbursement.

5 42. Plaintiff is further entitled to interest on the outstanding amount due at the maximum  
6 legal rate for every month that payment has been and continues to be delinquent, and for  
7 reimbursement of attorney's fees and costs consistent with Business and Professions Code §7108.5.  
8

9 **THIRD CAUSE OF ACTION**

10 **(For Conversion as Against All Defendants)**

11 43. Plaintiff incorporates by reference each and every paragraph in this Complaint  
12 necessary or helpful to state this cause of action as though fully set forth herein.

13 44. Plaintiff has performed all services and provided all materials contemplated by the  
14 Contract and the Change Order agreement and Defendant has not paid for more than half of the  
15 materials Plaintiff provided.  
16

17 45. Defendants have reaped the benefit of receiving Plaintiff's materials and have refused  
18 to pay the amount Plaintiff is owed to her detriment.

19 46. Plaintiff maintains ownership and right to possession of all the materials provided  
20 under the Contract and Change order agreement for the benefit of the Property which Defendants  
21 have refused to pay for.

22 47. Through Defendants' refusal to pay for the materials provided by Plaintiff,  
23 Defendants have exercised and continue to exercise unlawful dominion over the materials provided  
24 by Plaintiff.

25 48. As a direct and proximate result of Defendants' unlawful dominion over Plaintiff's  
26 Property, Plaintiff has been damaged in amounts in excess of \$64,830.28 plus reasonable attorney's  
27 fees and costs.  
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**FOURTH CAUSE OF ACTION**

**(For Injunctive Relief as Against All Defendants)**

49. Plaintiff incorporates by reference each and every paragraph in this Complaint necessary or helpful to state this cause of action as though fully set forth herein.

50. Defendants have in their possession and continue to utilize materials provided by Plaintiff for their benefit at the expense and harm of Plaintiff.

51. Many of the materials Defendants converted and continue to utilize are specialized code signs, provided by Plaintiff and unpaid for by Defendants, that enable Defendants to maintain and keep their Certificate of Occupancy at the Property.

52. Defendants have benefitted and continue to benefit from the unlawful conversion of Plaintiff's materials and injunctive relief is necessary to prevent this ongoing harm.

53. As a direct and proximate result of Defendants' continued use of Plaintiff's signage, Plaintiff has been and continues to be harmed.

54. Injunctive relief is necessary to prevent further harm if Defendants do not immediately compensate Plaintiff for the materials Plaintiff has provided and that Defendants continue to benefit from.

**FIFTH CAUSE OF ACTION**

**(For Declaratory Relief as Against All Defendants)**

55. Plaintiff incorporates by reference each and every paragraph in this Complaint necessary or helpful to state this cause of action as though fully set forth herein.

56. An actual controversy has arisen and now exists between Plaintiff and Defendants by reason of the foregoing, concerning their respective rights and duties regarding the services, materials, design, and installation Plaintiff provided to Defendants in that Plaintiff contends that Defendants' conduct and acts in refusing to pay the full amount due and owing under the Contract and Change Order agreement, as alleged above, has harmed and continues to harm Plaintiff and is

*C*  
*81*

1 detrimental to the Plaintiff, whereas Defendants dispute these contentions and contend that they  
2 have acted in no manner to damage Plaintiff regarding the Business.

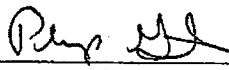
3 57. It would be fair, just and appropriate for the Court to determine the relative rights,  
4 liabilities, and obligations of the parties in this proceeding, and for the Court to adjudicate and  
5 determine said claims, rights, and liabilities as to Plaintiff and Defendants.

6 WHEREFORE, Plaintiff prays for judgment against Defendants, and each of them, as  
7 follows:

- 8 1. For general damages in excess of \$64,830.28;
- 9 2. For special, consequential, and incidental damages in an amount to be ascertained at the  
10 time of trial;
- 11 3. For injunctive relief;
- 12 4. For declaratory relief
- 13 5. For prejudgment and post-judgment interest;
- 14 6. For attorney's fees;
- 15 7. For costs of suit herein incurred; and,
- 16 8. For such other and further relief as the Court may deem proper.

17 DATED: October 6, 2008

18 GEURTS LAW FIRM

19 BY: 

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20 Phillip R. Geurts  
21 Chinh N. Tran  
22 Attorneys for MOIRA J. BOYNTON, dba  
23 GANNON DESIGN, Plaintiff

A

Exhibit C  
Page 83

PROFESSIONAL SERVICES AGREEMENT - OWNER DIRECT

Contract No: M453-105

Cost Code: 1-03-0600

For Professional Services to be rendered, this agreement ("Agreement") is entered into this 5th day of October 2006 by and between:

CAMEO HOMES  
PO BOX 2990  
NEWPORT BEACH, CA 92660

And

GANNON DESIGN  
360 S. GLASSELL, SUITE A  
ORANGE, CA 92866

PHONE: (949) 955-3832  
FAX: (949) 250-8574

PHONE: (714) 538-5591  
FAX: (714) 538-0760

Hereinafter called "Owner"

Hereinafter called "Consultant"

RECITAL

Owner proposes to improve, develop and/or subdivide Tract No. 31093, Murrieta 453/Village Walk Apartments situated in the area of the County of Riverside, State of California, ("Project") legally described as follows:

"Parcels 13 through 16, inclusive of Parcel Map No 31093, in the City of Murrieta, County of Riverside, State of California, as shown by map on file in Book 208, Pages 68-72 inclusive, of Parcel Maps, in the office of the County Recorder of said county, except on e-half of all mineral rights as reserved to Raleigh Brown and Adele Brown, husband and wife by deed recorded March 10, 1950 in Book 1157, Page 220 of official records, Riverside County Records."

NOW THEREFORE, IT IS MUTUALLY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. FINANCING CONDITION AND CANCELLATION: This Agreement is contingent upon Owner obtaining sufficient financing for the Project. If Owner is unable to obtain construction loans sufficient to continue or complete the work necessary for the Project as required by the Owner, then Owner may, upon written notification to Consultant, either:

- (a) immediately terminate this Agreement; or
- (b) designate which portions of the work covered by this Agreement shall be completed by Consultant.

In the event Owner is unable to proceed with this Project, for any reason whatsoever, whether wholly or partially, Owner may, at his sole discretion, cancel this Agreement without recourse by Consultant. Consultant shall be paid in full for any and all contracted work completed through official date of cancellation.

2. DOCUMENTS: This Agreement and Schedules A, B and C attached hereto together comprise the "Contract Documents." Schedule "A" attached to and incorporated in this Agreement is entitled "Supplement to Professional Services Agreement." Schedule "B" attached to and incorporated in this Agreement, is entitled "Scope of Professional Services," and describes the services to be provided by Consultant under this Agreement. Schedule "C" attached to and incorporated in this Agreement, is entitled "Payment Schedule". Consultant acknowledges that he has carefully examined and studied Schedule "B" in its entirety. Consultant further acknowledges that the work of the various subcontractors for the Project is interrelated, and Consultant fully understands the character of the work to be performed by him under this Agreement and the "Scope of Professional Services" Documents.

3. WORK COVERED: Consultant agrees to perform in good and professional manner, and to furnish to the Project all labor, materials, equipment, services, machinery, tools and other facilities of every description required for the prompt and efficient provision of the services (his "Services") as outlined in Schedule "B" attached hereto. Consultant shall be obligated to provide his Services in strict compliance with the Contract Documents and all applicable Federal, State & local laws, ordinances, and regulations (including O.S.H.A. and all other safety laws) as well as with the provisions of this Agreement.

4. CONTRACT PRICE: For the strict (not substantial) performance of all of Consultant's obligations hereunder, Owner shall pay to Consultant the amounts set forth in Schedule "A" attached hereto (the "Contract Price"). In no event shall any unit prices as shown in Schedule "A" be subject to any upward adjustments without prior written permission from Owner as otherwise provided in this Agreement. Except where a different notice period is provided herein for breaches of specific clauses of this Agreement, Owner shall have the absolute right to terminate this Agreement without cause upon three (3) days prior written notice to Consultant and payment to Consultant of the portion of the Contract Price for the work completed as of the date of termination.

5. PAYMENT SCHEDULE: So long as Consultant is not in default under any of the provisions of this Agreement, payment will be made for the work completed at the unit price or prices specified in accordance with the payment schedule set forth in the Schedule "C" attached hereto. Owner shall not be obligated to make progress payments to Consultant until Owner has received:

- (a) City and County inspections, when applicable;
- (b) Material and labor releases as herein provided; and

Initial Here



REV 1-24-06



(c) Until Owner is satisfied that all complaints involving Consultant's work have been corrected by Consultant. Any payments made hereunder or advances made by Owner shall not be construed as evidence of acceptance of any of Consultant's work. If construction funds are deposited in a joint control account, Consultant agrees to accept payments from such account and any order given by Owner to Consultant thereon shall be deemed payment on the part of Owner and a release of Owner in the amount of any such order. Owner shall have the right to make payments to Consultant hereunder by checks payable jointly to Consultant and his suppliers and laborers, or any of them.

In the event of any dispute between Owner and Consultant, concerning any matter including but not limited to claims involving change orders, extra work, delay, or performance, such disputes shall be submitted to binding arbitration. Moreover, Consultant expressly agrees that in the event of such a dispute, provided the scheduled payments required under this Agreement have been made, then Consultant's claim for any additional compensation shall not justify cessation of work or refusal to proceed with the work. The parties expressly agree that the work shall be completed by Consultant as provided in this Agreement, and that the parties shall thereafter resolve any disputes by arbitration. Should Consultant refuse to continue with or complete the work, because of a dispute over payments allegedly owed, change orders or extras, such a refusal shall be an independent breach of this Agreement, and shall subject Consultant to liability for any resulting damages, irrespective of the merits of Consultant's claim for additional compensation. CONSULTANT AGREES TO FURNISH TO OWNER, AND OWNER MAY REFUSE PAYMENT TO CONSULTANT HEREUNDER UNLESS AND UNTIL CONSULTANT FURNISHES TO OWNER, RELEASES OF CLAIMS OF, LABORERS, MATERIALMEN, ANY TRUST FUND WHICH MAY ACQUIRE A LIEN ON THE PROJECT PURSUANT TO CIVIL CODE SECTION 3111 OR OTHERWISE, AND OTHERS PERFORMING WORK OR FURNISHING MATERIAL UNDER THIS AGREEMENT, WHICH RELEASES OF CLAIMS SHALL BE MADE EXCEPT AT OWNER'S OPTION.

6. **ADDITIONS, CHANGES AND MODIFICATIONS TO AGREEMENT:** The terms and conditions of this Agreement are not subject to addition, modification or change, unless such addition, modification or change is made in writing by a duly authorized representative of Owner. Unless otherwise notified in writing, the only duly authorized representative of the Owner is set forth in Schedule "B", attached hereto. Any addition, change or modification made by any other person or persons shall not be binding upon Owner, nor shall Owner have any responsibility or liability for unauthorized additions, change or modification to this Agreement. All written authorization for additions, change or modification shall be attached to and be made a part of this Agreement. No addition, change or modification made as herein provided shall void this Agreement.

7. **EXTRAS:** All professional services furnished by Consultant are included within the Contract Price, even though the scope of all professional services is not specified in the Contract Documents. Owner, at any time during the progress of this Project, may order in writing changes, additions or modifications to the Contract Documents in accordance with Section 6 of this Agreement, and these changes shall not void this Agreement, but the value of the changes, as designated by Owner in the written authorization shall be added to or deducted from the Contract Price as the case may be.

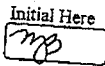
8. **TAXES:** The Contract Price includes the payment by Consultant of any tax under California Sales or Use Tax Law, or any amendments thereto, or any law now existing, or which may thereafter be adopted by Federal, State, local or other governmental authority, taxing the materials, services required, or labor furnished, or any other tax levied by reason of the work performed or to be performed hereunder.

9. **COMMENCEMENT AND COMPLETION OF HIS SERVICES:** Time is of the utmost essence and, inasmuch as Consultant is only one of many entities providing services to the Project, and since the timely performance of Consultant's work hereunder is essential to the coordination with and completion of the various other entities' work, it is mutually recognized that Owner will suffer substantial damage if Consultant fails to perform its work in a timely manner. However, from the nature of the Project, it would be impracticable or extremely difficult to fix the actual damage to Owner in the event of a breach of this Agreement by Consultant, which causes a delay in the performance of the work described herein. Therefore, the parties hereby agree that, pursuant to a liquidated damages provision of Section 1671 of the California Civil Code, the amount of \$500.00 for each and every calendar day of delay caused by a breach of the Agreement by Consultant shall be presumed to be the amount of damages sustained by Owner as a result of any such breach. The aforementioned amount of Liquidated Damages shall be valid, binding and enforceable only if Owner and Consultant have initialed the specified boxes, below. In the event of such failure or delay in the timely performance of work, the damage affixed as herein provided above may, at the option of Owner, be applied against any amount due Consultant hereunder. The remedy herein provided for is to compensate Owner for Consultant's failure or delay in the timely provision of his Services. It is understood and agreed that this remedy is not applicable to any breach or default hereunder by Consultant which results in something other than a delay in performance, and that Owner has the right in addition hereto, to pursue any and all legal and/or equitable remedies as might be available to him in the event Consultant fails in the performance of any of the terms of this Agreement.

I have reviewed paragraph 9 in its entirety and understand that this agreement contains a liquidated damage amount set forth in this paragraph. By initialing this paragraph, I am agreeing to the liquidated damage amount as stated above.

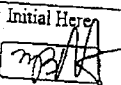
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GANNON DESIGN

10. **INTERRUPTION OF WORK:** If, as a result of fire, earthquake, act of God, war, strikes, picketing, boycott, lockouts or other causes or conditions beyond the control of Owner, Consultant discontinues his Services prior to its completion, then Consultant shall resume work as soon as conditions permit, or if Consultant shall discontinue work because Owner shall consider it inadvisable to proceed with his Services, then Consultant will resume his Services promptly upon receiving written notice from

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Owner to do so, and Consultant shall not be entitled to any damages or compensation on account of cessation of work as a result of any of the causes mentioned above.

**11. INSPECTION AND APPROVALS:** Consultant's Services, any portion of his Services and any and all work by Consultant shall be subject to inspection and approval by all applicable governmental authorities, Owner, and Owner's representatives. Pursuant to this Agreement, Consultant shall produce plans, specifications, and other documents and/or perform field services as required by any or all of the above in order to obtain said approvals. It is agreed that any change or correction required as a result of any such inspections and/or approvals shall be made by Consultant without additional charge, unless otherwise specifically agreed upon by Owner in writing.

**12. PLANS, DRAWINGS, SPECIFICATIONS:** All plans, drawings, reports, original papers, specifications and other work produced by Consultant for the Project pursuant to this Agreement shall be the property of the Owner and may not be used by Consultant without the prior written consent of Owner.

**13. CORRECTION AND REMOVAL OF DEFECT IN MATERIAL/EQUIPMENT OR WORK:** All defects in material, equipment used, Services or work performed under this Agreement as designated by City or County inspectors or Owner, upon inspection and brought to the attention of Consultant shall immediately be corrected by Consultant to the satisfaction of Owner and the governmental authority. If any workmanship, Services, materials or equipment are declared in writing by Owner or any applicable governmental authority to be unsound or improper, then Consultant shall, within twenty-four (24) hours after service upon him of written notice from Owner or the appropriate governmental authority to that effect, proceed with due diligence to remove from the site all such materials or equipment, and shall correct all or any portion of such work or Services as may be required. In the event that Consultant is unable to correct such work or Services, for any reason, and Owner is required to bring in outside personnel/companies to either correct or redo work previously performed by Consultant, Owner, at its option, may deduct from the payment due or to become due to Consultant an amount that shall represent the difference between the fair and reasonable value of such work or Services and its value had it been executed in conformity with the Contract Documents.

**14. FAILURE TO ADEQUATELY PERFORM:** Upon written or oral notification from the Owner that Consultant's performance is in any respect unsatisfactory, needs correction or that Consultant has failed to comply fully with the terms of this Agreement or the Contract Documents, or that his Services are incomplete, Consultant shall, within twenty-four (24) hours of such notification, take all action which is necessary to cause him to perform his Services in accordance with this Agreement or the requirements of the Owner. Should the Consultant fail to commence performance his services to the requirements of this Agreement within twenty-four (24) hours after written notification, Owner may terminate this Agreement.

**15. RELATED WORK:** Consultant acknowledges that the interrelationship and interactions between the designs provided by him and the work of the various subcontractors are critical in ensuring the units in the Project are constructed in a manner which meets the reasonable expectations of the ultimate purchasers of the home. Therefore, Consultant agrees to include sufficient details or notes in the plans to ensure that where the work of related subcontractors come together, those subcontractors can reasonably rely on the plans, notes, details and specifications provided by Consultant to adequately convey how the work of the related trade should integrate.

**16. AIR QUALITY AND STORM WATER RUNOFF REQUIREMENTS:**

A. **Air Quality:** Consultant acknowledges that the South Coast Air Quality Management District ("SCAQMD") has requirements regarding job site emissions into the air and other requirements related to air quality. All Consultants, Subcontractors and/or Suppliers that work on Owner's projects are required to meet specific certification requirements set by the SCAQMD, and may be required to obtain permits, licenses and certifications required by the SCAQMD. It is the Consultant's sole responsibility to obtain any and all relevant permits, licenses and certifications required by the SCAQMD. Additional information may be available at the AQMD website at [www.aqmd.gov](http://www.aqmd.gov).

B. **Storm Water And Construction Site Run-Off:** Where construction projects disturb one or more acres of soil or disturb less than one acre but are part of a larger common plan of development that in total disturbs one or more acres, Owner or Owner will obtain a General Permit for Discharges of Storm Water Associated with Construction Activity Construction ("Construction General Permit"). All such projects and the activities of the contractors and subcontractors and consultants who work on them are subject to this permit. The construction activities include but are not limited to clearing, grading and disturbances to the ground such as stockpiling, or excavation. The Construction General Permit requires the development and implementation of a Storm Water Pollution Prevention Plan (SWPPP). The SWPPP contains site map(s), which show the construction site perimeter, both before and after construction, and drainage patterns across the project. The SWPPP lists Best Management Practices (BMPs) used to protect storm water runoff and the placement of the BMPs. Additionally, the SWPPP contains a visual monitoring program; a chemical monitoring program for "non-visible" pollutants to be implemented if there is a failure of BMPs, and a sediment monitoring plan if the site discharges directly to an identified water body.

Consultant acknowledges his obligations to read and understand the SWPPP for the Project, and to ensure that the activities of all of his employees, sub-contractors and suppliers conform to the requirements of the SWPPP. All Consultants, Subcontractors/Suppliers that work on Owner's projects are required by law to be SWPPP "certified". For information regarding certification, Consultant should contact the State Water Resources Control Board, Division of Water Quality at 916-341-5538 or visit their website at [www.swrcb.ca.gov/stormwtr/index.html](http://www.swrcb.ca.gov/stormwtr/index.html)

C. Responsibility For Fines And Orders: Consultant is solely responsible for the payment of any fines or the imposition of any conditions and/or Orders by the SCAQMD and/or the Air Quality Management District ("AQMD") relating in any manner to the work performed by the Consultant at the Project. Consultant agrees to defend and indemnify Owner regarding any fine imposed or cost incurred as the result of Consultant's work at the Project which is made by the SCAQMD or the AQMD against Owner.

17. RIGHTS OF OWNER ON TERMINATION: In the event of termination of this Agreement by Owner as provide herein, Consultant hereby authorizes Owner to perform and complete his Services and in connection therewith, Owner may:

- (a) eject Consultant;
- (b) take possession of all materials, plans, tools and equipment already on the site, as well as all materials, reports, etc., in the course of preparation wherever located, and have any and all rights under all agreements of Consultant; and/or
- (c) go into the open market and secure materials and employ men, or another consultant, necessary to complete his Services, at Consultant's expense.

Consultant shall not be entitled to receive any further payment until acceptance of the entire Project and then only after the direct and indirect costs incurred by Owner to complete Consultant's work, plus a reasonable allowance for profit for Owner, have been determined. The direct and indirect costs and the allowances for profit shall apply against the Contract Price, and, if in excess of the balance due Consultant, the amount of the excess shall be a debt immediately due and owing from Consultant to Owner. If the balance of the Contract Price shall exceed Owner's direct and indirect cost, plus a reasonable allowance for profit, as above provided, such excess shall be paid to Consultant at the time of acceptance of the entire Project.

18. CLAIMS OF CONSULTANT FOR DELAY OR DAMAGE: Consultant expressly waives any and all rights to make claim or be entitled to receive any compensation or damage for failure of Owner or other consultants to have related portions of his Services completed in time for the work of Consultant to proceed.

19. INSURANCE: Consultant shall, during the continuance of the work and Services under this Agreement, including extra work in connection therewith, maintain the following insurance coverage:

A. ALL INSURANCE MUST BE PLACED WITH A COMPANY WHOSE LATEST BEST'S FINANCIAL STRENGTH RATING IS "A" OR BETTER, AND WHOSE FINANCIAL SIZE CATEGORY IS 9 OR BETTER.

- i. Worker's Compensation Employer's Liability Insurance, and any and all insurance required by Employee Benefit Acts or other statutes applicable where the work is to be performed. Such insurance shall be in amounts sufficient to protect the Consultant or any of its sub-consultants or subcontractors from any liability for bodily injury, sickness or disease (including death resulting at any time therefrom) or any of its employees, including any liability or damage which may arise by virtue of any statute or law in force which may hereinafter be enacted, but in not event shall such be policy provide less than \$1,000,000 of coverage.
- ii. Comprehensive: General Liability & Property Damage Insurance with minimum liability requirements in the amounts of \$1,000,000 Combined Single Limit, \$1,000,000 per occurrence, Completed Operations Coverage of \$1,000,000 per occurrence and a \$2,000,000 Aggregate for each aforementioned coverage, unless higher limits are specified in Schedule "B". Such insurance shall be written on ISO Form No. CG00 01 1001 or it's equivalent provide however that Contractor has provided advanced written approval of such an equivalent insurance policy.
- iii. Comprehensive Auto: Automobile Liability Insurance, including Property Damage covering all of Consultant's owned or rented equipment used in connection with the Project or his Services, (or that owned or rented equipment of Consultant's agents, officers, principals and employees used in connection with the Project or his Services) with minimum liability requirements in the amount of \$1,000,000 per occurrence for bodily injury (including death resulting at any time therefrom) and property damage.
- iv. Professional Liability/Errors & Omissions: Consultant shall maintain Professional Liability and/or Errors & Omissions Insurance with \$1,000,000 policy limits per claim, covering all liability which may be or is incurred by Consultant arising out of his Services provided by Consultant to the Project.
- v. Excess Insurance: Consultant shall procure Excess Automobile Insurance in the amount of \$2,000,000 and Excess General Liability Insurance in the amount of \$5,000,000. Such Excess coverage shall be primary to any other coverages purchased by, or on behalf of Contractor.

B. All insurance policies shall contain appropriate endorsements extending the coverage thereof to include the liability assumed by the Consultant under this Agreement. Higher limits of insurance may be required under the provisions of Schedule "B", attached hereto.

C. Consultant will procure and forward to Owner, prior to commencement of work or within ten (10) days of signing this Agreement, whichever is first, Certificates of Insurance verifying it has met the insurance requirements specified in this section. Consultant shall provide written documentation, including but not limited to Certificates of Insurance, that equivalent renewal or replacement insurance has been procured prior to the time that any previously existing insurance policy that consultant is required to maintain pursuant to the terms of this Agreement, terminates. Upon request, any subconsultant shall also provide a full and complete copy of the operative insurance policy, including the Declaration Page and all endorsements.

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D. Consultant shall procure and forward to the Owner, prior to commencement of work or within ten (10) days of signing this Agreement, whichever is first, endorsements to each insurance policy (except the worker's compensation insurance) identified in this section naming Owner, Contractor, and their officers, directors, agents, servants, employees, divisions, subsidiaries, joint venturers, members, partners, principals, shareholders and affiliated companies (collectively referred to in this contract as "The Group") as additional insureds under each policy. Relevant to naming The Group as Additional Insured, the wording shall be as follows:

"It is understood and agreed that coverage afforded by this policy shall also apply to Cameo Homes, G Companies Construction Inc., Murrieta Village Walk LP, Bank of the West; their officers, directors, agents, servants, employees, divisions, subsidiaries, joint venturers, members, partners, principals, shareholders and affiliated companies (collectively referred to in the Agreement as "the Group") as additional insureds. This insurance is primary, and any other insurance maintained by such additional insured is non-contributing with this insurance as respects claims or liability arising out of or resulting from the acts or omissions of the named insured, or of others performing work on behalf of the named insured."

If required by any Lender for the Project, Consultant shall also name the Lender as an additional insured under the aforementioned insurance policy or policies and any and all references to "The Group" shall apply equally to Lender throughout Paragraph 19.

Such policy of insurance shall also provide that any losses shall be payable to the insureds (or any mortgage as to the insurance in Section 10(A)(ii)), as their interests may appear, notwithstanding any act or failure to act or negligence of Consultant or any other person. Such insurance shall provide that any waiver of subrogation rights by the insured does not void the coverage otherwise provided, and Consultant and Contractor each hereby waive any and all rights of recovery against the other for loss or damage to such waiving party or others under its control or any of their property, to the extent, and only to the extent, that such loss or damage is covered by the insurance policies required to be provided under this Agreement, which insurance policies are in force at the time of such loss. (?)

E. The additional insured endorsements required by this section shall waive any right of subrogation against the Group with regard to any loss or damages arising out of or incidental to the perils insured against by the policy of insurance described herein.

F. All insurance policies procured hereunder shall provide that no material change or cancellation in insurance shall be made by the Consultant or its carrier without thirty (30) days written notice to Owner and Owner's written approval thereof.

G. Compliance or failure to comply by the Consultant with the foregoing insurance requirements as to carrying insurance and furnishing certificates shall not relieve the Consultant of his liabilities and obligations under this clause, nor shall it relieve Consultant from his indemnification and warranty obligations to the Group arising out of this Agreement or otherwise.

H. No acceptance of insurance certificates or additional insured endorsements by Owner shall in any way limit or relieve Consultant of its duties and responsibilities under this Agreement.

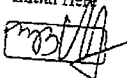
I. Consultant hereby waives any right of subrogation that it may have against the Group with regard to any loss or damages arising out of or incidental to the perils insured against by the policy of insurance described herein. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise or did not pay the insurance premium directly or indirectly, whether or not such person or entity had an insurable interest in the property damaged.

**20. INDEMNIFICATION/WAIVER:**

A. Except as prohibited by the provisions of California Civil Code Sections 2782 (c), (d), pursuant to California Civil Code section 2782.5, Consultant will defend, indemnify and hold the Group harmless from any and all damages, including bodily injury and property damage sustained by Contractor, Owner and any third person, (including attorneys' fees and costs) caused by defective work, defective materials or plans which were not properly drawn, noted or specified by Consultant due to an act, error or omission by the Consultant, and will pay and reimburse Owner for any and all such damages. Where it is contended that both design defect and construction errors contributed to the defect and/or damages, Consultant shall be responsible only for the repair of those defects and/or repair and replacement of damaged items attributed to the Consultant by a trier of fact in whatever proceeding is employed to resolve the dispute.

The parties have negotiated this indemnity/waiver provision pursuant to California Civil Code Section 2782.5 and expressly agree to its provisions. The parties understand that should any claim for construction defects and/or construction defect lawsuits or causes of action be asserted against the Group, which claims, lawsuits or causes of action arise from Residential Construction, Subcontractor's indemnity obligations shall be determined pursuant to the provisions of California Civil Code Section 2782.

B. Consultant shall pay any attorney's fees, legal costs or other costs incurred by the Group in defending against any claim actually or potentially encompassed by this section. Consultant shall pay any attorney's fees, legal costs or



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other costs incurred by the Group in pursuing Consultant to enforce any right or obligation enumerated in this Agreement.

- C. Where Consultant's work is not in compliance with the standards "Standards" set forth in the Right to Repair Act (California Civil Code sections 895 et seq.), the scope of the defense and indemnity obligations described in this subsection also include any and all costs incurred by the Group to repair, replace or redesign any item, which repair, replacement or redesign is necessary because Consultant's work caused or contributed to such non-compliance with the Standards. This cost shall include having the repair, replacement or redesign made by a contractor or professional other than the Consultant, pursuant to the Right to Repair Act.
- D. Consultant will pay when due every valid liability created or incurred by Consultant, its agents, servants and employees, and Owner shall not have any obligation or liability whatsoever unto Consultant, its agents, servants or employees excepting only the payment to Consultant of the Contract Price at the time and in installments as provided in the SCHEDULE "A", subject to the obligations of this Agreement.
- E. Notwithstanding the foregoing, to the extent so required under the law of this jurisdiction, the indemnity agreement created herein shall not apply to nor purport to indemnify or hold harmless any person or entity included in the Group against any liability arising from the sole negligence or willful misconduct of that person or entity, its agents, servants or independent contractors who are directly responsible for damages for:
  - i. death or bodily injury to persons; and
  - ii. injury to property;
- F. In case any suit or other proceedings shall be brought against the Group at any time on account of or by reason of any negligent performance of Consultant (or its officers, agents or employees), Consultant agrees to assume the defense thereof at the request of any or all of the Group and to defend the same at Consultant's own expense and to pay all judgments and other expenses in connection therewith.
- G. Consultant waives all of its rights, claims, liabilities, losses, damages, costs and expenses against Contractor, Owner, their officers, directors, agents, servants, employees, partners, shareholders, joint venturers, members and their affiliates arising out of this Agreement or otherwise except for claims for payment under this Agreement and any mechanics or materialman's lien, if any, that Consultant is otherwise entitled to under applicable law with respect to such claim for payment.

21. **INDEPENDENT CONTRACTOR RELATIONSHIP:** The relationship of Consultant during the term of this Agreement shall be that of any independent contractor. Consultant shall take any and all action necessary to maintain said independent contractor relationship throughout the term of this Agreement, and Consultant shall at no time be considered an employee of Owner.

22. **PERMITS, LICENSES AND LAWS:** Before beginning any portion of the Project, Consultant shall obtain, at his expense, all certifications, permits and licenses required for his work on the Project. Consultant shall comply with all laws, ordinances, rules, regulations, orders and requirements of the applicable city and county governments, the State and Federal governments, and of any board or commission or any other duly qualified body having jurisdiction, which shall or might affect or apply to the Project. Consultant shall exhibit each such required permit or license to Owner upon its request. Any fines, penalties or judgments incurred at the Project which are due to the Consultant's failure to obtain a required certification or permit shall be borne and paid solely by Consultant.

23. **ASSIGNMENT:** Consultant shall not assign or subcontract all or any portion of this Agreement without first obtaining in each and every instance permission in writing from Owner, and then only subject to, and upon the same terms and conditions, as the provisions of this Agreement. Any permission granted by Owner shall not be deemed permission to any subsequent assignment or subcontract. Any assignment or subcontract that Consultant made without the consent of Owner as herein provided shall be null and void and shall at the option of Owner be grounds for termination of this Agreement, and Owner shall have the right to elect to terminate the Agreement or, at Owner's sole discretion, to proceed in accordance with the provisions of this Agreement. Any such assignment or subcontract shall contain all of the provisions of this Agreement and shall require the assignee or subcontractee thereafter to be directly liable to Owner in all respects as therein required of Consultant. Any assignment of this Agreement or assignment of payments shall be submitted to the Owner for its prior written approval and shall not be binding upon Owner until so approved. No assignment shall relieve Consultant from his duties, obligations and liability hereunder, unless specifically relieved in writing by Owner.

24. **LIENS:** Consultant shall pay when due all claims for labor or materials incurred by him in the performance of this Agreement. If any lien of mechanics, materialmen or a trust fund pursuant to Civil Code Section 3111 or attachments garnishments, or suits affecting title to real property are filed against the Project, or any portion of it, Consultant shall within ten (10) days after written demand of him by Owner, cause the effect of such lien, attachment or suit to be removed from the Project, or any portion thereof, and in the event Consultant shall fail to do so, Owner is hereby authorized to use whatever means it may deem best to cause the lien, attachment or suit, together with its effect upon title, to be removed, discharged, satisfied, compromised or dismissed, and the cost thereof, including reasonable attorneys' fees incurred by Owner, shall become immediately due from Consultant to Owner. Consultant may contest any such lien, attachment or suit, provided that first he shall cause the effect to be removed from the Project, or any part thereof, and shall do such further things as is necessary to cause a lender of any portion of the Project not to withhold, by reason of such liens, attachments or suits, monies due to Owner.

25. **INSOLVENCY OR BANKRUPTCY:**

- A. In the event of an appointment of a receiver for Consultant or in the event Consultant makes an assignment for the benefit of creditors, Owner may terminate this Agreement by giving three (3) working days written notice to Consultant and its surety, if any. If an order for relief is entered under the Bankruptcy Code with respect to Consultant, Owner may terminate this Agreement by giving three (3) working days written notice to Consultant,

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its trustee and its surety, if any, unless the Consultant, the surety, or the trustee: (i) promptly cures all defaults, (ii) provides Owner with adequate assurances of its future performance, (iii) compensates Owner for any actual pecuniary loss resulting from such defaults, and (iv) assumes the obligations of Consultant within the statutory time limits.

- B. If Consultant is not performing the Project in accordance with this Agreement at the time of entering an order for relief, or at any subsequent time, Owner, while awaiting the decision of Consultant or its trustee to accept or reject and provide adequate assurances of its ability to perform hereunder, may immediately avail itself of such remedies as are reasonably necessary to maintain the progress of the Project. Owner may offset against the Contract Price all costs incurred in pursuing any of the remedies provided hereunder, including, but not limited to, reasonable profit, overhead and attorneys' fees and expenses. Consultant shall be liable for the payment of any amount by which such expense may exceed the unpaid balance of the Contract Price.
- C. In the event that Consultant has proceeded to file a petition with the Bankruptcy Court under the applicable Bankruptcy Laws during the pendency of any dispute between them, Consultant agrees, that upon request by Owner, it shall immediately stipulate to an order granting relief from the automatic stay then in effect so as to allow Owner to proceed against any insurance carrier covering Consultant for the Project and/or any obligations described in this Agreement as well as any insurance carrier having issued certificates or additional insured endorsements to the Group.

If insolvency or bankruptcy causes Consultant not to perform its obligations under this Agreement, this Agreement may be terminated at the option of Owner upon twenty-four (24) hours written notice to Consultant, and Owner shall have all the rights or remedies provided at law or in equity, including those specified in Paragraph 17. Consultant hereby authorizes all financial institutions, materialmen and individuals to disclose to Owner Consultant's financial status, credit and manner of meeting obligations.

**26. DEATH OF CONSULTANT:** If Consultant is a sole proprietor, his death shall, at Owner's sole option, automatically terminate this Agreement.

**27. CONSULTANT'S WARRANTIES AND REPRESENTATIONS:** As a material inducement to Owner to enter into this Agreement, Consultant warrants and represents as follows:

- (a) Consultant is familiar with all requirements of the Agreement and Contract Documents.
- (b) Consultant has investigated the Project and has satisfied himself regarding the character of the work and local conditions that may affect it or its performance.
- (c) Consultant is satisfied that his Services can be performed and completed as required in this Agreement.
- (d) Consultant warrants that in entering into this Agreement he has not been influenced by any statement or promise of Owner or its representatives but only by the Contract Documents.
- (e) Consultant is financially solvent.
- (f) Consultant is experienced and competent to perform this Agreement.
- (g) Consultant is qualified, licensed in good standing and authorized to do business in the State of California.
- (h) Consultant is familiar with all general and special laws, ordinances, and regulations that may affect his Services, its performance, or those persons employed therein.
- (i) Consultant is familiar with the tax and labor regulations and with rates of pay that will affect the work hereunder.

In addition to such other warranties and guaranties required by this Agreement, Consultant acknowledges that this warranty and guaranty is for the express benefit of The Group and Lenders, which may now or hereafter have security interest in the real property upon which improvements are to be constructed on the Tract, described more fully above, and shall further be for the benefit of Purchasers of the improvements to be so constructed, to the extent provided pursuant to California Civil Code Sections 895 et seq., (also known as SB 800). Further, Consultant hereby indemnifies and agrees to hold The Group and Lenders harmless from any and all claims, demands, damages, liabilities, costs and expenses, either of a punitive or compensatory nature (including attorney's fees) arising from the failure by Consultant to comply with any applicable local, state or federal statute or regulation or the failure to comply with the applicable standards of Consultant's profession.

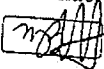
**28. PUBLICITY:** Consultant shall not disclose or make public to any news media or any persons associated with the news media or by advertisement or by public release of any kind or nature the fact that Consultant has entered into this Agreement with Owner, unless such public release is first approved in writing by Owner.

**29. CONFLICT OF LAW:** The laws of the State of California shall govern the interpretation, validity and construction of the terms and conditions of this Agreement.

**30. PLACE OF PERFORMANCE:** Execution of this Agreement shall be at Owner's principal place of business in the City of Newport Beach, County of Orange, State of California and the County of Orange, State of California, shall be deemed the place of performance of all this Agreement for all legal purposes. In the event of arbitration proceedings or legal proceedings, the venue will be the County of Orange, California.

**31. HEIRS AND ASSIGNS:** This Agreement shall inure to the benefits of and be binding on the heirs, executors, administrators and successors of the respective parties hereto, and the assigns of Owner.

**32. NOTICES:** Any notices or statements required or designed to be give under this Agreement, unless otherwise provided herein, shall be personally served or sent by United States mail to the address as set forth on the first page of this Agreement, until notice of a different address be given. Notices not personally served shall be deemed given one (1) day after deposit in the United States mail, properly addressed and with postage prepaid.



33. **SCHEDULES "A", "B" and "C"**: Schedule "A", Schedule "B" and Schedule "C", that are attached, are hereby incorporated herein by this reference as if wholly set forth at length.

34. **SAFETY REGULATIONS**: Consultant shall comply with all applicable safety regulations and orders, including, but not limited to, regulations and orders of all Federal, State and local agencies and the State of California Department of Industrial Relations, Division of Industrial Safety and any regulations issued by any governmental agency in connection therewith, and shall hold Owner free and harmless from any and all claims by reason of Consultant's failure to fully comply with such laws, acts, or regulations.

35. **ACCIDENT REPORTS**: Consultant shall report to Owner all accidents incidental on his Services, which result in death or injury to persons or in damage to property.

36. **ARBITRATION**:

A. All claims, disputes and other matters in question between the parties to this Agreement, arising out of or relating to said Agreement or the breach thereof, and related to disputes arising during the course of construction and before the Notices of Completion are filed, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association before a single Arbitrator, unless said parties mutually agree otherwise in writing. No arbitration arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner, any additional person or persons not a party to this Agreement except by written consent, containing specific reference to this Agreement and signed by the Owner, Contractor, Subcontractor, and any other person sought to be joined. Any consent to arbitration involving any additional person or persons shall not constitute consent to arbitration of any dispute not described therein. This agreement to arbitrate and any agreement to arbitrate with an additional person or persons duly consented by the parties hereto shall be specifically enforceable under the California arbitration statutes.

B. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other manner in question would be barred by the applicable statute of limitations.

C. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

37. **ATTORNEYS' FEES**: In the event of any dispute or litigation to enforce any of the provisions of this Agreement, or to declare any right of the parties hereto, the non-prevailing party shall pay all costs and expenses, including reasonable attorney's fees, incurred therein by the prevailing party, all of which may be included in and as a part of the judgment rendered in such dispute or litigation.

38. **SUBCONTRACT DRAFTED BY BOTH PARTIES**: The language of this Agreement shall be construed as a whole, according to its fair meaning and intent. Unless a word is expressly defined, it has been used in its ordinary sense. No presumption or inference shall be drawn against the person principally responsible for the drafting of this Agreement or any specific portion of this Agreement. It is acknowledged that all parties to this Agreement have had an opportunity to consult with their respective attorneys concerning the terms and conditions of this Agreement. Both parties have had the opportunity to request and negotiate changes to the Agreement. As a consequence, this Agreement shall be deemed to have been drafted by all parties to the Agreement and neither Consultant nor Owner shall maintain otherwise.

39. **SEVERABILITY**: Should any of the provisions of this Agreement prove to be invalid, unenforceable or otherwise ineffective, the other provisions of this Agreement shall remain in full force and effect. Any invalid, unenforceable or otherwise ineffective provision of this Agreement shall be enforced to the maximum extent allowed by law.

40. **ABSENCE OF LIQUIDATED DAMAGE AMOUNT IN AGREEMENT**: If the parties have not entered a Liquidated Damage amount in paragraph 9 and if both parties have not initialed the appropriate boxes indicating their agreement as to the amount of liquidated damages in the space provided following paragraph 9, there shall be no entitlement to Liquidated Damages by Owner or The Group under the terms of this agreement.

41. **NO THIRD PARTY BENEFICIARIES UNLESS EXPRESSLY PROVIDED**: Owner and Provider herein agree that except as expressly required by the terms of this Agreement, no person or entity is intended to be a Third Party Beneficiary of this Agreement.

CAMEO HOMES

GANNON DESIGN

Dated: 2/4/07  
By: [Signature]  
Victor J Mahony  
Title: Vice President

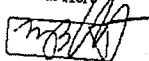
Dated: 1/13/07  
By: [Signature]  
Title: PRINCIPAL

Initial Here

[Initials]

INDEX OF AGREEMENT SCHEDULES

- A. SUPPLEMENT TO PROFESSIONAL SERVICES AGREEMENT
- B. SCOPE OF PROFESSIONAL SERVICES
- C. PAYMENT SCHEDULE



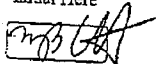
SCHEDULE "A"  
SUPPLEMENT TO PROFESSIONAL SERVICES AGREEMENT

CONSULTANT: GANNON DESIGN  
CONTRACT: GRAPHIC DESIGN  
PROJECT/TRACT NO.: MURRIETA 453/VILLAGE WALK

This Supplement to Professional Services Agreement is incorporated by this reference in the Agreement between Owner and Consultant. "Agreement" as used throughout these documents includes the Professional Services Agreement and all attached Schedules and Exhibits.

If there is any conflict between the Professional Services Agreement and this Supplemental Schedule, the terms and provisions of this Supplemental Schedule shall supercede those existing in the Professional Services Agreement.

1. **CONTRACT PRICE:** The total contract amount is \$119,892.41 for the full and complete obligations under this Agreement, subject to all authorized additions, deletions, or adjustments.
2. **PAYMENT:** Lump Sum (or as per payment schedule as set forth in paragraph 3, below).
3. **SCHEDULE OF PAYMENT (Draw Schedule)**
4. **OFFSETTING ACCOUNTS:** If Consultant is or becomes indebted to Owner on any other job or for any other reason, then Owner may offset such indebtedness against any amounts due and owing to Consultant under this Agreement.
5. **PAYMENT DATE:** Payments by Owner to Consultant will be made no later than the tenth of the month for all invoices received no later than the first (1<sup>st</sup>) of the previous month ("Progress Billings").
6. **RETENTION:** Ten percent (10%) of the portion of any invoice approved by Owner shall, in the Owner's sole discretion, be withheld from all Progress Billings (the Retention"). Within 35 days after notice of completion is recorded, Owner shall pay the Retention less 150% of the disputed amount when there is a bona fide dispute between Owner and Consultant. Any payment to Consultant, including the final payment, or final inspection, or notice of completion or any governmental inspection shall not be construed as an acceptance by Owner or a waiver or release of any claims, demands, or causes of action of or for any known or unknown, patent or latent defect or unsatisfactory workmanship and/or materials.
7. **DESIGNATED REPRESENTATIVE:** Owner designates Victor J. Mahony as the only individual authorized to make additions, changes or modifications to the Subcontract and/or the Project Documents. All additions, changes or modifications to the Subcontract and/or the Project Documents must be in writing.
9. **LIMITS OF INSURANCE:** Paragraph 19Aii, of the Professional Services Agreement is hereby modified to require minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for the general liability and property damage coverages that shall include the broad form and completed operations coverage.



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SCHEDULE "B"  
SCOPE OF PROFESSIONAL SERVICES  
NOT APPLICABLE

*mob*

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**SCHEDULE C  
PAYMENT SCHEDULE**

Contract Number: **10333-103**  
Invoice Number:  
Invoice Date: **12/07/04**

Project: **MURBETA RESORT/GEWUX APARTMENTS**  
Consultant: **GANNON DESIGN**  
Address: **340 S. GLAISERL SUITE A**  
**ORANGE CA 92666**  
Telephone No.: **(714) 538-5571**  
Fax No.: **(714) 538-5780**

| A                          | B   | C          | D                      | E                    | F                               | G                | H                        | I                            | J                   | K                       | L                   | M                  | N                       | O                 |
|----------------------------|-----|------------|------------------------|----------------------|---------------------------------|------------------|--------------------------|------------------------------|---------------------|-------------------------|---------------------|--------------------|-------------------------|-------------------|
| Description                | Qty | Unit Price | Original Value of Work | Approved COV to Date | Revised Scheduled Value of Work | Percent Complete | Revised Percent Complete | Percent Complete this Period | Billing this Period | Total Completed to Date | Balance to Complete | Provision Deducted | Total Provision to Date | Current Month Pro |
|                            |     |            |                        | Enter COV Here       | COV                             |                  |                          |                              | PERIOD              | PERCENT                 |                     |                    | PERCENT                 | PERCENT           |
| CHANGE ORDERS              |     |            |                        |                      |                                 |                  |                          |                              |                     |                         |                     |                    |                         |                   |
| 01                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 02                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 03                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 04                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 05                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 06                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 07                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 08                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 09                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 10                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 11                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 12                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 13                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 14                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| 15                         |     |            |                        |                      |                                 | 0%               | 0%                       | 0%                           |                     |                         |                     |                    |                         |                   |
| SUBTOTAL CHANGE ORDER WORK |     |            |                        |                      |                                 |                  |                          |                              |                     |                         |                     |                    |                         |                   |
| TOTAL WORK                 |     |            |                        |                      |                                 |                  |                          |                              |                     |                         |                     |                    |                         |                   |

Initial Here

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360 South Glassell  
Suite A  
Orange, Ca 92866  
P: 714 538 5591  
F: 714 538 0760

**gannondesign**

Date: October 15, 2007

Accounts Payable  
G COMPANIES CONSTRUCTION, Inc.  
1451 Quail Street Suite 212  
Newport Beach, California 92658

Project Contact: Gerry Roche

Invoice number: 71019.1837.G (CHANGE ORDER)  
Project Name: Grand Isle Senior Apartment Homes, Murrieta, California

Scope of Work: Fabrication and installation of additional property signage  
as indicated on new comprehensive sign listing revised 4/20/2007  
CONTRACT NO.: M453-105

| QTY  |   | UNIT PRICE |          |              | EXTENDED PRICE |            |                                   |             |
|--|---|------------|----------|--------------|----------------|------------|-----------------------------------|-------------|
|  |   | FAB        | TAX      | Installation | FAB            | TAX        | Installation                      |             |
| additional signage needed-based on similar needs at Silverado  |   |            |          |              |                |            |                                   |             |
| 3  | T.6 Private Property-post and panel                                       |            |          |              |                |            |                                   |             |
| 1 set  | L.3 Leasing door window graphics  | \$1,351.25 | \$104.72 |              | \$4,053.75     | \$314.16   |                                   |             |
| 1  | L.5-Fitness Center Rules-acrylic sign                                     | \$187.80   | \$14.55  |              | \$187.80       | \$14.55    |                                   |             |
| 3  | L.3 -Model Identification plaque  | \$230.00   | \$17.83  |              | \$230.00       | \$17.83    |                                   |             |
| 1  | L.14-No Smoking- exterior plaque  | \$173.25   | \$13.43  |              | \$519.75       | \$40.29    |                                   |             |
| 2  | L.15 "Exit" plaque-in multi-purpose room                                  | \$70.20    | \$5.44   |              | \$70.20        | \$5.44     |                                   |             |
| 4 sets   | L.16 Leasing office address-12" numbers                                   | \$80.00    | \$6.20   |              | \$160.00       | \$12.40    |                                   |             |
| 11   | L.C.5 Exit wall graphics-"These Doors..."                                 | \$185.35   | \$14.36  |              | \$741.40       | \$57.44    |                                   |             |
| 10   | R.9 Path of Travel-permanent post and panel                               | \$46.75    | \$3.75   |              | \$536.25       | \$41.25    |                                   |             |
|  | design change to include individual building addresses and quantity req'd | \$146.75   | \$11.37  |              | \$1,467.50     | \$113.70   |                                   |             |
| 32 sets  | R.4 bldg address #'s and unit range on panel                              | \$393.80   | \$30.50  |              | \$12,595.20    | \$976.00   |                                   |             |
| 9  | credit for bldg addresses (R.5) on original contract                      | \$265.40   | \$20.57  |              | \$2,355.50     | \$183.13   |                                   |             |
| quantity change- credit-charge   |   |            |          |              |                |            |                                   |             |
| 4  | T.4/5 handicap parking-post & panel sign                                  | \$384.00   | \$29.21  |              | \$1,456.00     | \$112.84   |                                   |             |
| 232  | R.8 covered parking-acrylic plaque  | \$9.55     | \$0.75   |              | \$2,255.20     | \$176.32   |                                   |             |
| 8 sets   | M.1/2 Monument graphics   | \$2,635.00 | \$204.21 |              | \$21,980.00    | \$1,633.68 |                                   |             |
| 6 sets   | M.1/2 Monument graphics   | \$2,995.30 | \$230.04 |              | \$17,809.80    | \$1,380.24 |                                   |             |
| 1  | L.C.2 maximum occupancy-acrylic plaque                                    | \$55.35    | \$4.29   |              | \$55.35        | \$4.29     |                                   |             |
| quantity change-additional   |   |            |          |              |                |            |                                   |             |
| 1  | P.1 pool gate-aluminum panel sign   | \$315.00   | \$24.41  |              | \$315.00       | \$24.41    |                                   |             |
| 1  | L.10 "Leasing" office window graphics                                     | \$84.15    | \$6.52   |              | \$84.15        | \$6.52     |                                   |             |
| design and quantity change-price indicated represents credit from original contract T.1 and T.2 charges                        |   |            |          |              |                |            |                                   |             |
| 1  | T.1 directory cabinet with site map                                       | \$1,040.00 | \$80.80  |              | \$1,040.00     | \$80.80    |                                   |             |
| design change-Braille/tactile graphics not needed on exterior plaques-price indicated represents credit from original contract |   |            |          |              |                |            |                                   |             |
| 10   | M.2 "Electrical" engraved plaque  | \$42.50    | \$3.29   |              | \$425.00       | \$32.90    |                                   |             |
| 6  | M.5 "TV/Cable" engraved plaque  | \$42.50    | \$3.29   |              | \$340.00       | \$26.32    |                                   |             |
| 8  | M.11 "Fire Dept. Tool Closet" engraved plaque                             | \$42.50    | \$3.29   |              | \$340.00       | \$26.32    |                                   |             |
| additional signage needed-based on client request  |   |            |          |              |                |            |                                   |             |
| 16   | R.4b 14" bldg letter-over bldg entrance doors                             | \$105.00   | \$8.14   |              | \$1,680.00     | \$130.24   |                                   |             |
| additional signage needed-meet code requirement for interior hallways  |   |            |          |              |                |            |                                   |             |
| 48   | R.7 stair level door plaques-acrylic with Braille                         | \$81.40    | \$6.32   |              | \$3,907.20     | \$303.36   |                                   |             |
| 72   | R.8 Stairwell/Elevator evacuation route plaque                            | \$95.60    | \$7.25   |              | \$6,739.20     | \$522.00   |                                   |             |
| 8  | R.10 Roof Access plaque-acrylic with Braille                              | \$81.40    | \$6.32   |              | \$651.20       | \$50.56    |                                   |             |
| removed from original contract- credit   |   |            |          |              |                |            |                                   |             |
| 2  | T.3 Gate-"Do Not Enter"   | \$229.50   | \$17.94  |              | \$578.25       | \$44.85    |                                   |             |
| 1  | L.10 Accounting plaque  | \$193.05   | \$14.96  |              | \$193.05       | \$14.96    |                                   |             |
| 10   | R.4 Floor directional plaques   | \$315.50   | \$24.55  |              | \$3,155.00     | \$245.50   |                                   |             |
| price adjustment...amount shown represents cost difference from original contract  |   |            |          |              |                |            |                                   |             |
| 116  | Miscellaneous room signs-M.1, M.3, M.4, M.6-M.10                          | \$11.60    | \$0.90   |              | \$1,345.60     | \$104.40   |                                   |             |
|  |   |            |          |              |                |            | ADDITIONAL INSTALL-LOT            | \$541.48    |
|  |   |            |          |              |                |            | TOTAL                             | \$19,768.03 |
|  |   |            |          |              |                |            | Deposit rec'd 6/8/2007 check #619 | \$9,884.02  |
|  |   |            |          |              |                |            | Progress payment                  | \$9,342.53  |
|  |   |            |          |              |                |            | *Outstanding balance              | \$541.48    |
|  |   |            |          |              |                |            | PROGRESSIVE PAYMENT NOW DUE       | \$9,342.53  |

\*Outstanding balance represents installation charges. These charges will be billed upon completion of installation.

C

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gannon design

350 South Glassell  
Suite A  
Orange, Ca 92866  
P: 714 538 5591  
F: 714 538 0760

Date: October 15, 2007

Accounts Payable  
G COMPANIES CONSTRUCTION, Inc.  
1451 Quail Street Suite 212  
Newport Beach, California 92658

Project Contact: Gerry Roche

Invoice number: 71018.1837.G (GENERAL CONTRACT)  
Project Name: Grand Isle Senior Apartment Homes, Murrieta, California

Scope of Work: Fabrication and installation of property signage

CONTRACT NO.: M453-105

| QTY |  | UNIT PRICE                         |            |              | EXTENDED PRICE |            |              |                    |
|-----|--|------------------------------------|------------|--------------|----------------|------------|--------------|--------------------|
|     |  | FAB                                | TAX        | Installation | FAB            | TAX        | Installation |                    |
| 1   | Fabrication and installation of property signage | \$99,612.20                        | \$7,717.45 | \$12,562.90  | \$99,612.20    | \$7,717.45 | \$12,562.90  |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              |                    |
|     |  |                                    |            |              |                |            |              | TOTAL              |
|     |  | \$99,612.20                        | \$7,717.45 | \$12,562.90  | \$119,892.55   |            |              |                    |
|     |  | Deposit rec'd 6/8/2007 check #519  |            |              | \$59,946.28    |            |              |                    |
|     |  | Progress payment                   |            |              | \$47,383.37    |            |              |                    |
|     |  | *Outstanding balance               |            |              | \$12,562.90    |            |              |                    |
|     |  | <b>PROGRESSIVE PAYMENT NOW DUE</b> |            |              |                |            |              | <b>\$47,383.37</b> |

\*Outstanding balance represents installation charges. These charges will be billed upon completion of installation.

*rec'd 5000.00*  
*balance due = 42383.37*  
*rec'd 1/18/2008*  
*✓#547*

ARCHITECTURAL SIGN DESIGN ; FABRICATION ; INSTALLATION ; PROJECT ADDRESSING ; USPS COORDINATION

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| DATE       |            | INVOICE NO   | DESCRIPTION       | INVOICE AMOUNT | ANDES DEDUCTION | GANNON DESIGN BALANCE |
|------------|------------|--------------|-------------------|----------------|-----------------|-----------------------|
| 10-15-07   | 71018.1837 | M453         | FABRICATION/INSTA | 5000.00        |                 | 5000.00               |
| CHECK DATE | 1-10-08    | CHECK NUMBER | 697               | TOTAL >        | 5000.00         | 5000.00 ✓             |

PLEASE DETACH AND RETAIN FOR YOUR RECORDS

Murrietta Village Walk, L.P.  
 Checking Account  
 P.O. BOX 2990  
 NEWPORT BEACH, CA 92658  
 949-955-3832

BANK OF THE WEST

*for A-A*

90-4284  
1222

DATE: January 10, 2008  
 CHECK NO.: 697  
 AMOUNT: \$\*\*\*\*\*5,000.00

Pay: \*\*\*\*\*Five thousand dollars and no cents

*[Handwritten Signature]*

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

ORDER OF GANNON DESIGN  
 360 S. Glassell, Suite A  
 Orange, CA 92866

⑈000000697⑈ ⑆122242843⑆733⑈002414⑈

E

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Suite A -  
Orange, Ca 92866  
P: 714 538 5591  
F: 714 538 0760

gannondesign

Date: February 19, 2008

Accounts Payable  
G COMPANIES CONSTRUCTION, Inc.  
1451 Quail Street Suite 212  
Newport Beach, California 92658

Project Contact: Steve Clauser

Invoice number: B0211. 1837.G (General Contract)  
Project Name: Grand Isle Senior Apartment Homes, Murrieta, California

Scope of Work: Balance due on progress payment and installation charges

CONTRACT No. : M453-105

| QTY                                  | DESCRIPTION                                      | UNIT PRICE  |            |              | EXTENDED PRICE |                              |              |              |
|--------------------------------------|--|-------------|------------|--------------|----------------|------------------------------|--------------|--------------|
|                                      |  | FAB         | TAX        | Installation | FAB            | TAX                          | Installation |              |
| 1                                    | Fabrication and installation of property signage | \$99,612.20 | \$7,717.45 | \$12,562.90  | \$99,612.20    | \$7,717.45                   | \$12,562.90  |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
|                                      |  |             |            |              |                |                              |              |              |
| <b>TOTAL</b>                         |  |             |            |              |                |                              |              |              |
| \$99,612.20                          |  |             |            |              |                | \$7,717.45                   | \$12,562.90  | \$119,892.55 |
| Deposit                              |  |             |            |              |                | rec'd 6/8/07 check #619      |              | \$59,946.28  |
| Progress Pymnt                       |  |             |            |              |                | rec'd 1/18/08 check #697     |              | \$5,000.00   |
| Progress Pymnt                       |  |             |            |              |                | invoice # 71018- balance due |              | \$42,383.37  |
| Outstanding Balance                  |  |             |            |              |                | - installation charges       |              | \$12,562.90  |
| <b>PROGRESS PAYMENT BALANCE DUE</b>  |  |             |            |              |                | <b>\$42,383.37</b>           |              |              |
| <b>FINAL PAYMENT NOW DUE</b>         |  |             |            |              |                | <b>\$12,562.90</b>           |              |              |
| <b>TOTAL DUE ON GENERAL CONTRACT</b> |  |             |            |              |                | <b>\$54,946.27</b>           |              |              |

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Douglas Wilson Companies

450 B Street, Suite 1900  
San Diego, California 92101  
phone: 619.641.1141 fax: 619.641.1150  
www.douglaswilson.com

August 1, 2008

GANNON DESIGN  
MOIRA J. BOYNTON  
360 S. GLASSELL, SUITE A  
ORANGE CA 92866



Re: Murrieta Village Walk, LP; Grand Isle Senior Apartments

Dear Vendor,

Please be advised that on July 18<sup>th</sup>, 2008, Douglas P. Wilson was appointed as Receiver by the Superior Court of California, County of Riverside, to take over the property located at 24405 Village Walk Place, Murrieta, CA commonly known as Grand Isle Senior Apartments (the "Property").

The Receiver intends to pay timely all obligations that are incurred after the date of the Receiver's appointment on July 18, 2008. Currently, the receivership estate does not have sufficient funds to pay pre-receivership liabilities; and accordingly, the Receiver will not be making any payments at this time on liabilities incurred before his appointment. The Receiver has been provided with the detail of liabilities incurred prior to his appointment, and as decisions are made regarding completing the construction at the property, the Receiver will evaluate these claims as well.

It should be noted that the Receiver has elected to retain Mesa Management as Property Manager, so please continue to send bills to the address below:

Grand Isle Senior Apartments  
C/O Mesa Management  
PO Box 2990  
Newport Beach, CA 92658

Should you have any questions about this receivership, please contact David Arscott at (619) 641-1141 or [darscott@douglaswilson.com](mailto:darscott@douglaswilson.com). Thank you.

Sincerely,

Thomas C. Hebrank,  
Agent for Douglas P. Wilson, Receiver

G

GEURTS LAW FIRM  
A Professional Corporation

Phillip R. Geurts  
Attorney at Law

Jeannie N. Tran  
Attorney at Law

Monica G. Taylor  
Paralegal

4 Park Plaza  
Suite 1025  
Irvine, California 92614  
Telephone: (949) 752-7447  
Facsimile: (949) 336-7612  
E-Mail: Phil@GeurtsLaw.com

August 18, 2008

VIA FAX & CERTIFIED MAIL

Douglas Wilson Companies  
Thomas C. Hebrank  
450 B. Street Suite 1900  
San Diego, CA 92101

Re: Outstanding Obligation Owed to GANNON DESIGN on GRAND ISLE SENIOR APT'S  
Our File No.

Dear Mr. Hebrank:

Our office has been retained to represent Gannon Design to collect outstanding amounts due and owing in the sum of \$64,288.82 (excluding pre-judgement interest and attorney's fees) for labor and materials provided on the Murrieta Village Walk, LP: Grand Isle Senior Apartments project. We understand that your office is acting as receiver on the above mentioned project and that you have sent our client correspondence stating that your office would not be paying "pre-receivership liabilities."

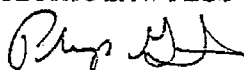
As you must know, our client has provided a substantial amount of labor and materials which has greatly enriched the project. In fact, a portion of our clients labor and services includes the fabrication and installation of several Code Signs which has enabled the project to obtain the necessary Certificates of Occupancy. As such, it would be unjust for the project to benefit from such efforts at the sole expense of our client. To that end, my client hereby demands that payment in full be made to this office or alternatively that a date be arranged wherein my client can pick up those code signs, and all other property legally belonging to my client, from the project.

This is our client's final demand for payment. If you do not contact this firm with the intent of resolving this matter, we will have to advise our client of its right to immediately pursue litigation against the project. Should a lawsuit ensue, you could be liable not only for your own costs and attorney fees, but also for those of our client. Further, interest is (and will be) accruing on the outstanding balance.

Our client does not wish to pursue litigation if this matter can be resolved amicably and inexpensively. Presently, our client is willing to waive the outstanding interest and attorney's fees if a cashier's check for the outstanding balance of \$64,288.82 is received by this firm by AUGUST 25, 2008. This proposal will be automatically revoked without further notice if payment in full is not received by that date. In that instance, our client will be advised of its right to immediately pursue litigation without further notice.

Sincerely,

GEURTS LAW FIRM

  
Phillip R. Geurts

PRG:mt

PLEASE NOTE: THIS LETTER REQUESTS A RESPONSE BY AUGUST 25, 2008.

Exhibit  
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