

FORM APPROVED COUNTY COUNSEL  
 BY: GREGORY P. PRAMOS DATE: 6/29/15

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

586A



**FROM:** Don Kent, Treasurer/Tax Collector

**SUBMITTAL DATE:**  
 JUN 29 2015

**SUBJECT:** Recommendation for Distribution of Excess Proceeds for Tax Sale No. 192, Items 1211, 1219 & 1222. Last assessed to: Fountainhead Country Club, LLC a California Limited Liability Company and Rancho California Country Club, LLC, a California Limited Liability Company. District 1 [\$276,987] Fund 65595 Excess Proceeds from Tax Sale.

**RECOMMENDED MOTION:** That the Board of Supervisors:  
 1. Approve the claim from Dynamic Finance Corp. for payment of excess proceeds resulting from the Tax Collector's public auction sale associated with parcels 935370014-0, 935370022-7 & 935370025-0;  
 (continued on page two)

**BACKGROUND:**

Summary

In accordance with Section 3691 et seq. of the California Revenue and Taxation Code, and with prior approval of the Board of Supervisors, The Tax Collector conducted the March 20, 2012 public auction sale. The deed conveying title to the purchasers at the auction was recorded May 11, 2012. Further, as required by Section 4676 of the California Revenue and Taxation Code, notice of the right to claim excess proceeds was given on June 6, 2012, to parties of interest as defined in Section 4675 of said code. Parties of interest have been determined by an examination of lot book reports as well as Assessor's and Recorder's records, and various research methods were used to obtain current mailing addresses for these parties of interest.  
 (continued on page two)

*Don Kent*  
 Don Kent  
 Treasurer-Tax Collector

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 276,987	\$ 0	\$ 276,987	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

**SOURCE OF FUNDS:** Fund 65595 Excess Proceeds from Tax Sale  
**Budget Adjustment:** N/A  
**For Fiscal Year:** 15/16

**C.E.O. RECOMMENDATION:** APPROVE  
 BY: *Samuel Wong 7/13/15*  
 County Executive Office Signature Samuel Wong

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Ashley, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: July 21, 2015  
 xc: Treasurer, Auditor

Kecia Harper-Ihem  
 Clerk of the Board  
 By: *Kecia Harper-Ihem*  
 Deputy

Prev. Agn. Ref.: | District: 1 | Agenda Number:

9-41

A-30  
 Positions Added  
 Change Order  
 4/5 Vote

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**FORM 11:** Recommendation for Distribution of Excess Proceeds for Tax Sale No. 192, Items 1211, 1219 & 1222. Last assessed to: Fountainhead Country Club, LLC a California Limited Liability Company and Rancho California Country Club, LLC, a California Limited Liability Company. District 1 [\$276,987] Fund 65595 Excess Proceeds from Tax Sale.

**DATE:** JUN 29 2015

**PAGE:** Page 2 of 2

**RECOMMENDED MOTION:**

2. Deny the claims from Kwanco;
3. Authorize and direct the Auditor-Controller to issue a warrant to Dynamic Finance Corp. in the amount of \$276,987.07 no sooner than ninety days from the date of this order, unless an appeal has been filed in Superior Court, pursuant to the California Revenue and Taxation Code Section 4675.

**BACKGROUND:**

**Summary (continued)**

The Treasurer-Tax Collector has received six claims for excess proceeds:

1. Claims (3) from Dynamic Finance Corp. based on a Deed of Trust recorded November 1, 2000 as Instrument No. 433305.
2. Claims (3) from Kwanco based on a Grant Deed recorded April 20, 2007 as Instrument No. 2007-0267874.

EP 192	Item 1211	\$188,121.24
EP 192	Item 1219	\$ 16,976.33
EP 192	<u>Item 1222</u>	<u>\$ 71,889.50</u>
TOTAL		\$276,987.07

Pursuant to Section 4675 (a) & (e) of the California Revenue and Taxation Code, it is the recommendation of this office that Dynamic Finance Corp. be awarded excess proceeds in the amount of \$276,987.07. The claims from Kwanco be denied since they transferred their interest in the property through a Grant Deed recorded April 25, 2007 as Instrument No. 2007-0278263 to Fountainhead Country Club, LLC. Supporting documentation has been provided. The Tax Collector requests approval of the above recommended motion. Notice of this recommendation was sent to the claimants by certified mail.

**Impact on Citizens and Businesses**

Excess proceeds are being released to the deed of trust holder of the properties.

**ATTACHMENTS (if needed, in this order):**

Copies of the Excess Proceed Claim forms and supporting documentation are attached.

CLAIM FOR EXCESS PROCEEDS FROM THE SALE OF TAX-DEFAULTED PROPERTY  
(SEE REVERSE SIDE FOR FURTHER INSTRUCTIONS)

To: Don Kent, Treasurer-Tax Collector

Re: Claim for Excess Proceeds

TC 192 Item 1211 Assessment No.: 935370014-0

Assessee: FOUNTAINHEAD COUNTRY CLUB & RANCHO CALIF COUNTRY CLUB

Situs:

Date Sold: March 20, 2012

Date Deed to Purchaser Recorded: May 11, 2012

Final Date to Submit Claim: May 13, 2013

I/We, pursuant to Revenue and Taxation Code Section 4675, hereby claim excess proceeds in the amount of \$ \_\_\_\_\_ from the sale of the above mentioned real property. I/We were the  lienholder(s),  property owner(s) [check in one box] at the time of the sale of the property as is evidenced by Riverside County Recorder's Document No. \_\_\_\_\_; recorded on \_\_\_\_\_. A copy of this document is attached here to. I/We are the rightful claimants by virtue of the attached assignment of interest. I/We have listed below and attached hereto each item of documentation supporting the claim submitted.

NOTE: YOUR CLAIM WILL NOT BE CONSIDERED UNLESS THE DOCUMENTATION IS ATTACHED.

See Attachment "A"

If the property is held in Joint Tenancy, the taxsale process has severed this Joint Tenancy, and all Joint Tenants will have to sign the claim unless the claimant submits proof that he or she is entitled to the full amount of the claim, the claimant may only receive his or her respective portion of the claim.

I/We affirm under penalty of perjury that the foregoing is true and correct.

Executed this 11<sup>th</sup> day of May, 2013 at HARRIS, TX  
County, State

  
Signature of Claimant

\_\_\_\_\_  
Signature of Claimant

**Dominic Leung, Treasurer**  
Print Name **Dynamic Finance Corp.**

\_\_\_\_\_  
Print Name

**853 E. Valley Blvd., Ste#200**  
Street Address

\_\_\_\_\_  
Street Address

**San Gabriel, CA 91776**  
City, State, Zip

\_\_\_\_\_  
City, State, Zip

**626-280-2825**  
Phone Number

\_\_\_\_\_  
Phone Number

**Attachment "A"**

**Item No. 1211:**

Amount of Excess Proceeds Claimed: \$188,864.00

Liens Evidenced By The Following Deeds of Trust:

**Doc. No. 43305, Recorded on 11/1/2000 (Copy Attached):**

Original Amount of Deed of Trust: \$18,000,000.00

Total Amount of Payments Received Reducing Original Amount of Lien: \$6,000,000.00

Amount Still Due and Payable As of the Date of Sale of Tax Defaulted Property: \$88,699,766.69

**Doc. No. 2007-0278264, Recorded on 4/25/2007 (Copy Attached):**

Original Amount of Deed of Trust: \$7,800,000.00

Total Amount of Payments Received Reducing Original Amount of Lien: \$0.00

Amount Still Due and Payable As of the Date of Sale of Tax Defaulted Property: \$12,730,508.23

**CLAIM FOR EXCESS PROCEEDS FROM THE SALE OF TAX-DEFAULTED PROPERTY**  
(SEE REVERSE SIDE FOR FURTHER INSTRUCTIONS)

To: Don Kent, Treasurer-Tax Collector

Re: Claim for Excess Proceeds

TC 192 Item 1219 Assessment No.: 935370022-7

Asses see: FOUNTAINHEAD COUNTRY CLUB & RANCHO CALIF COUNTRY CLUB

Situs:

Date Sold: March 20, 2012

Date Deed to Purchaser Recorded: May 11, 2012

Final Date to Submit Claim: May 13, 2013

I/We, pursuant to Revenue and Taxation Code Section 4675, hereby claim excess proceeds in the amount of \$ \_\_\_\_\_ from the sale of the above mentioned real property. I/We were the  lienholder(s),  property owner(s) [**check in one box**] at the time of the sale of the property as is evidenced by Riverside County Recorder's Document No. \_\_\_\_\_; recorded on \_\_\_\_\_. A copy of this document is attached here to. I/We are the rightful claimants by virtue of the attached assignment of interest. I/We have listed below and attached hereto each item of documentation supporting the claim submitted.

**NOTE: YOUR CLAIM WILL NOT BE CONSIDERED UNLESS THE DOCUMENTATION IS ATTACHED.**

**See Attachment "A"**

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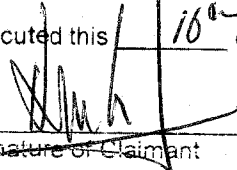
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If the property is held in Joint Tenancy, the taxsale process has severed this Joint Tenancy, and all Joint Tenants will have to sign the claim unless the claimant submits proof that he or she is entitled to the full amount of the claim, the claimant may only receive his or her respective portion of the claim.

I/We affirm under penalty of perjury that the foregoing is true and correct.

Executed this 10<sup>th</sup> day of MAY, 2013 at HARRIS County, TX  
County, State

  
\_\_\_\_\_  
Signature of Claimant

\_\_\_\_\_  
Signature of Claimant

**Dominic Leung, Treasurer**  
Print Name **Dynamic Finance Corp.**

\_\_\_\_\_  
Print Name

**853 E. Valley Blvd., Ste#200**  
Street Address

\_\_\_\_\_  
Street Address

**San Gabriel, CA 91776**  
City, State, Zip

\_\_\_\_\_  
City, State, Zip

**626-280-2825**  
Phone Number

\_\_\_\_\_  
Phone Number

**Attachment "A"**

**Item No. 1219:**

Amount of Excess Proceeds Claimed: \$17,449.50

Liens Evidenced By The Following Deeds of Trust:

**Doc. No. 43305, Recorded on 11/1/2000 (Copy Attached):**

Original Amount of Deed of Trust: \$18,000,000.00

Total Amount of Payments Received Reducing Original Amount of Lien: \$6,000,000.00

Amount Still Due and Payable As of the Date of Sale of Tax Defaulted Property: \$88,699,766.69

**Doc. No. 2007-0278264, Recorded on 4/25/2007 (Copy Attached):**

Original Amount of Deed of Trust: \$7,800,000.00

Total Amount of Payments Received Reducing Original Amount of Lien: \$0.00

Amount Still Due and Payable As of the Date of Sale of Tax Defaulted Property: \$12,730,508.23

**CLAIM FOR EXCESS PROCEEDS FROM THE SALE OF TAX-DEFAULTED PROPERTY**  
(SEE REVERSE SIDE FOR FURTHER INSTRUCTIONS)

To: Don Kent, Treasurer-Tax Collector

Re: Claim for Excess Proceeds

TC 192 Item 1222 Assessment No.: 935370025-0

Assessee: FOUNTAINHEAD COUNTRY CLUB & RANCHO CALIF COUNTRY CLUB

Situs:

Date Sold: March 20, 2012

Date Deed to Purchaser Recorded: May 11, 2012

Final Date to Submit Claim: May 13, 2013

I/We, pursuant to Revenue and Taxation Code Section 4675, hereby claim excess proceeds in the amount of \$ \_\_\_\_\_ from the sale of the above mentioned real property. I/We were the  lienholder(s),  property owner(s) [check in one box] at the time of the sale of the property as is evidenced by Riverside County Recorder's Document No. \_\_\_\_\_, recorded on \_\_\_\_\_. A copy of this document is attached here to. I/We are the rightful claimants by virtue of the attached assignment of interest. I/We have listed below and attached hereto each item of documentation supporting the claim submitted.

**NOTE: YOUR CLAIM WILL NOT BE CONSIDERED UNLESS THE DOCUMENTATION IS ATTACHED.**

**See Attachment "A"**

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If the property is held in Joint Tenancy, the taxsale process has severed this Joint Tenancy, and all Joint Tenants will have to sign the claim unless the claimant submits proof that he or she is entitled to the full amount of the claim, the claimant may only receive his or her respective portion of the claim.

I/We affirm under penalty of perjury that the foregoing is true and correct.

Executed this 10<sup>th</sup> day of May, 2013 at Harris County, Texas  
County, State

Signature of Claimant

Signature of Claimant

**Dominic Leung, Treasurer**

Print Name **Dynamic Finance Corp.**

**853 E. Valley Blvd., Ste#200**

Street Address

**San Gabriel, CA 91776**

City, State, Zip

**626-280-2825**

Phone Number

Print Name

Street Address

City, State, Zip

Phone Number

**Attachment "A"**

**Item No. 1222:**

Amount of Excess Proceeds Claimed: \$72,511.00

Liens Evidenced By The Following Deeds of Trust:

**Doc. No. 43305, Recorded on 11/1/2000 (Copy Attached):**

Original Amount of Deed of Trust: \$18,000,000.00

Total Amount of Payments Received Reducing Original Amount of Lien: \$6,000,000.00

Amount Still Due and Payable As of the Date of Sale of Tax Defaulted Property: \$88,699,766.69

**Doc. No. 2007-0278264, Recorded on 4/25/2007 (Copy Attached):**

Original Amount of Deed of Trust: \$7,800,000.00

Total Amount of Payments Received Reducing Original Amount of Lien: \$0.00

Amount Still Due and Payable As of the Date of Sale of Tax Defaulted Property: \$12,730,508.23



**Recording Requested By  
First American Title Company**

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:  
Squire, Sanders & Dempsey LLP  
40 North Central Avenue, Suite 2700  
Phoenix, Arizona 85004  
Attn: K. David Lindner, Esq.

**DOC # 2007-0278264**  
04/25/2007 08:00A Fee:117.00  
Page 1 of 28  
Recorded in Official Records  
County of Riverside  
Larry W. Ward  
Assessor, County Clerk & Recorder



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**DEED OF TRUST,  
SECURITY AGREEMENT AND FIXTURE FILING**

THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") is made as of April 20, 2007, by and among Fountainhead Country Club, LLC, a California limited liability company ("Trustor"), First American Title Insurance Company ("Trustee"), and Dynamic Finance Corporation, a California corporation, ("Beneficiary").

As is more specifically set forth below, this Deed of Trust is given to secure performance of obligations of Trustor to Beneficiary pursuant to the provisions of the Loan Agreement, dated as of the date hereof (the "Loan Agreement"), by and between Trustor, as borrower, and Beneficiary, as lender.

The addresses of Trustor and Beneficiary are set forth in Section 3.1 of this Deed of Trust. The legal description of the real property which secures the performance of the obligations of Trustor to Beneficiary is attached hereto as Exhibit A, which property is located in the County of Riverside, California.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, Trustor hereby irrevocably conveys to Trustee, IN TRUST, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, under and subject to the terms and conditions hereinafter set forth, for the benefit and security of Beneficiary, all right, title and interest of Trustor in and to the real property described in Exhibit A attached hereto (the "Real Property");

TOGETHER WITH all rents, earnings, income, deposits, security deposits, receipts, royalties, revenues, issues and profits of the Real Property, and all rights of Trustor under all

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present and future leases affecting the Real Property, subject however to the right, power and authority hereinafter given to Trustor to collect and apply such proceeds set forth herein;

TOGETHER WITH all easements, rights-of-way and other rights used in connection therewith or as a means of access thereto and all tenements, hereditaments and appurtenances thereof, including, but not limited to, any claim at law or in equity, and any after acquired title and reversion in or to each and every part of all streets, roads, highways, and alleys adjacent to and adjoining the Real Property;

TOGETHER WITH any and all buildings and other improvements now or hereafter erected or placed on the Real Property, all water and water rights, pumps and pumping stations used in connection therewith and all shares of stock evidencing the same, all fixtures, attachments, appliances, equipment, machinery and other articles of property, whether real or personal, now or hereafter attached or affixed to, placed upon or used in connection with the Real Property (the "Improvements");

TOGETHER WITH any and all compensation, awards, payments or rights thereto by reason of any insurance or by reason of any public improvement or condemnation proceeding, or by a sale or transfer in lieu of condemnation, or any other taking of all or any portion of the Trust Estate (as hereinafter defined);


TOGETHER WITH all deposits made with or other security given to utility companies by Trustor with respect to the Real Property and/or the Improvements, and all advance payments of insurance premiums made by Trustor with respect thereto and claims or demands relating to insurance; and

TOGETHER WITH all the estate, interest, other claim or demand, both in law and in equity, including claims or demands with respect to the proceeds of insurance in effect with respect to the Real Property and/or Improvements, which Trustor now has or hereafter acquires in all or any portion of the property hereby conveyed to the Trustee;


The Real Property, the Improvements and all other rights, interests and things conveyed to the Trustee by this Deed of Trust are herewith referred to as the "Trust Estate";

FURTHERMORE, TRUSTOR HEREBY GRANTS a security interest to Beneficiary in all of the following-described property, whether now owned or hereafter acquired by Trustor, and any and all proceeds thereof (all of such sometimes being collectively referred to herein as the "Collateral"):

- (a) All existing and future goods and tangible personal property located on the Trust Estate or wherever located and used or useable in connection with the use, operation or occupancy of the Trust Estate or in construction of the Improvements, including, but not limited to, all appliances, furniture and furnishings, fittings, materials, supplies, equipment and fixtures, and all building materials, supplies, and equipment now or hereafter delivered to the Trust Estate and installed or used or intended to be installed or used therein; and all renewals or replacements thereof or articles in substitution thereof;

Initials: 

- (b) All general intangibles relating to the design, development, operation, management and use of the Trust Estate and construction of the Improvements, including, but not limited to, (i) all names under which or by which the Trust Estate or the Improvements may at any time be operated or known, all rights to carry on business under any such names or any variant thereof, and all goodwill in any way relating to the Trust Estate, (ii) all permits, licenses, authorizations, variances, land use entitlements, approvals and consents issued or obtained in connection with the construction of the Improvements, (iii) all permits, licenses, approvals, consents, authorizations, franchises and agreements issued or obtained in connection with the use, occupancy or operation of the Real Property, (iv) all materials prepared for filing or filed with any governmental agency, and (v) all of Trustor's rights under any contract in connection with the development, design, use, operation, management and construction of the Trust Estate;
- (c) All accounts, contract rights, chattel paper, instruments, general intangibles and other obligations of any kind, whether long-term or short-term, now or hereafter existing, arising out of or in connection with Trustor's sale or lease of goods or Trustor's rendering of services at the Real Property, together with all monies, securities and other property and the proceeds thereof,
- (d) All construction, service, engineering, consulting, leasing, architectural and other similar contracts of any nature (including without limitation those of any general contractors and subcontractors), as such may be modified, amended or supplemented from time to time, concerning the design, construction, management, operation, occupancy, use, and/or disposition of any portion of or all of the Trust Estate;
- (e) All architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, engineering reports and similar materials relating to any portion of or all of the Trust Estate;
- (f) All payment and performance bonds or guarantees and any and all modifications and extensions thereof relating to the Trust Estate;
- (g) All reserves, deferred payments, deposits, refunds, cost savings and payments of any kind relating to the construction, design, development, operation, occupancy, use and disposition of any portion of or all of the Trust Estate;
- (h) All proceeds of any commitment by any lender to extend permanent or additional financing to Trustor relating to the Trust Estate;
- (i) All books, records, ledger cards, computer programs held by or for benefit of Trustor relating to the Real Property;
- (j) All proceeds and claims arising on account of any damage to or taking of the Trust Estate or any part thereof, and all causes of action and recoveries for any loss or diminution in the value of the Trust Estate;

Initials: 

- (k) All policies of, and proceeds resulting from, insurance relating to the Trust Estate or any of the above collateral, and any and all riders, amendments, extensions, renewals, supplements or extensions thereof, and all proceeds thereof;
- (l) All shares of stock or other evidence of ownership of any part of the Trust Estate that is owned by Trustor in common with others, including all water stock relating to the Trust Estate, if any, and all documents or rights of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Trust Estate;
- (m) All proceeds, whether cash, promissory notes, contract rights, or otherwise, from the sale or other disposition of all or any part of the estate of Trustor upon the Trust Estate now or hereafter existing thereon;
- (n) All sales contracts, escrow agreements and broker's agreements concerning the sale of any or all of the Trust Estate; and

TRUSTOR HEREBY FURTHER ASSIGNS AND TRANSFERS to Beneficiary, as additional security, all damages, royalties and revenue of every kind, nature and description whatsoever that Trustor may be entitled to receive from any person or entity owning or having or hereafter acquiring a right to the oil, gas or mineral rights and reservations of the Trust Estate, with the right in Beneficiary to receive and receipt therefor, and apply the same to the indebtedness secured hereby either before or after any default hereunder, and Beneficiary may demand, sue for and recover any such payments but shall not be required to do so;

FOR THE PURPOSE OF SECURING:

- A. Performance and payment of the Obligations (as defined in the Loan Agreement) (the "Obligations"). All capitalized terms used but not otherwise defined herein shall have the meaning assigned to them in the Loan Agreement;
- B. Payment of the indebtedness evidenced by the Note (as defined in the Loan Agreement), and any amendment, extension or renewal thereof (the "Note");
- C. The performance of all obligations of Trustor set forth herein; and
- D. All other amounts and obligations hereafter owed by Trustor to Beneficiary under any agreement or contract hereafter executed and delivered in connection with Beneficiary's obligations under the Loan Documents (as defined in the Loan Agreement).

To the extent any portion of the Trust Estate consists of personal property, this Deed of Trust constitutes a security agreement and fixture filing, and conveys to and creates in Beneficiary a security interest in such property in accordance with the California Uniform Commercial Code as from time to time in effect ("UCC"). In that regard the name and address of debtor and of secured party are provided in Section 3.1 of this Deed of Trust. Trustor agrees to execute and deliver on demand such security agreements, financing statements and other instruments as Beneficiary may request in order to establish, maintain and perfect the security interest of Beneficiary in such property. Trustor warrants and agrees that there is no financing

Initials: \_\_\_\_\_

statement covering the foregoing Collateral, the Trust Estate, or any part thereof, on file in any public office.

## ARTICLE 1

### COVENANTS AND AGREEMENTS OF TRUSTOR

To protect the security of this Deed of Trust, Trustor hereby covenants and agrees as follows:

1.1 Performance of Secured Obligations. Trustor shall pay or otherwise perform all obligations secured hereby in accordance with their terms.

1.2 Maintenance, Repair, Alterations. Trustor shall keep the Trust Estate in good condition and repair; not remove, demolish or structurally alter any Improvement located on the Real Property, except with the prior written consent of Beneficiary; complete or restore promptly and in good and workmanlike manner any Improvement which may be constructed, damaged or destroyed thereon and pay when due all claims for labor performed and materials furnished therefor; comply with, and not to suffer or permit to exist any violation of, all laws, ordinances, orders, rules, regulations, covenants, conditions or restrictions affecting the Trust Estate; not commit or permit waste thereof; cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Trust Estate or any portion thereof may be necessary, the specific enumerations herein not excluding the general; and not leave the Trust Estate unprotected, unguarded or deserted.

1.3 Income and Expense Records. Trustor shall maintain or cause to be maintained, in the county in which the Trust Estate is located, proper and accurate books, records and accounts reflecting all items of income and expense relating to the operation of the Trust Estate or any services, equipment or furnishings provided for the operation of the Trust Estate, whether such income or expense be realized by Trustor or by any other person or entity whatsoever excepting persons unrelated to and unaffiliated with Trustor and who leased from Trustor portions of the Trust Estate for the purposes of occupying the same. Upon the request of Beneficiary, Trustor shall prepare and deliver to Beneficiary such financial statements regarding operation of the Trust Estate as Beneficiary may reasonably request. Beneficiary, or its designee, shall have the right from time to time during normal business hours to examine such books, records and accounts and to make copies or extracts therefrom.

1.4 Required Insurance. Trustor shall, at all times, provide, maintain and keep in force all of the following:

(a) A policy or policies of earthquake insurance (if available at commercially reasonable rates), boiler and machinery insurance, and general casualty insurance insuring the Trust Estate against loss or damage by fire and lightning and against loss or damage by other risks embraced by coverage of the type now known as the broad form of extended coverage, including, but not limited to, riot and civil commotion, vandalism and malicious mischief, and against such other risks or hazards as Beneficiary may from time to time reasonably designate, each in an amount sufficient to prevent Beneficiary or Trustor from becoming a co-insurer under

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the terms of the applicable policies, but each in any event in an amount not less than 100% of the then full replacement cost of the Improvements (exclusive of the cost of excavations, foundations and footings below the lowest basement floor) without deduction for physical depreciation and each such policy shall contain a Replacement Cost Endorsement, if available. Beneficiary shall be named as Loss Payee under such policy or policies.

(b) Intentionally omitted.

(c) Intentionally omitted.

(d) Such other insurance (including, but not limited to, business interruption insurance, and/or mortgage insurance), and in such amounts, as may from time to time be reasonably required by Beneficiary.

All policies required by this Section shall (i) be issued by companies duly qualified to do such business in the State of California and approved by Beneficiary, (ii) shall be subject to the approval of Beneficiary as to the insuring companies, amount, content and forms of policies and expiration dates, (iii) contain a Non-Contributory Standard Mortgagee Clause and the Lender's Loss Payable Endorsement (Form 438 BFU NS), or their equivalents, in favor of Beneficiary, (iv) provide that the proceeds thereof shall be payable to Beneficiary (to the extent of its interest) and (v) provide that it cannot be modified or cancelled without thirty days' prior written notice to Beneficiary.

1.5 Delivery of Policies, Payment of Premiums. Trustor shall furnish to Beneficiary the original or a certificate of each policy required under Section 1.4 and, at least thirty days prior to expiration of any such policy, proof of issuance of a policy continuing in force the coverage provided by the expiring policy. In the event Trustor shall fail to maintain the insurance coverage required by this Deed of Trust, Beneficiary may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by Beneficiary shall become an additional obligation of Trustor to Beneficiary, which amounts Trustor agrees to pay on demand, together with interest thereon in the amount applicable under the Note.

1.6 Insurance Proceeds. After the happening of any casualty, Trustor shall give prompt written notice thereof to Beneficiary. Trustor hereby assigns to Beneficiary all insurance proceeds which it may be entitled to receive and such proceeds shall be delivered to and held by Beneficiary to be applied, at the option of Beneficiary and without regard to the adequacy of its security, to (a) the reduction of the unpaid principal of the indebtedness secured by this Deed of Trust or, (b) so long as (i) Trustor is not in default hereunder, (ii) Beneficiary's security is not materially impaired and (iii) Beneficiary has approved the source available for funds in addition to the insurance proceeds necessary to complete such restoration, to the restoration of any portion of the Trust Estate that has been damaged or destroyed to the same condition, character and value as existed prior to such damage or destruction. In the event that in Beneficiary's sole judgment the insurance proceeds are not sufficient to accomplish such restoration, Beneficiary shall have the option, unless Trustor deposits with it the additional amounts necessary to accomplish such restoration, to apply the insurance proceeds upon any indebtedness secured

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hereby in such order as Beneficiary may determine or release such proceeds to Trustor without such release being deemed a payment of any indebtedness secured hereby, rather than to apply such proceeds to the restoration of the Real Property. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If the Trust Estate is restored at a cost less than the available insurance proceeds, then such excess proceeds shall, if Trustor is not then in default hereunder, be paid over to Trustor.

In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the entire Trust Estate in extinguishment, in whole or in part, of the indebtedness secured hereby, all right, title and interest of Trustor in and to all policies of insurance required by this Deed of Trust shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate.

1.7 Taxes and Impositions.

(a) Trustor shall pay, at least ten (10) days before delinquency, all real property taxes and assessments whatsoever which are assessed or imposed upon or become due and payable and which create or appear to create a lien upon the Trust Estate or any part thereof or any personal property, equipment or other facility used in the operation thereof (all of which taxes, assessments and other governmental taxes are hereinafter referred to as "Impositions"); provided, however, that if by law any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Trustor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same respectively become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.

(b) If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Trust Estate in lieu of or in addition to the Impositions payable by Trustor pursuant to paragraph (a) of this Section, or (ii) a license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes or assessments of fees shall be deemed to be included within the term "Impositions" as defined in paragraph (a) of this Section, and Trustor shall pay and discharge the same as herein provided in respect of the payment of Impositions or, upon the failure of payment of Impositions by Trustor, at the option of Beneficiary, all obligations secured hereby together with all accrued interest thereon, shall immediately become due and payable.

(c) Subject to the provisions of paragraph (d) of this Section 1.7, Trustor covenants to furnish Beneficiary within thirty (30) days after the date upon which any such Imposition is payable by Trustor, official receipts of the appropriate taxing authority, or other proof satisfactory to Beneficiary, evidencing the payment thereof.

(d) Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings diligently prosecuted but Trustor's doing so shall not relieve, modify or extend Trustor's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.7, unless (i) the legal proceedings shall operate to prevent the sale of the Trust Estate or any part

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thereof to satisfy such Imposition prior to final determination of such proceedings; or (ii) Trustor shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.


1.8 Utilities. Trustor shall pay when due all utility charges which are incurred by Trustor or which may become a charge or lien against the Trust Estate for gas, electricity, water and sewer services furnished to the Trust Estate and all other assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

1.9 Actions Affecting Trust Estate. Trustor shall appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee and shall pay all costs and expenses, including costs of evidence of title and actual attorneys' and accountants' fees in any such action or proceeding in which Beneficiary or Trustee may appear, in any suit brought by Beneficiary to foreclose this Deed of Trust or in any sale under the power of sale contained herein. Any amounts paid by Beneficiary or Trustee and reimbursed by Beneficiary pursuant to this Section, with interest thereon at the rate applicable under the Note, shall become indebtedness of Trustor to Beneficiary payable on demand, and secured by this Deed of Trust. Nothing contained in this Section shall require Beneficiary or Trustee to incur any expense or do any act hereunder.

1.10 Acceleration on Transfer or Encumbrance of the Trust Estate. If Trustor sells, contracts to sell, gives an option to purchase, conveys, leases, encumbers, or alienates the Trust Estate, or any interest in the Trust Estate, or suffers its title, or any interest in the Trust Estate, to be divested, whether voluntarily or involuntarily, or in the event of a sale or transfer of beneficial interest in Trustor, or if title to such Trust Estate be subject to any lien or charge, voluntarily or involuntarily, contractual or statutory, without the written consent of Beneficiary being first had and obtained, Beneficiary, at Beneficiary's option, may, without prior notice, declare all sums secured by this Deed of Trust, irrespective of their stated due date, immediately due and payable, and may exercise all rights and remedies provided in this Deed of Trust; provided, however, that the sums secured by this Deed of Trust shall not be subject to acceleration pursuant to this Section on account of any encumbrances on real property owned by Trustor that are held by or for the benefit of the Beneficiary or any affiliates of Beneficiary.

1.11 Eminent Domain. Should the Trust Estate or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or by a sale or other transfer in lieu of condemnation or other taking, or should Trustor receive any notice or other information regarding such proceeding, Trustor shall give prompt written notice thereof to Beneficiary, and:

(a) Beneficiary shall be entitled to the extent of the obligations secured hereby to all compensation, awards and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Beneficiary shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds awarded to Trustor (the "Condemnation Proceeds") are hereby assigned to Beneficiary and

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Trustor agrees to execute such further assignments of the Condemnation Proceeds as Beneficiary or Trustee may require.

(b) In the event any portion of the Trust Estate is so taken or damaged, and Beneficiary's security hereunder is not materially impaired, and in the event Trustor is not then in default hereunder or an Event of Default shall not have occurred or be continuing hereunder or under the Loan Documents, Beneficiary shall deliver, to the extent reasonably required, all or any portion of the Condemnation Proceeds to Trustor to be used in the repair and restoration of the Trust Estate upon such terms and conditions as Beneficiary may specify. Beneficiary may retain any of the Condemnation Proceeds not used in the repair and restoration of the Trust Estate on account of the obligations secured hereby, whether such obligations are unmatured, contingent or otherwise. In the event that Trustor shall be in default hereunder or an Event of Default shall have occurred and be continuing hereunder or under the Loan Documents, Beneficiary may retain any or all of the Condemnation Proceeds on account of the obligations secured hereby, whether such obligations are unmatured, contingent or otherwise, or may take any action provided herein, all without curing or waiving any default or notice of default hereunder or invalidating any act done pursuant to such notice.

1.12 Inspections. Beneficiary, or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of this Deed of Trust.

1.13 Additional Security. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder. If required by Beneficiary at any time during the term of this Deed of Trust, Trustor will execute and deliver to Beneficiary, in form satisfactory to Beneficiary, an additional security agreement and/or financing statement covering all personal property of Trustor which may at any time be furnished, placed on, or annexed or made appurtenant to the Trust Estate and used, useful or held for use, in the operation of the improvements thereon. Any breach of or default under such security agreement shall constitute an Event of Default under this Deed of Trust.

1.14 Appointment of Successor Trustee. Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary and recorded in the county in which the Real Property is located and by otherwise complying with the provisions of applicable law substitute a successor or successors to the Trustee named herein or acting hereunder. Without conveyance of the Trust Estate a successor Trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law.

1.15 Liens. Trustor shall pay and promptly discharge when due, at Trustor's cost and expense, all liens, encumbrances and charges upon the Trust Estate or any part thereof, excluding the lien created hereunder which Trustor shall pay in accordance with the terms of the Loan Agreement and the other Loan Documents; provided that the existence of any mechanic's, laborer's, materialman's, supplier's, or vendor's lien or right thereto shall not constitute a violation of this Section if payment is not yet due under the contract which is the foundation thereof and if such contract does not postpone payment for more than sixty (60) days after the payment

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therefor is or becomes due. Trustor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Trustor shall first deposit with Beneficiary a bond or other security satisfactory to Beneficiary and in such amounts as Beneficiary shall reasonably require and provided further that Trustor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Trustor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same by paying the amount claimed to be due or by procuring discharge of such lien in such other manner as it may be authorized by law. Trustor shall provide Beneficiary with mechanics' lien insurance in form and at times satisfactory to Beneficiary.

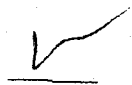
1.16 Deposits, Impounds. Beneficiary may, at its option, require Trustor to deposit with Beneficiary at times required by Beneficiary such amounts as may be estimated by Beneficiary to equal the pro rata portion on a monthly basis of the next installment of Impositions, payments on bonds, assessments, insurance and/or other items, for which Trustor may be liable and affecting all or any portion of the Trust Estate; provided, however, that such right shall come into being only if Trustor has failed to pay when due any Imposition in the previous year. In the event Beneficiary elects to require any such deposit, Beneficiary will estimate the amount of such items annually, and in the event the amounts deposited are in excess of the actual charges for which they were deposited, Beneficiary may return such amounts, or, at its option, may hold the same and reduce the required monthly installments proportionally for the ensuing year. In the event there is not a sufficient amount on deposit with Beneficiary thirty (30) days before the date the Impositions, payments on bonds, assessments, insurance and/or other items become delinquent, Beneficiary may require Trustor to deposit, at least ten (10) days before said date, such additional amounts. Trustor will deliver to Beneficiary all tax bills thirty (30) days before any delinquent date. In the event of default of Trustor, Beneficiary may at its option hold the amounts deposited with Beneficiary on account of all or any part of the obligations secured hereby, whether such obligations are unmatured, contingent or otherwise.

Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section, except as may be required by applicable law. Beneficiary may commingle said funds with its own funds.

1.17 Attorney-in-Fact. Trustor hereby constitutes and appoints Beneficiary as its true and lawful attorney-in-fact with full power of substitution for the purpose of performance of Trustor's obligations under this Deed of Trust, in its name or in the name of Trustor:

(a) to employ attorneys to defend against attempts to interfere with the exercise of the powers granted hereby,

(b) to pay, settle or compromise all existing bills and claims which are or may be liens against the Trust Estate or may be necessary or desirable for the clearance of objections to or encumbrances on title,

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(c) to prosecute and defend all actions or proceedings in connection with the Trust Estate and to take such action, require such performance and do any and every other act as is deemed necessary with respect to the Trust Estate which Trustor might do on its own behalf,

(d) to employ watchmen and erect security fences to protect the Trust Estate from injury, and

(e) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder, and in connection therewith to execute instruments of release and satisfaction.

Such appointment creates no obligation or duty upon Beneficiary to take or refrain from taking any action whatsoever. It is understood and agreed that the foregoing power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until repayment of all indebtedness of Trustor to Beneficiary under the Loan Documents. All sums expended by Beneficiary for such purposes shall be deemed to have been disbursed to Trustor for the purpose of protecting the security of this Deed of Trust and shall be secured by this Deed of Trust.

1.18 Collateral. With respect to the security interest granted in this Deed of Trust with respect to the Collateral, Beneficiary shall have all the rights and remedies granted to a secured party under Article 9 of the UCC, as well as all other rights and remedies available at law or in equity. Trustor shall, upon the demand of Beneficiary, assemble all of such personal property and make it available to Beneficiary at the Trust Estate, which is hereby agreed to be reasonably convenient to Beneficiary and Trustee. The proceeds of any sale of such personal property shall be applied first to the expenses of Beneficiary in retaking, holding, preparing for sale, selling or similar matters, including actual attorney's fees.

1.19 Hazardous Substances, Environmental Laws.

(a) Definitions.

"Environmental Law" shall mean any federal, state, or local law, statute, ordinance, or regulation which imposes any liability or disability on any owner, occupant, lender, mortgagee, or party in interest or which places any restriction on the ownership, occupancy, transferability, or use of any real property by reason of any presence or use of or occurrence regarding any Hazardous Substance, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") 42 U.S.C. Section 9601 et seq., as amended by Superfund Amendments and Reauthorization Act of 1986 ("SARA"), Pub. L. 99-499, 100 Stat. 1613, the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq., the Clean Air Act ("CAA"), P.L. 84-159, as amended by Pub. L. 98-213, 42 U.S.C. Section 7401 et seq., The Federal Water Pollution Control Act (as amended by the Clean Water Act of 1977 ("WP")), 33 U.S.C. Section 1251 et seq., the Toxic Substances Control Act of 1976 ("TSCA"), 15 U.S.C. Section 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., the Emergency Planning and Community Right-to-Know Act, California Health and Safety Code, Section 25249.5 et seq., and any modifications, amendments, and successors to any of the foregoing.

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"Violation of Environmental Law" shall mean any breach or violation of any Environmental Law, or any event, occurrence, or condition as a consequence of which, pursuant to any Environmental Law, (i) Trustor, Beneficiary, or any owner, occupant, or person having any interest in the Trust Estate shall be liable or suffer any disability, or (ii) the Trust Estate shall be subject to any restriction on use, ownership, transferability, or (iii) any Remedial Work shall be required.

"Hazardous Substance" shall include without limitation:

(i) Those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" in CERCLA, RCRA, Sections 307 and 311 of CAA, and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801 et seq., or in any successors thereto, or in the regulations promulgated pursuant to said laws;

(ii) Those substances defined as "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" in Sections 25115, 25117, 25122.7 and 25140 of the California Health and Safety Code, or as "hazardous substances" in Sections 25316 and 25281 of the California Health and Safety Code, and in the regulations promulgated pursuant to said laws;

(iii) Those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto);

(iv) Petroleum, asbestos, polychlorinated biphenyls, flammable explosives, radioactive materials, or any material containing or constituting any of the foregoing; and

(v) Such other substances, materials, and wastes which are or become regulated by reason of actual or threatened risk of toxicity causing injury or illness, under any Environmental Law or other applicable federal, state or local law, statute, ordinance, or regulation, or which are classified as hazardous or toxic under federal, state, or local laws or regulations.

"Remedial Work" shall have the meaning set forth in Section 1.19(c)(vi).

(b) Limitation. The provisions of this Section 1.19 do not apply to any ordinary use and incidental storage of small and insignificant amounts of substances reasonably necessary for the regular and ordinary maintenance of the Trust Estate, or consumed in the regular and ordinary use of common office business machines, nor to gasoline, oil, and other ordinary automotive fluids to the extent that they are contained in the common and ordinary manner in motor vehicles visiting the Trust Estate, in each case provided that the same do not constitute, give rise to, or create any substantial risk of any Violation of Environmental Law.

(c) Covenants Regarding Environmental Compliance.

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(i) Trustor shall not use, generate, manufacture, produce, keep, store, spill, release, discharge, dispose of, or permit any presence or existence of any Hazardous Substance on, under, or about the Trust Estate or transport any Hazardous Substance to or from the Trust Estate. Trustor will strictly and absolutely prevent all persons and entities from doing any of the foregoing.

(ii) Trustor shall keep and maintain the Trust Estate in compliance with all Environmental Laws, and will strictly and absolutely prevent and will not permit or suffer to occur any Violation of Environmental Law pertaining to Trustor or the Trust Estate.

(iii) Trustor shall give immediate written notice to Beneficiary of: (a) any proceeding, inquiry, notice, or other communication by or from any governmental authority, including without limitation the California State Department of Health Services and the Environmental Protection Agency, regarding the presence or existence of any Hazardous Substance on, under, or about the Trust Estate or any migration thereof from or to the Trust Estate or any actual or alleged Violation of Environmental Law; (b) all claims made or threatened against Trustor or the Trust Estate relating to any loss or injury resulting from or pertaining to any Hazardous Substance or Violation of Environmental Law; (c) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Trust Estate that could cause the Trust Estate or any part thereof to be subject to any restrictions on ownership, occupancy, transferability, or use, or subject the owner or any person having any interest in the Trust Estate to any liability, penalty, or disability under any Environmental Law including without limitation any that could cause the Trust Estate or any part thereof to be classified as "border-zone property" under the provisions of California Health and Safety Code Sections 25220 et seq. or any regulation thereunder or in connection therewith; and (d) Trustor's receipt of any notice or discovery of any information regarding any actual, alleged, or potential use, manufacture, production, storage, spillage, seepage, release, discharge, disposal or any other presence or existence of any Hazardous Substance on, under, or about the Trust Estate, or any Violation of Environmental Law pertaining to Trustor or the Trust Estate.

(iv) Immediately upon receipt of the same, Trustor shall deliver to Beneficiary copies of any and all orders, notices, permits, applications, reports, and other communications, documents, and instruments pertaining to the actual, alleged, or potential presence or existence of any Hazardous Substance on, under, or about the Trust Estate or Violation of Environmental Law pertaining to Trustor or the Trust Estate.

(v) Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions in connection with the Trust Estate involving any Hazardous Substance or any Environmental Law, and Trustor shall reimburse Beneficiary upon demand for all of Beneficiary's costs and expenses in connection therewith, including actual attorneys' fees.

(vi) In the event that any investigation, site monitoring, containment, cleanup, removal, restoration or other remedial work of any kind or nature (collectively, "Remedial Work") is necessary or required under any applicable local, state or federal law or regulation, any judicial order, or by Beneficiary or any lawful authority because of, or in connection with, any presence, suspected presence, release or suspected release of a Hazardous

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Substance in or into the air, soil, groundwater, surface water or soil vapor, on, under, or about the Trust Estate, Trustor shall within thirty (30) days after written demand by Beneficiary for performance thereof (or such shorter period of time as may be required under any applicable law, regulation, order, or agreement), commence to perform, or cause to be commenced and thereafter diligently prosecuted to completion, all such Remedial Work. All Remedial Work shall be performed by one or more contractors, approved in advance in writing by Beneficiary, and under the supervision of a consulting engineer approved in advance in writing by Beneficiary. All costs and expenses of such Remedial Work shall be paid by Trustor including without limitation the charges of any contractors or consulting engineers, and Beneficiary's actual attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work. If Trustor shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Beneficiary may but shall not be required to cause such Remedial Work to be performed, and Trustor shall reimburse Beneficiary upon demand for all costs and expenses thereof or incurred in connection therewith.

(vii) Beneficiary is authorized by itself, its agents, employees or workmen to enter at any reasonable time upon any part of the Trust Estate for the purposes of inspecting the same for Hazardous Substances and Trustor's compliance with the provisions hereof. Such inspections may include without limitation soil borings. Trustor shall pay Beneficiary, upon demand, all expenses, costs, or other amounts incurred by Beneficiary in performing any such inspection.

#### 1.20 Security Agreements/Fixture Filing.

(a) The grant of a security interest to Beneficiary in the granting clauses of this Deed of Trust shall not be construed to derogate from or impair the lien or provisions of or the rights of Beneficiary under this Deed of Trust with respect to any property described herein which is real property or which the parties have agreed to treat as real property. If required by Beneficiary, at any time during the term of this Deed of Trust, Trustor will execute and deliver to Beneficiary in form satisfactory to Beneficiary, additional security agreements, financing statements and other instruments covering all personal property or fixtures of Trustor which may at any time be furnished, placed on, or annexed or made appurtenant to the Real Property.

(b) Trustor hereby irrevocably constitutes and appoints Beneficiary as its attorney-in-fact, to execute, deliver and file with the appropriate filing officer or office such security agreements, financing statements and/or other instruments as Beneficiary may request or require in order to impose and perfect the lien and security interest hereof more specifically on the Collateral or any fixtures.

(c) If Trustor enters into a separate security agreement with Beneficiary relating to any of the personal property or fixtures, the terms of such security agreement shall govern the rights and remedies of Beneficiary in the event of default thereunder. The occurrence and continuance of any breach of or default, if not cured within the applicable grace or cure period, if any, under any such security agreement shall constitute an Event of Default hereunder.

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(d) Trustor shall not permit any goods which may become fixtures attached to the Real Property, or any part thereof, to be subject to a purchase money security interest held by a seller or any other party.

(e) Trustor shall, before executing any security agreement or other document evidencing such security interest, obtain the prior written approval of Beneficiary, and all requests for such written approval shall be in writing and contain the following information:

(i) a description of the fixtures to be replaced, added to, installed or substituted;

(ii) the address at which the fixtures will be replaced, added to, installed or substituted; and

(iii) the name and address of the proposed holder and proposed amount of the security interest.

(f) If Trustor fails to make any payment on an obligation secured by a purchase money security interest in any of the Collateral or any fixtures, Beneficiary, at its option, may at any time pay the amount secured by such security interest and the amount so paid shall be (i) secured by this Deed of Trust and shall be a lien on the Trust Estate having the same priorities as the liens and security interests created by this Deed of Trust, and (ii) payable on demand with interest from the date of disbursement at the rate applicable under the Note.

(g) Beneficiary shall have the right to acquire by assignment from the holder of such security interest any and all contract rights, accounts receivable, negotiable or nonnegotiable instruments, or other evidence of Trustor's indebtedness for such Collateral or fixtures, and, upon acquiring such interest by assignment, shall have the right to enforce the security interest as assignee thereof, in accordance with the terms and provisions of the UCC then in effect, and in accordance with any other provisions of law.

(h) Whether or not Beneficiary has paid the indebtedness secured by or taken an assignment of such security interest, Trustor shall pay all sums and perform all obligations secured thereby, and if Trustor at any time shall be in default for a period of ten (10) days under such security agreement, it shall be a material breach of Trustor's covenants under this Deed of Trust, whereupon Beneficiary may declare that an Event of Default has occurred hereunder.

(i) The provisions of paragraphs (e), (f) and (g) above shall not apply if the goods which may become fixtures are of at least equivalent value and quality as any property being replaced and if the rights of the party holding such security interest have been expressly subordinated, at no cost to Beneficiary, to the lien of this Deed of Trust in a manner satisfactory to Beneficiary, including without limitation at the option of Beneficiary, providing to Beneficiary a satisfactory opinion of counsel to the effect that this Deed of Trust constitutes a valid and subsisting first lien on such fixtures which is not subordinate to the lien of such security interest under any applicable law, including without limitation the provisions of UCC Section 9334.

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## ARTICLE 2

### DEFAULTS BY TRUSTOR AND BENEFICIARY'S REMEDIES

#### 2.1 Events Of Default.

(a) The occurrence of an Event of Default (as defined in the Loan Agreement), the failure of Trustor to perform any of its obligations under this Deed of Trust constitute an Event of Default hereunder.

(b) Whenever the Loan Agreement or any other agreement or document contemplated in or by the Loan Agreement or other Loan Documents makes reference to a "default" under this Deed of Trust, such reference shall be an Event of Default as defined in paragraph (a) of this Section 2.1.

2.2 Remedies. Upon the occurrence and during the continuance of any Event of Default under this Deed of Trust, the Loan Agreement or the other Loan Documents, Beneficiary at its option and without notice to Trustor may do or cause any one or more of the following:


(a) Commencement of an action to foreclose this Deed of Trust by judicial action;

(b) Foreclosure of this Deed of Trust pursuant to the power of private sale contained herein; and/or

(c) Exercise of any or all rights provided or permitted by law or granted pursuant to this Deed of Trust in such order and in such manner as Beneficiary may, in its sole and exclusive judgment, determine.

2.3 Foreclosure By Power of Sale. Should Beneficiary elect to foreclose this Deed of Trust pursuant to the power of private sale contained herein, Beneficiary shall (i) deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Trust Estate to be sold, and (ii) deposit with Trustee this Deed of Trust and such receipts or evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause a Notice of Default and Election to Sell to be recorded, published and delivered to Trustor as may then be required by law and by this Deed of Trust and after lapse of such time as may then be required by law and after recordation of such notice of default, Trustee without demand on Trustor shall, after notice of sale having been given as may then be required by law, sell the Trust Estate at the time and place of sale fixed by it in said notice of sale, either as a whole or in separate parcels or items and in such order as Trustee may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser its deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including without limitation Trustor, Trustee or Beneficiary, may purchase at such sale.

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

(c) After deducting all costs, fees and expenses of Trustee and of this trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the rate applicable under the Note, all other sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

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

(e) If Beneficiary at any time holds additional security for any obligations secured hereby, it may enforce the terms hereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder, and may apply the proceeds upon the indebtedness secured hereby without affecting the status of or waiving any right to exhaust all or any other security, including the security hereunder, and without waiving any breach or default or any right or power whether exercised hereunder or contained herein or in any such other security.

2.4 Appointment of Receiver. If an Event of Default described in Section 2.1 of this Deed of Trust shall have occurred and be continuing, Beneficiary, as a matter of right, without regard to the then value of the Trust Estate or the interest of Trustor therein, may apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as contemplated in or by this Deed of Trust and shall be entitled to continue as such and exercise all such powers until the date of confirmation of sale of the Trust Estate, unless such receivership is sooner terminated.

2.5 Remedies Not Exclusive. No remedy herein conferred upon Beneficiary or Trustee is intended to be exclusive of any other remedy herein, or in any other agreement between Trustor and Beneficiary or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute. Every power or remedy given by this Deed of Trust to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently

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or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

2.6 Nonwaiver of Remedies. No waiver of any breach or default under any provision of this Deed of Trust shall constitute or be construed as a waiver by Beneficiary of any subsequent breach of or default under that or any other provision of this Deed of Trust.

### ARTICLE 3

#### MISCELLANEOUS PROVISIONS

3.1 Notices. Except as otherwise provided in this Deed of Trust, all notices and other communications required or permitted to be given to or made upon either party hereto shall be in writing and shall be given in the manner prescribed in Section 10.10 of the Loan Agreement. The parties' initial addresses for notice are set forth below:

Trustor: Fountainhead Country Club, LLC  
29400 Rancho California Road  
Temecula, CA 92591  
Attention: William P. Johnson  
Tel. No. 415-676-4081  
Telecopier No. 699-0167

Beneficiary: Dynamic Finance Corporation  
853 East Valley Boulevard, Suite 200  
San Gabriel, CA 91776  
Attention: Angela C. Sabella  
Tel. No. (626) 280-2825  
Telecopier No. (251) 947-2304

With a copy to: Squire, Sanders & Dempsey L.L.P.  
40 North Central, Suite 2700  
Phoenix, Arizona 85004  
Attention: K. David Lindner  
Tel. No. (602) 528-4050  
Telecopier No. (602) 253-8129

3.2 Assignability. This Deed of Trust shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, estates and assigns, provided, however, that Trustor may not assign this Deed of Trust or any of its rights or obligations under this Deed of Trust without the prior written consent of Beneficiary.

3.3 Headings. Headings of the Articles and Sections of this Deed of Trust are inserted for convenience only and shall not be deemed to constitute a part hereof. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

Initials:

3.4 Modifications. This Deed of Trust cannot be changed, modified or supplemented except in a writing signed by the party against whom enforcement of such change, modification or supplement is sought.

3.5 Payment on Nonbusiness Days. Whenever any payment to be made hereunder shall be due on a Saturday, Sunday or public holiday under the laws of the jurisdiction in which payment is to be made, such payment may be made on the next succeeding business day and such extension of time shall be included in computing any interest in connection with such payment.

3.6 Modifications of Security.

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

(b) At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Deed of Trust for endorsement, and without affecting the liability of any person for the payment of the indebtedness secured hereby or for the performance of any obligations hereunder, Trustee shall consent to the making of any map or plat of the Real Property, join in granting any easement or creating any restriction thereon and join in any subordination or other agreement affecting this Deed of Trust or the lien or charge hereof.

(c) Upon request of Beneficiary, Trustor shall re-execute, re-acknowledge and re-record this Deed of Trust, or execute, acknowledge, deliver and record a new instrument or instruments, and do all other acts and things necessary to preserve the validity and the efficacy hereof as a conveyance of and continued encumbrance upon the Trust Estate, but such acts shall neither extend nor modify Trustor's liability or obligations hereunder.

3.7 Reconveyance by Trustee. Upon written request of Beneficiary and upon payment by Trustor of Trustee's fees, Trustee shall reconvey in whole or in part as designated by the Beneficiary and in such portions as designated by the Beneficiary to Trustor, or the person or persons legally entitled thereto, without recourse or warranty, the property or portions thereof then held hereunder. The recitals in such reconveyance may be described as "the person or persons legally entitled thereto." Five (5) years after issuance of such full reconveyance, Trustee may destroy this Deed of Trust (unless directed in such request to retain it).

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

3.9 Statements by Trustor. Trustor, within thirty (30) days after being given notice by mail, will furnish to Beneficiary a written statement stating the amounts of any monetary

Initials:

obligation, and describing any other obligations, secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest.

3.10 Actions by Trustee and/or Beneficiary to Preserve Trust Estate. Should Trustor fail to make any payment or to do any act as herein provided, Beneficiary and/or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof or secured hereby, may within such times and in such manner as Beneficiary or Trustee may deem reasonable make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers), Beneficiary and/or Trustee shall have and are hereby given the rights (i) to make additions, alterations, repairs and improvements to the Trust Estate which they or either of them may consider necessary or proper to keep the Trust Estate in good condition and repair, (ii) to appear in and defend any action or proceeding purporting to affect the Trust Estate or any portion thereof or the rights or powers of Beneficiary or Trustee, (iii) to pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto, and (iv) in exercising any such powers, to pay necessary expenses, employ counsel, accountants and other assistance and pay their actual fees. Any amounts expended by Beneficiary pursuant to this Section shall be additional indebtedness of Trustor to Beneficiary payable on demand and shall bear interest from the date of expenditure to the date paid at the default rate applicable under the Note. Nothing herein shall require Beneficiary or Trustee to incur any expense or to do any act hereunder.

3.11 Statute of Limitations. The pleading of the statute of limitations as a defense of this Deed of Trust, or any and all obligations referred to herein or secured hereby, is hereby waived to the full extent permissible by law.

3.12 Waiver of Right of Offset. No portion of the indebtedness secured by this Deed of Trust shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross claim, whether liquidated or unliquidated, which Trustor may have or claim to have against Beneficiary. Trustor waives, to the fullest extent permitted by applicable law, the benefits of California Code of Civil Procedure Section 431.70, which provides:

“Where cross demands for money have existed between persons at any point in time when neither demand was barred by the statute of limitations, and an action is thereafter commenced by one such person, the other person may assert in the answer the defense of payment in that the two demands are compensated so far as they equal each other, notwithstanding that an independent action asserting the person's claim would at the time of filing the answer be barred by the statute of limitations. If the cross demand would otherwise be barred by the statute of limitations, the relief accorded under this section shall not exceed the value of the relief granted to the other party. The defense provided by this section is not available if the cross demand is barred for failure to assert it in a prior action under Section 426.30. Neither person can be deprived of the benefits of this section by the assignment or death of the other. For the purposes of this section, a money judgment is a “demand for money” and, as applied to a money judgment, the demand is barred by the statute of limitations when enforcement of the

Initials: \_\_\_\_\_

judgment is barred under Chapter 3 (commencing with Section 683.010) of Division 1 of Title 9.”

3.13 Waiver of Marshaling. Notwithstanding the existence of interests in the Trust Estate other than that created by this Deed of Trust, and notwithstanding any other provision of this Deed of Trust and the Loan Documents, upon an Event of Default, Beneficiary shall have the right, in Beneficiary's sole discretion, to determine the order in which the Trust Estate shall be subjected to the remedies provided in this Deed of Trust and to determine the order in which all or any part of the indebtedness secured by this Deed of Trust is satisfied from the proceeds realized upon the exercise of the remedies provided in this Deed of Trust. Trustor and any person who now has or hereafter acquires any interest in the Trust Estate with actual or constructive notice of this Deed of Trust waives any and all right to require a marshalling of assets in connection with the exercise of any of the remedies provided in this Deed of Trust or as otherwise provided by applicable law.

3.14 Authorization. Trustor authorizes Beneficiary without notice to, or demand upon, Trustor, irrespective of any change in the financial condition of any guarantor or pledgor of the obligations secured hereby (each, an “Obligor”), and without affecting Trustor's obligations hereunder, from time to time, as often as deemed appropriate by Beneficiary, to do any of the following:

(a) Beneficiary may alter any terms of the obligations of any Obligor, or any part of them, including renewing, compromising, extending or accelerating, or otherwise changing the time for payment of, or increasing or decreasing the rate of interest on, the obligations of any Obligor, or any part of them;

(b) Beneficiary may take and hold security for the obligations of any Obligor, accept additional or substituted security for the obligations of any Obligor, and subordinate, exchange, enforce, waive, release, compromise, fail to perfect, sell or otherwise dispose of any such security;

(c) Except to the extent specifically prohibited by law, Beneficiary may direct the order and manner of any sale of all or any part of any security now or later to be held for the obligations of any Obligor, and Beneficiary may also bid at any such sale;

(d) Beneficiary may release any Obligor of its liability for the obligations of such Obligor, or any part of them;

(e) Beneficiary may extend other credit to any Obligor, and may take and hold security for the credit so extended, all without affecting Trustor's obligations under this Deed of Trust, the Loan Agreement or any other Loan Document;

(f) Beneficiary may substitute, add or release any one or more guarantors or endorsers of the Secured Obligations; or

(g) Beneficiary may apply any payments or recoveries from any Obligor, Trustor or any other source, and any proceeds of any security, to Trustor's obligations under the

Initials: \_\_\_\_\_

Note and the Loan Documents in such manner, order and priority as Beneficiary may elect, whether or not those obligations are secured at the time of the application.

3.15 Additional Waivers. Trustor waives:

(a) any right to require Beneficiary to proceed against any Obligor, to proceed against any other person, firm or corporation, to proceed against or exhaust any security held by Beneficiary or to pursue any other remedy in Beneficiary's power before Trustor may be required to perform its obligations hereunder;

(b) any defense arising out of the absence, impairment or loss of any or all rights or recourse, reimbursement, contribution or subrogation or any other rights or remedies of Trustor against Obligor, any other person, firm or corporation, or any security, whether resulting from an election by Beneficiary to foreclose on any real property security by trustee's sale rather than judicial foreclosure, or from any other election of rights or remedies by Beneficiary, or otherwise;

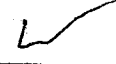
(c) any defense arising by reason of any disability or other defense of any Obligor or by reason of any invalidity, ineffectiveness or unenforceability of any or all of the obligations secured hereby, or the cessation from any cause whatsoever of any or all of the obligations secured hereby;

(d) diligence, presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, notice of the creation or incurring of new or additional indebtedness of any Obligor to Beneficiary, notice of acceptance of this deed of trust and notices of any other kind whatsoever;

(e) any requirement that, absent a request for such information by Trustor, Beneficiary advise Trustor of information known to Beneficiary regarding the financial condition of any Obligor or any other circumstance bearing upon the risk of non-performance of the obligations secured hereby which diligent inquiry would reveal, Trustor hereby assuming responsibility for being and keeping informed of each such condition and circumstance. Trustor hereby represents and warrants to Beneficiary, and acknowledges that Beneficiary shall rely upon such representation and warranty, that Trustor is in a position to have access to any and all relevant information bearing upon the present and continuing creditworthiness of each Obligor and the risk of its inability to pay the obligations secured hereby;

(f) the benefit of any statute of limitations affecting Trustor's obligations hereunder or the enforcement hereof to the fullest extent permitted by law, Trustor agreeing, without limiting the foregoing, that any circumstance which operates to toll any statute of limitations as to Trustor or any Obligor shall operate to toll any statute of limitations as to Beneficiary;

(g) any defense based upon any taking, modification or release of any collateral or guaranty for any indebtedness of any Obligor to Beneficiary, or any failure to perfect any security interest in or the taking of or failure to take any other action with respect to any collateral securing payment or performance of the obligations secured hereby;

Initials: 

(h) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Deed of Trust, including without limitation the provisions of California Civil Code Sections 2809, 2810, 2839, 2845, 2846, 2847, 2848, 2849, 2850, 2899 and 3433;

(i) any rights or defenses based upon an offset by Trustor against any obligation now or hereafter owed to Trustor by any Obligor; and

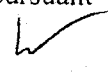
(j) any and all subrogation rights, including without limitation (i) any right to enforce any remedy which Beneficiary now have or may in the future have against Trustor, any Obligor, or any other party, (ii) any and all benefit of, and any and all right to participate in, any security or other obligations now or in the future held by Beneficiary, and (iii) any right to take or receive from Trustor, any Obligor or any other party, directly or indirectly, in cash or other property, by set-off or in any other manner, any payment or security on account of any payment or performance by Trustor under this Deed of Trust.

(k) All rights and defenses that Trustor may have because any Obligor's debt is secured by real property; meaning, among other things: (1) Beneficiary may collect from Trustor without first foreclosing on any real or personal property collateral pledged by such Obligor, (2) if Beneficiary forecloses on any real property collateral pledged by such Obligor: (A) The amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) Beneficiary may collect from Trustor even if Beneficiary, by foreclosing on the real property collateral, has destroyed any right Trustor may have to collect from any Obligor.

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

Without limiting the generality of any other waiver contained in this Deed of Trust, Trustor (a) understands that a foreclosure by Beneficiary on the real property described in any Obligor's Deed of Trust by trustee's sale rather than judicial foreclosure would under Section 580(d) of the California Code of Civil Procedure destroy its right to recover from such Obligor any amount paid by Trustor to Beneficiary and any of the value of Trustor's interest in said property, (b) understands that destruction of Trustor's right to recover that amount from such Obligor could, were it not for the waivers set forth in this Deed of Trust, give Trustor the right to be relieved of all of its liability under this Deed of Trust, and (c) Trustor hereby waives that right to be relieved of all of its liability hereunder. Without limiting the foregoing, Trustor waives all rights and defenses arising out of an election of remedies by Beneficiary, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Trustor's rights of subrogation and reimbursement against such Obligor by the operation of Section 580d of the Code of Civil Procedure or otherwise.

3.16 Taxation of Deed of Trust. In the event of the enactment of any law deducting from the value of the Trust Estate any mortgage lien on it, or imposing upon the Beneficiary the payment of all or part of the taxes, charges, or assessments previously paid by Trustor pursuant

Initials: 

to this Deed of Trust, or changing the law relating to the taxation of mortgages, debts secured by mortgages, or Beneficiary's interest in the Trust Estate so as to impose new incidents of tax on Beneficiary, other than income taxes of Beneficiary; then Trustor shall pay such taxes or assessments or shall reimburse Beneficiary for payment of such taxes or assessments; provided that, however, if in the opinion of counsel to Beneficiary such payment cannot lawfully be made by Trustor, then Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable without notice to Trustor, and Beneficiary may invoke any remedies permitted by this Deed of Trust or the Loan Agreement.

3.17 Merger or Termination of Lease. Upon the foreclosure of the lien of this Deed of Trust on the Trust Estate, any lease or sublease then existing and affecting all or any portion of the Trust Estate shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless the Beneficiary or any purchaser at such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice of its election of termination to such tenant or subtenant.

3.18 Request for Notice. In accordance with California Civil Code Section 2924b, Trustor hereby requests a copy of any notice of default and any notice of sale hereunder be mailed to it at the address set forth for Trustor in this Deed of Trust.

3.19 Further Assurances. Trustor agrees to do or cause to be done such further acts and things and to execute and deliver or to cause to be executed and delivered such additional assignments, agreements, powers and instruments, as Beneficiary may reasonably require or deem advisable to keep valid and effective the lien and security interest of this Deed of Trust, to carry into effect the purposes of this Deed of Trust and the or to better assure and confirm to Beneficiary or Trustee its rights, powers and remedies under this Deed of Trust and the Loan Documents, as applicable.

3.20 Attorneys' Fees. Trustor will give Beneficiary immediate written notice of any action or proceeding (including without limitation any judicial or nonjudicial proceeding to foreclose the lien of a junior or senior mortgage or deed of trust) affecting or purporting to affect the Trust Estate, this Deed of Trust, Beneficiary's security for the performance of Trustor's obligations under the Loan Documents, including the Loan Agreement and under the Note, or the right or powers of Beneficiary or Trustee under the Loan Agreement, the Note, this Deed of Trust or any other Loan Document. Notwithstanding any other provision of this Deed of Trust or the other Loan Documents, Trustor agrees that Beneficiary or Trustee may (but neither is obligated to) commence, appear in, prosecute, defend, compromise and settle, in Beneficiary's or Trustor's name, and as attorney in fact for Trustor, and incur necessary costs and expenses, including actual attorneys' fees, in pursuing any action or proceeding, whether judicial or nonjudicial, reasonably necessary to preserve or protect, or affecting or purporting to affect, the Trust Estate, this Deed of Trust, Beneficiary's security for the performance of Trustor's obligations hereunder or under the Note, the Loan Agreement or under the Loan Documents, or the rights or powers of Beneficiary or Trustee under the Loan Agreement, the Note, this Deed of Trust or any other Loan Document; and that, if neither Beneficiary nor Trustee elects to do so, Trustor will commence, appear in, prosecute, and defend any such action or proceeding. Trustor will pay all costs and expenses of Beneficiary and Trustee, including costs of evidence of title


Initials: \_\_\_\_\_



and actual attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear, or for which legal counsel is sought, whether by virtue of being made a party defendant or otherwise, and whether or not the interest of Beneficiary or Trustee in the Trust Estate is directly questioned in such action or proceeding, including without limitation any action for the condemnation or partition of all or any portion of the Trust Estate and any action brought by Beneficiary to foreclose this Deed of Trust or to enforce any of its terms or provisions. In addition to the foregoing award of attorneys' fees, Beneficiary or Trustee shall be entitled to attorneys' fees incurred in any postjudgment proceeding to enforce any judgment in connection with the Loan Agreement, the Note, this Deed of Trust or any other Loan Document. This provision is separate and several and shall survive the merger of this provision into any judgment.

3.21 Governing Law. This Deed of Trust is and shall be governed by and construed in accordance with the laws of the State of California.

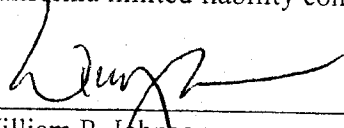
(Signature page follows)

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IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first set forth above.


TRUSTOR:

FOUNTAINHEAD COUNTRY CLUB,  
LLC, a California limited liability company

By:   
Name: William P. Johnson  
Its: Manager

[Signature to be notarized]

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Initials: 

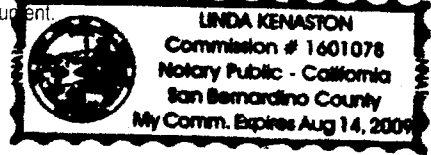
SIGNATURE PAGE TO  
DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING  
WALKER BASIN

State of California    )S  
County of Los Angeles    )S

On APRIL 23, 2007 before me, LINDA KENASTON notary public, personally appeared William P. Johnson proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Linda Kenaston  
Notary Public



Capacity claimed by signer (principal)		Description of attached document
<input type="checkbox"/> Individual	<input type="checkbox"/> Corporate officer	Title / type of document: <u>DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING</u>
<input type="checkbox"/> Partner(s)	<input checked="" type="checkbox"/> Manager of LLC	# of pages: <u>25 + EXHIBITS</u>
<input type="checkbox"/> Trustee(s)	<input type="checkbox"/> Attorney-in-fact	
<input type="checkbox"/> Guardian/conservator	<input type="checkbox"/> Other:	
Signer is representing (name of person / entity(ies)): <u>FOUNTAINHEAD COUNTRY CLUB, LLC</u>		Date of document: <u>APRIL 20, 2007</u>

State of California    )S  
County of Los Angeles    )S

On \_\_\_\_\_ before me, \_\_\_\_\_, notary public, personally appeared \_\_\_\_\_ proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

Capacity claimed by signer (principal)		Description of attached document
<input type="checkbox"/> Individual	<input type="checkbox"/> Corporate officer	Title / type of document:
<input type="checkbox"/> Partner(s)	<input type="checkbox"/> Manager of LLC	# of pages:
<input type="checkbox"/> Trustee(s)	<input type="checkbox"/> Attorney-in-fact	
<input type="checkbox"/> Guardian/conservator	<input type="checkbox"/> Other:	
Signer is representing (name of person / entity(ies)):		Date of document:

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Initials:   

SIGNATURE PAGE TO  
DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING  
WALKER BASIN

Exhibit A  
to Deed of Trust, Security Agreement and Fixture Filing

**LEGAL DESCRIPTION OF PROPERTY**

That certain real property situated in the County of Riverside, State of California, described as follows:

PARCELS 1 THROUGH 16, INCLUSIVE, AND LETTERED LOTS A THROUGH J, INCLUSIVE, AS SHOWN BY PARCEL MAP 23303 ON FILE IN BOOK 171 PAGES 26 THROUGH 37, INCLUSIVE, OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING THEREFROM ALL MINERAL, OIL AND GAS RIGHTS BELOW THE DEPTH 500 FEET BELOW THE SURFACE; WITHOUT THE RIGHT OF SURFACE ENTRY.

TOGETHER WITH ALL RIPARIAN RIGHTS TO THE WATERS INTER WATERSHED OF THE SANTA MARGARITA RIVER AS RESERVED TO KAISER DEVELOPMENT COMPANY PER DOCUMENT RECORDED DECEMBER 31, 1987 AS INSTRUMENT NO. 368011 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

First American Title  
RECORDING REQUESTED BY AND

**COPY** of Document Recorded  
NOV 01 2000 as No. **433305**  
has not been compared with  
original.  
**GARY L. ORSO**  
County Recorder  
RIVERSIDE COUNTY CALIFORNIA

WHEN RECORDED RETURN TO:

GIBSON, DUNN & CRUTCHER LLP  
333 South Grand Avenue  
Los Angeles, CA 90071  
Attn.: Kristine Robertson, Esq.

M	S	U	PAGE	SIZE	DA	PCOR	NOCOR	SMF	M&C	
A	R	L				COPY	LONG	REFUND	NCHG	EXAM

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST,  
ASSIGNMENT OF RENTS, SECURITY AGREEMENT  
AND FIXTURE FILING**

2000-04-22

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust") made this 30<sup>th</sup> day of June, 2000, by RANCHO CALIFORNIA COUNTRY CLUB, LLC, a California limited liability company, herein called TRUSTOR, whose address is 29400 Rancho California Road, Temecula, California 92591, to FIRST AMERICAN TITLE INSURANCE COMPANY, herein called TRUSTEE, and to and for the benefit of DYNAMIC FINANCE CORPORATION, a California corporation, herein called BENEFICIARY.

WITNESSETH: That Trustor hereby GRANTS to TRUSTEE, IN TRUST, WITH POWER OF SALE, all that property in a portion of that certain unincorporated territory of the County of Riverside, State of California, described as:

(See Exhibit A attached hereto and incorporated herein)

including all buildings, structures, and improvements now or hereafter thereon, and all and singular the tenements, hereditaments, appurtenances, reversion and reversions, remainder and remainders, all water and water rights, pumps and pumping plants, pipes, flumes and ditches thereunto belonging or in anywise appertaining, and all shares of corporate stock evidencing the same; ALSO INCLUDING all machinery, equipment, material, appliances, and fixtures now or hereafter installed or placed in said buildings or on said real property for the generation and distribution of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or air conditioning purposes or for sanitary or drainage purposes or for the exclusion of vermin or insects or for the removal of dust, refuse or garbage, and including all elevators, awnings, window shades, drapery rods and brackets, screens, floor coverings, lobby furnishings and incinerators; all of the items and things so specified being hereby declared to be, and in all

Rancho CA Country Club/Walker Basin Deed of Trust  
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circumstances shall be construed to be, for and in connection with the purposes and powers of this Deed of Trust, things affixed to and a part of the realty described herein; the specific enumerations herein not excluding the general; AND ALSO the tolls, earnings, income, rents, issues and profits of any and all of the aforesaid property; ALSO all the estate, interest, or other claim or demand including insurance, as well in law as in equity which said Trustor now has or may hereafter acquire, in and to the aforesaid property; ALSO, without limitation, Trustor hereby grants to Beneficiary a security interest in and to all of the right, title and interest of Trustor in and to all chattels, goods, supplies, apparatus, equipment, machinery, and other tangible and intangible personal property now or at any time hereafter located or included in or on or appurtenant to the property described in Exhibit A hereto located in Riverside County, California, owned by Trustor and used in connection therewith, whether owned legally, of record, equitably, beneficially or otherwise, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and however arising, including but not limited to:

- (i) all machinery, equipment (including, without limitation, pipes, furnaces, conveyors and drums), material and appliances used for the generation and distribution of water, gas and electricity, including all metering equipment;
- (ii) all signs, furniture, furnishings, recreational equipment, maintenance equipment, tools, building service equipment, building materials and supplies, and all other non-consumable property used to operate the premises, offices, recreational areas, parking facility, and all other improvements located on the security;
- (iii) all goods, machinery, equipment (including without limitation, equipment relating to fire sprinklers and alarm systems, security systems, air conditioning, heating, refrigerating, electronic monitoring, accounting, recreation, window or structural cleaning rigs, maintenance, exclusion of vermin or insects, removal of dust, refuse or garbage and all other equipment of every kind), lobby and all other indoor and outdoor furniture (including tables, chairs, planters, desks, sofas, shelves, lockers and cabinets), wallbeds, wallsafes, furnishings, appliances (including ranges, ovens, hoods, microwaves, trash compactors, disposals, refrigerators, freezers, fans, heaters, stoves, dishwashers, washer/dryers, intercom systems, waterheaters and incinerators), rugs, carpets and other floor coverings, draperies and drapery rods and brackets, awnings, window shades, venetian blinds, curtains, lamps, chandeliers and other lighting fixtures and office maintenance and other supplies;
- (iv) all general intangibles relating to the development, operation or use of the Property, including but not limited to all governmental permits relating to construction of the Property and all names under or by which the Property may at any time be operated or known, and all rights to carry on business under such names, and all trademarks relating in any way to the Property;
- (v) all air rights and development rights relating to the Property;
- (vi) all water stock, water rights and assets, including without limitation, the following (collectively, the "Water Rights and Assets"):

(A) All water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever including, without limitation, (1) the groundwater on, under, pumped from or otherwise available to the real property, or any other real property in which Trustor may now or hereafter acquire an interest, whether as the result of groundwater rights, contractual rights or otherwise, (2) Trustor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency or any rights granted or created by any use, easement, covenant, agreement, or contract with any person or entity, (3) any rights to which the Trustor is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (4) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the real property and/or any other real property in which Trustor may now have or hereafter acquire an interest, by virtue of such real property being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity, and (5) all pumping plants, pipes, flumes and all rights in ditches for irrigation;

(B) All stock, interest or rights (including any water allocations, voting or decision rights) in any entity, together with any and all rights from any entity or other person to acquire, receive, exchange, sell, lease or otherwise transfer any water or other Water Rights and Assets, to store, deposit or otherwise create water credits in a water bank or similar or other arrangements for allocating water, to transport or deliver water, or otherwise to deal with any Water Right and Asset;

(C) All licenses, permits, approvals, contracts, decrees, rights and interests to acquire or appropriate any water or other Water Rights and Assets, water bank or other credits evidencing any right to water or other Water Rights and Assets, to store, carry, transport or deliver water or other Water Rights and Assets, to sell, lease, exchange, or otherwise transfer any water or other Water Rights and Assets, or to change the point for diversion of water, the location of any water or Water Rights and Asset, the place of use of any water or Water Right and Asset, or the purpose of the use of any water or Water Right and Asset;

(D) All rights, claims, causes of action, judgments, awards, and other judicial, arbiter or administrative relief in any way relating to any water or Water Right and Asset;

(E) All storage and treatment rights for any water or any other Water Right and Asset, whether on or off the real property or other property of Trustor, together with all storage tanks, and other equipment used or usable in connection with such storage and any water bank deposit credits, deposit accounts;

(F) All rights to transport, carry, allocate or otherwise deliver water or other Water Rights and Assets by any means wherever located;

(G) All guaranties, warranties, marketing, management or service contracts, indemnity agreements, and water right agreements, other water related contracts and water reallocation rights, all insurance policies regarding or relating to any Water Right and Asset; and

(H) All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, contract rights, general intangibles, deposit accounts, and other rights to payment arising from or on account of any use, nonuse, sale, lease, transfer or other disposition of any Water Right and Asset.

The references to "water" and "water rights and assets" are used herein in the broadest and most comprehensive sense of the terms. The term "water" includes water rights and rights to water or whatever rights to money, proceeds, property or other benefits are exchanged or received for or on account of any Water Rights and Assets or any conservation or other nonuse of water, including whatever rights are achieved by depositing shares of any Water Right and Asset in any water bank or with any water authority, or any other water reallocation rights;

- (vii) intentionally omitted;
- (viii) all documents of membership in any owners' or members' association having responsibility for managing or operating any part of the Property;
- (ix) all plans and specifications prepared for construction of improvements on the Property and all studies, data and drawings related thereto;
- (x) all royalties and revenue of every kind, nature and description whatsoever that Trustor may be entitled to receive from any person or entity owning or hereafter acquiring the right to the oil, gas or mineral rights and reservations of the Property;
- (xi) all deposits made with or other security given to utility companies by Trustor with respect to the Property;
- (xii) all security deposits held by Trustor and any funds of Trustor impounded by or on behalf of Beneficiary or held in any account or by any other person on behalf of Beneficiary and/or Trustor for the payment of taxes and/or insurance with respect to the Property;
- (xiii) all insurance policies and any proceeds thereof including, without limitation, proceeds of any voluntary or involuntary disposition or claim respecting any part thereof (pursuant to judgment, condemnation award or otherwise) with respect to the property described in the Deed of Trust;
- (xiv) any equipment leases in which the Trustor is the lessee leasing equipment of the type described in this Deed of Trust;
- (xv) any and all documents, books and records relating to the ownership and operation of the Property, including without limitation, computer records, computer tapes and electronic and electromagnetic representations and reproductions thereof, leases, service contracts, statements of operations, maintenance manuals, repair logs, and similar documents; and



(xvi) all additions, renewals, substitutions or replacements of any of the above

(collectively, all of the property described in this paragraph from and after the words "State of California, described as" shall be referred to as the "Property").

**FOR THE PURPOSE OF SECURING:**

**FIRST.** Payment to Beneficiary of all sums at any time owing under that certain Promissory Note (the "Note") of even date herewith, in the principal amount of Eighteen Million and No/100 Dollars (\$18,000,000.00), executed by Trustor (also referred to herein as "Borrower"), and payable to the order of Beneficiary, as lender; and

**SECOND.** Payment and/or performance of every obligation, covenant, promise and/or agreement contained in any Loan Document (as defined in the Note).

**THIRD.** Payment and/or performance of every obligation, covenant, promise and/or agreement herein contained.

**FOURTH.** Payment and/or performance of every obligation, covenant, promise and/or agreement contained in any other written instrument executed by Trustor in favor of Beneficiary if, but only if, the written instrument expressly states that the instrument is secured by this Deed of Trust.

A. For the purpose of protecting and preserving the security of this Deed of Trust, Trustor promises and agrees:

1. **Maintenance.** Trustor agrees (a) to keep all buildings, structures, and other improvements now or hereafter situate upon said Property at all times entirely free of dry rot, fungus, termites, beetles, and all other wood-boring, wood-eating and other harmful or destructive insects, and in all respects to properly care for and keep all of said Property including all such buildings, structures and other improvements in good condition and repair; (b) not to remove, demolish, or substantially alter (except such alterations as may be required by laws, ordinances, or regulations) any buildings, structure, or improvement thereon; (c) to complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on said Property and promptly restore in like manner any building or other improvement which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor; (d) to comply with all laws, ordinances and regulations now or hereafter affecting said Property or requiring any alterations or improvements to be made thereon; (e) not to commit or permit any waste or deterioration of said Property; (f) not to commit, suffer or permit any act to be done in or upon said Property in violation of any law or ordinance; (g) to cultivate, irrigate, fertilize, fumigate, prune; (h) to take all action necessary to ensure that all software, hardware, equipment, goods, and systems used by or material to the physical operations, business operations, or financial reporting of Trustor or of the Equipment, the Improvements, and all other components of the Property will not malfunction or cease to function or provide invalid or incorrect results and will continue to operate and perform date-sensitive functions before, during, and after the Year 2000, including with regard to the Year 2000 leap year, and do any other act or acts, all in a timely and proper manner, which, from

the character or use of said Property, may be reasonably necessary to protect and preserve said security, the specific enumerations herein not excluding the general;

2. **Insurance.** Trustor agrees to provide and maintain insurance covering all buildings, structures and improvements now situate or which hereafter may be erected or placed upon said Property against loss or damage by fire, earthquake, and other casualties, and to carry such insurance against loss of use or rental income, in the event said Property or any part thereof now lies or hereafter lies in an area designated by the Department of Housing and Urban Development as a flood zone, loss or damage from flood; and other casualties as the Beneficiary may from time to time require and against which insurance is written at the time of such requirement, whether or not such insurance is now written, all such insurance to be in forms, in companies and in sums (not less than sufficient to avoid any claim on the part of the insurers for co-insurance) satisfactory to the Beneficiary; all insurance policies shall be held by and be for the benefit of and first payable in case of loss to said Beneficiary; and at least fifteen days before the expiration of each such policy to deliver to the Beneficiary a new and sufficient policy to take the place of the one so expiring; it being agreed that in the event of a loss the amount collected under any policy of insurance on said Property may, at the option of the Beneficiary (1) be applied by Beneficiary upon any indebtedness and/or obligation secured hereby whether the same be then matured or unmatured, and in such order as Beneficiary may determine; (2) or said amount or any portion thereof may, at the option of the Beneficiary, either be used in replacing or restoring the improvements partially or totally destroyed to a condition satisfactory to said Beneficiary; (3) be used by the Beneficiary to fulfill any of the covenants contained herein as the Beneficiary may determine; (4) or be released to the Trustor, in either of which events neither the Trustee nor the Beneficiary shall be obligated to see to the proper application thereof; nor shall the amount so released or used be deemed a payment on any indebtedness secured hereby. Such application, use and/or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The Trustor hereby appoints the Beneficiary attorney irrevocable of the Trustor to assign each such policy in the event of the foreclosure of this Deed of Trust or other transfer of the title to the granted Property in extinguishment, in whole or in part, of the debt secured hereby;

3. **Defense of Actions.** Trustor agrees to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust, and/or any additional or other security for the obligations secured hereby, the interest of Beneficiary or the rights, powers and/or duties of Trustee hereunder; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any action or proceeding in which Beneficiary and/or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust;

4. **Registration of Title.** Trustor agrees to deliver forthwith to the Beneficiary any and all certificates or other evidence of title which the Trustor may secure through any proceeding for the registration of the title to said Property, or otherwise, to be held by it during the life of this Deed of Trust;

5. **Taxes and Assessments; Impound Account.** Trustor agrees (a) to pay all taxes and assessments affecting said Property, including assessments on appurtenant water stock, and any accrued interest, cost and/or penalty thereon and submit receipts therefor to the

Beneficiary, at least ten days before default or delinquency; (b) to pay when due all encumbrances (including any debt secured by deed of trust), ground rents, liens, and/or charges, with interest, on said Property or any part thereof which appear to be prior or superior hereto, and to pay immediately and in full all such encumbrances, liens and/or charges, if any, which may now be due or payable; (c) to pay when due all costs, fees and expenses of these Trusts, including cost of evidence of title and Trustee's fees in connection with sale, whether completed or not, which amounts shall become due upon delivery to Trustee of Declaration of Default and Demand for Sale, as hereinafter provided; (d) to pay to the Beneficiary, to the extent requested by the Beneficiary, on dates upon which interest is payable, such amounts as the Beneficiary from time to time estimates as necessary to create and maintain a reserve fund from which to pay before the same become due, delinquent, or subject to penalty all taxes, assessments, liens and charges and hazard insurance premiums on or against the premises hereby granted and premiums for insurance held or required by the Beneficiary. Payments from said reserve fund for said purposes may be made by the Beneficiary at its discretion, even though subsequent owners of the Property described herein may benefit thereby. In the event of any default under the terms of this Deed of Trust, any part or all of said reserve fund may be applied to any part of the indebtedness hereby secured and in refunding any part of the said reserve fund, the Beneficiary may deal with whomever is represented to be the owner or owners of said Property at that time;

6. **Assessment Bonds.** Trustor agrees to pay any and all assessments against said Property at least ten days before any bond or bonds could or would be issued in connection therewith;

7. **Assessments on Water Bonds.** Trustor agrees to pay at least ten days before delinquency all assessments upon the stock of any water company which stock may be used in connection with said Property, and all rents, assessments or charges for water appurtenant to or used in connection with said Property and/or for the flumes, ditches, pipes or aqueducts in which such water may be furnished or delivered; and all such stock is hereby expressly made a part of the security hereof;

8. **Reimbursement of Lender's Expenses.** Trustor agrees to pay immediately without demand after expenditure, all sums expended or expense incurred by Trustee and/or Beneficiary, including attorney's fees, under any of the terms of this Deed of Trust, with interest from date of expenditure at a per annum rate equal to the sum of seven per cent (7%) plus the interest rate on the note secured hereby. Without in any way limiting the foregoing, Trustor shall pay to or reimburse Beneficiary for any costs, fees and expenses (including without limitation reasonable attorneys' fees and any administrative fees or overhead or other indirect costs and expenses) incurred or charged by Beneficiary in protecting its security hereunder or the Property or Beneficiary's interests under this instrument, or in responding, processing, reviewing or otherwise dealing with the demands or claims or requests of Trustor or third parties who claim an interest in the Property or an interest adverse to Beneficiary's interests under this instrument;

9. **Beneficiary Statement.** Trustor agrees to pay to the Beneficiary any amount charged by the Beneficiary, not to exceed the maximum allowed by law, for any statement regarding the obligation secured hereby furnished by the Beneficiary upon demand by

the Trustor, the charge for each such statement to be payable immediately upon furnishing of the statement;

10. **Assignment of Rents, Issues, Income and Profits.** Trustor does hereby immediately and absolutely assign, transfer and set over to the Beneficiary all the rents, issues, income and profits which may be or may become due or to which the Trustor may now or hereafter become entitled, arising or issuing out of, under or by virtue of any and all leases and/or rental agreements, and any and all extensions or renewals thereof, now or hereafter entered into for the Property or any part thereof or for any improvements located thereon and all other rents, issues, proceeds and profits due or accruing from the Property or any part thereof or the improvements located thereon and hereby gives to and confers upon Beneficiary the right, power and authority to collect such rents, issues, proceeds and profits. The assignment herein contained and all rights provided to Beneficiary by this paragraph are granted without regard to the adequacy of the Property as security for payment of the indebtedness secured by this Deed of Trust. This assignment is delivered as a present, absolute and immediate assignment of the rights contained herein; provided, however, that so long as no default shall exist under this Deed of Trust or the indebtedness secured hereby, the Trustor shall have the right to manage and operate the Property and all improvements thereon, and to collect, receive and apply for its own account all rents, issues and proceeds accruing by virtue of any lease or rental agreement and to execute and deliver proper receipts thereof; provided further, however, that rents, issues, income, profits and proceeds must first be applied to debt service on the loan secured hereby and then to operating expenses and taxes for the Property. Immediately upon the occurrence of any default under this Deed of Trust or the indebtedness secured hereby, and until such default shall have been cured, the right of the Trustor to manage and operate the Property and to collect and receive rents shall cease and terminate and in such event the Beneficiary is hereby expressly and irrevocably authorized to enter into and take possession of the Property and the improvements located thereon by actual physical possession, or by appointment of a receiver by a competent court or by written notice served personally upon or sent by registered mail to the Trustor, as the Beneficiary may elect, or by any other legal means, and to exclude the Trustor and all other persons therefrom. Following such entry and taking of possession the Beneficiary may operate and manage the Property and rent and lease the same and collect any and all rents, issues, income and profits therefrom, and from time to time apply same and/or accumulate same for application, in such order and manner as Beneficiary, in its sole discretion shall consider advisable, to or upon the following: the necessary and proper costs of upkeep, maintenance, repair and/or operation of the Property; the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust; the interest then due or next to become due upon said indebtedness; the taxes and assessments upon the Property then due or next to become due; and/or the unpaid principal of said indebtedness. The collection and/or receipt of rents, issues, income and/or profits from the Property by Beneficiary after declaration of default and election to cause the Property to be sold under and pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default or election to cause the Property to be sold or any sale proceedings predicated thereon, but such proceedings may be conducted and sale effected notwithstanding the receipt and/or collection of any such rents, issues, income and/or profits. Any such rents, issues, income and/or profits in the possession of said Beneficiary at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale.

**11. Modification and Termination of Leases and Rent Prepayment.**

Trustor agrees not to cancel any of the leases now or hereafter assigned to Beneficiary pursuant to paragraph 10 hereof, nor terminate or accept a surrender thereof or reduce the payment of the rent thereunder or modify any of said leases or accept any prepayment of rent therein (except any amount which may be required to be prepaid by the terms of any such lease) without first obtaining, on each occasion, the written approval of the Beneficiary; provided that Trustor may terminate or cancel residential apartment leases on commercially reasonable market terms in the ordinary course of its business without Beneficiary's prior approval;

**12. Performance of Leases.**

Trustor agrees to faithfully keep and perform all of the obligations of the landlord under all of the leases of any part of the Property and not to collect any rents more than 30 days in advance of the time when the same become due, except security deposits and last month's rent to the extent expressly provided for in the leases, now or hereafter assigned to the Beneficiary pursuant to paragraph (10) above and not to permit to accrue to any tenant under any such lease any right to prepaid rent pursuant to the terms of any lease other than the usual prepayment of rent as would result from the acceptance by the landlord on the first day of each month of the rent for the ensuing month, according to the terms of the various leases;

**13. Financial Statements.**

Trustor agrees to deliver to Beneficiary within ninety days after the expiration of each fiscal year:

(a) a Certified Public Accountant's certified statement of annual income and expenses in detail in connection with the said Property; and

(b) a rent roll of the Property showing the name of all tenants in occupancy, the rent currently collectable, the respective lease commencement and expiration dates, the amount of square feet occupied by each tenant, the rent per square foot for each tenant, the amount of common area contribution, if any, for each tenant, and the amount of the tax stop, if any, as well as whether there are any concessions, free rent periods or rebates;

**14. Use.**

Trustor agrees to operate such Property at all times as a residential resort development and not to acquire any fixtures or equipment subject to any security interest, conditional sale, title retention arrangement or other charge or lien taking precedence over this Deed of Trust.

**B. Provisional Remedies on Default.** Should Trustor fail or refuse to make any payment or do any act which he is obligated hereunder to make or do, at the time and in the manner herein provided, or if any representation of Trustor in this Deed of Trust, the loan application executed by Trustor in connection herewith, or other document referred to herein or evidencing or securing the debt secured hereby (collectively, the "Loan Documents") is incorrect, then Trustee and/or Beneficiary, each in its sole discretion, it being hereby made the sole judge of the legality thereof, may, without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereof:

1. Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, either Trustee or Beneficiary being authorized to enter upon and take possession of said Property for such purposes;
2. Commence, appear in and/or defend any action or proceedings purporting to affect the security hereof, and/or any additional or other security therefor, the interest, rights, powers and/or duties of Trustee and/or Beneficiary hereunder, whether brought by or against Trustor, Trustee or Beneficiary;
3. Pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of either may affect or appear to affect the security of this Deed of Trust, the interest of Beneficiary or the rights, powers and/or duties of Trustee and/or Beneficiary hereunder, and
4. Beneficiary is authorized, either by itself or by its agent to be appointed by it for that purpose, to enter into and upon and take and hold possession of any or all Property covered hereby and exclude the Trustor and all other persons therefrom; and may operate, and manage the said Property and rent and lease the same and collect any and all rents, issues, income and profits therefrom, the same being hereby assigned and transferred to Beneficiary, and from time to time apply same and/or accumulate same for application, in such order and manner as Beneficiary in its sole discretion shall consider advisable, to or upon the following: the necessary and proper costs of upkeep, maintenance, repair, and/or operation of said Property, the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust, the interest then due or next to become due upon said indebtedness, the taxes and assessments upon said Property then due or next to become due, and/or upon the unpaid principal of said indebtedness. The collection and/or receipt of rents, issues, income and/or profits from said Property by Beneficiary after declaration of default and election to cause said Property to be sold under and pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default or election to cause said Property to be sold or any sale proceedings predicated thereon, but such proceedings may be conducted and sale effected notwithstanding the receipt and/or collection of any such rents, issues, income and/or profits. Any such rents, issues, income and/or profits in the possession of said Beneficiary at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale.

Provided, that neither Trustee nor Beneficiary shall be under any obligation to make any of the payments or do any of the acts above mentioned, but, upon election of either or

both so to do, employment of an attorney is authorized and payment of such attorney's fees and of all other necessary expenditures is hereby secured.

C. It is mutually agreed that:

1. **Condemnation.** All moneys and awards payable as damages and/or compensation for the taking of title to or possession of, or for damage to, or on account of change of grade affecting, any portion of the Property subject to this Deed of Trust by reason of any condemnation, eminent domain, change of grade, or other proceeding shall, at the option of the Beneficiary, be paid to the Beneficiary, and such moneys and awards are hereby assigned to Beneficiary, and judgment therefor shall be entered in favor of Beneficiary, and when paid may, at the option of the Beneficiary, (1) be applied, in whole or in part, by Beneficiary upon any indebtedness or obligation secured hereby, whether the same be matured or unmatured, and in such order as Beneficiary may determine, (2) be used in whole or in part to replace or restore the Property to a condition satisfactory to the Beneficiary, (3) be used in whole or in part to fulfill any of the covenants contained herein as the Beneficiary may determine, or (4) be released to the Trustor, and the Trustor hereby covenants and agrees, upon request by the Beneficiary, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning the aforesaid moneys and awards to the Beneficiary free, clear and discharged of any and all encumbrances of any kind or nature whatsoever;

2. **Acceptance of Late Payments.** By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its rights either to require prompt payment when due of all other sums so secured or to declare default as herein provided for failure so to pay;

3. **Waivers and Authorizations.** At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the note or notes secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Property, Trustee may reconvey any part of said Property; consent in writing to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof. Trustor, for itself and its successors and assigns (including without limitation any subsequent or other junior creditor of any part or all of the Property), waives any right to object to such reconveyance, mapping, easement or agreement with respect to such Property and waives any right to require that the value of such Property be applied upon the debt secured hereby (other than the amount, if any, actually received by Beneficiary in connection with any such transaction);

4. **Release, Modification and Reconveyance, Waiver of Marshalling.** Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any property not then or theretofore released as security, for the full amount of all unpaid obligations, Beneficiary may from time to time, and without notice: Release any person so liable, extend the maturity or alter any of the terms of any such obligation, or grant other indulgences, release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel or portion or all

of the real property described herein, take or release any other or additional security for any obligation herein mentioned, and/or make composition or other arrangements with debtors in relation thereto. Trustor waives any right to object to the release or reconveyance of such property and waives any right to require that the value of any property so released or reconveyed be applied upon the debt secured hereby (other than the amount, if any, actually received by Beneficiary in connection with any such release). Trustor agrees that if the Beneficiary at any time holds any additional security for any obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same at its option, either before or concurrently therewith or after a sale is made hereunder,

5. **Subrogation to Senior Lien.** That the Beneficiary shall be subrogated for further security to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the loan secured by this Deed of Trust;

6. **Substitution of Trustee.** That the Beneficiary hereunder may, from time to time, appoint another trustee or trustees to execute the trusts hereby created; and upon the recordation of such appointment in the office of the County Recorder of the County where such Property is situated, the new trustee or trustees shall be vested with all the title, interest, powers, duties, and trusts in the premises hereby vested in the Trustee first above named;

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

8. **Right of Entry.** The Beneficiary is authorized by itself, its agents or workmen, to enter at any time upon any part of said Property and the improvements thereon situated for the purpose of inspecting the same, and for the purpose of performing any of the acts it is authorized to perform under the terms of this Deed of Trust;

9. **Default, Acceleration and Private Sale.**

(a) **Notice of Default.** Should breach or default be made by Trustor in payment of any indebtedness secured hereby or in performance of any obligations, covenant, promise or agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable, and in such case, shall execute and deliver to Trustee a written declaration of default and demand for sale and written notice of default and election to cause to be sold said Property, and shall surrender to Trustee this Deed of Trust, the note or notes secured hereby and all documents evidencing any expenditures hereunder. Thereafter such notice of default and election to cause said Property to be sold to satisfy the obligations hereof shall be duly filed for record;

(b) **Right to Rescind.** Beneficiary, from time to time before Trustee's Sale, may rescind any such notice of breach or default and of election to cause to be sold said



Property by executing and delivering to Trustee a written notice of such rescission, which notice, when recorded, shall also constitute a cancellation of any prior declaration of default and demand for sale. The exercise by Beneficiary of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Beneficiary to execute and deliver to Trustee, as above provided, other declarations of default and demand for sale, and notices of breach or default, and of election to cause to be sold said Property to satisfy the obligations hereof, nor otherwise affect any provision, covenant or condition of said note or notes and/or of this Deed of Trust or any of the rights, obligations or remedies of the parties thereunder;

(c) Private Sale. At least three months having elapsed after recordation of notice of default, without demand on Trustor, said Trustee, having first given notice of sale as then required by law, shall sell said Property at the time and place of sale fixed by it in the notice of sale at public auction to the highest bidder for cash, payable at time of sale. The whole of the trust estate shall be sold in a single lot or parcel and as an entirety unless the Beneficiary shall, in writing, direct the Trustee to sell said trust estate in separate parcels and shall direct the Trustee as to the parcels into which the trust estate shall be divided for purposes of sale and the order in which said parcels shall be offered for sale. Trustor, for itself and its successors and assigns (including without limitation any subsequent or other junior creditor of any part or all of the Property), waives any right to marshalling of assets or any right to require any part of the Property to be sold prior to any other part of the Property or any right to require the Property to be sold in parcels rather than as a whole. Trustee may postpone sale of all or any portion of said Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Without further notice Trustee may make such sale at the time to which same shall be so postponed. Trustee shall deliver to such purchaser its Deed conveying the Property so sold, but without any covenant or warranty, express or implied, and the recitals in such deed or deeds of any matters or facts affecting the regularity or validity of said sale shall be conclusive proof of the truthfulness thereof; also such deed or deeds shall be conclusive against all persons as to all matters or facts therein recited. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale; and

(d) Application of Sale Proceeds. Trustee shall apply the proceeds of any such sale to payment of:

(1) All costs, fees, charges and expenses of Trustee and of these trusts, fees of any attorneys employed by Trustee and/or Beneficiary pursuant to the provisions hereof, Trustee's fees in connection with sale, and all expenses of sale, including cost of procuring guarantee or evidence of title in connection with the sale proceedings and revenue stamps on Trustee's Deed;

(2) All other sums then secured hereby, including indebtedness described herein, all sums advanced or expended under the terms hereof and not then repaid, the interest on each of the foregoing items, all in such manner and order of priority or preference as the Beneficiary may in its sole and absolute discretion determine; and

(3) The remainder, if any, to the person or persons legally entitled thereto, upon proof satisfactory to the Trustee of such right;

10. **Successors and Assigns.** This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder of the Note secured hereby, whether or not named as Beneficiary herein;

11. **Liability of Separate Property.** Each married woman who joins in executing this Deed of Trust and any note or notes secured thereby, hereby agrees and expressly assents, pursuant to Section 171b of the Civil Code of the State of California, to the liability of her separate property for all her debts and obligations herein mentioned. Such assent, however, shall not be deemed to create a present lien or encumbrance upon any of her separate property not described herein;

12. **Severability.** If any provision hereof should be held unenforceable or void, then such provision shall be deemed severable from the remaining provisions and shall in no way affect the validity of this Deed of Trust;

13. **Acceptance by Trustee.** Trustee accepts these Trusts when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law;

14. **No Notice by Trustee.** Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which Trustor, Beneficiary and/or Trustee shall be a party, unless brought by Trustee, or of any pending sale under any other Deed of Trust;

15. **Number and Gender.** In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

16. **Fixture Filing.** This Deed of Trust is also a fixture filing as defined in Section 9313 of the California Uniform Commercial Code. This Deed of Trust is to be recorded in the real estate records of Riverside County, California and covers goods which are, or are to become, fixtures.

17. **No Removal of Personalty or Fixtures.** Trustor shall not remove any personalty or fixtures from the Property, except to the extent such personalty or fixtures become obsolete and are simultaneously replaced with personalty or fixtures of comparable utility and equal or greater value.

18. **Hypothecation, Encumbrance, Assignment, Sale or Transfer.** Trustor hereby agrees that (a) if at any time Trustor should, without the prior consent in writing of Beneficiary, hypothecate or encumber (except as expressly provided herein) its interest in the Property or any part thereof (provided that the term "encumber" shall not include the execution of any occupancy leases), or by operation of law Trustor's interest in the Property or any part thereof should be hypothecated or encumbered or (b) if Trustor should, without the prior consent in writing of Beneficiary (except as expressly provided herein) assign, sell, convey or otherwise transfer its interest in the Property or any part thereof, including, without limitation, an  
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assignment in liquidation or dissolution of Trustor, or (c) if by operation of law, including, without limitation, merger, consolidation, reorganization or the like, Trustor's interest in the Property or any part thereof should be assigned, sold or otherwise transferred without the prior consent in writing of Beneficiary, or (d) if there should be an assignment, sale, conveyance or other transfer (other than by way of testate or intestate succession) of any membership interest in the Trustor, without the prior written consent of Beneficiary, then Beneficiary, at its option, shall have the right to the extent permitted by law to declare all sums secured hereby immediately due and payable. The granting of consent or waiver by Beneficiary of the need for consent in connection with any of the transactions referred to in clauses (a), (b), (c) or (d) above shall not constitute a waiver or consent as to any such other or later transaction and such consent shall be required.

19. Intentionally Omitted.

20. Intentionally Omitted.

21. **Condominium or Cooperative Project.** Notwithstanding anything contained in any other provision in this Deed of Trust, Trustor may not, without the prior written consent of Beneficiary, which consent may be withheld in Beneficiary's sole discretion for any reason or no reason, convey or cause a conveyance of the Property or any part thereof, or enter into any contract or agreement to convey or cause a conveyance of the Property or any part thereof, including entering into a listing agreement, or take any other action or permit any other action, if the effect of such conveyance or action would be to cause all or a portion of the Property to be converted or created into either a condominium or a cooperative project. Without limiting the above, Trustor shall not file any declaration of condominium, map or any other document which will subject the Property or any part thereof to a condominium or cooperative form of ownership, and shall not sell or convey or enter into an agreement to sell or convey, or list with any broker, any unit in the Property as a "condominium" or "cooperative" unit nor permit the Property to exist as a condominium or cooperative project. Any such conveyance or agreement to convey, or sale or agreement to sell, or listing, or any other action or inaction described herein, without the prior written consent of Beneficiary, shall constitute an event of default under this Deed of Trust and Beneficiary, at its option, shall have the right to the extent permitted by law to declare all sums secured hereby immediately due and payable. Beneficiary is under no obligation hereunder to give a partial release of any of the Property, either with or without prepayment of a portion of the indebtedness.

22. **Environmental Covenants.** Trustor will at all times comply with the following requirements:

(a) No Use, Disposal or Storage. Trustor shall not cause, permit or suffer any Hazardous Material (as defined in Paragraph 23 hereof) to be brought upon, treated, kept, stored, disposed of, discharged, released, produced, manufactured, generated, refined or used upon, about or beneath the Property or any portion thereof by Trustor, its agents, employees, contractors, invitees, tenants, or any other person, except to the extent commonly used in the day to day operation of the Property and then only so long as in compliance with all Environmental Requirements (as defined in Paragraph 23 hereof).

(b) Compliance with Environmental Requirements. Trustor shall not cause, permit or suffer the existence or the commission by Trustor, its agents, employees, or contractors of a violation of any Environmental Requirements upon, about or beneath the Property or any portion thereof and Trustor shall use its best efforts to prevent any such violation of any Environmental Requirements by any invitees, tenants or any other person.

(c) Environmental Liens. Trustor shall not create or suffer to exist with respect to the Property, or permit any of its agents to create or suffer to exist any lien, security interest or other charge or encumbrance of any kind, including, without limitation, any lien imposed pursuant to Section 107(f) of the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Section 9607(1)) or any similar state statute, and Trustor shall use its best efforts to prevent the creation of any such lien, security interest, charge or encumbrance by any of its tenants and shall not permit any of such tenants to suffer to exist any of such items.

(d) Mitigation. Notwithstanding the obligation of Trustor to indemnify pursuant to Paragraph 25 hereof, Trustor shall, at its sole cost and expense, promptly take all actions required by any federal, state or local governmental agency or political subdivision or reasonably necessary to mitigate Environmental Damages (as defined in Paragraph 23 hereof) or to allow full economic use of the Property (using the use of the Property on the date of this Deed of Trust as the standard for such full economic use), which requirements or necessity arise from the presence upon, about or beneath the Property, of a Hazardous Material or a violation of Environmental Requirements. Such actions, which, except when required by any federal, state or local governmental agency or political subdivision, Trustor shall be required to take only when reasonable, shall include, but not be limited to, the investigation of the environmental condition of the Property, the preparation of any feasibility studies, reports or remedial plans, and the performance of any cleanup, remediation, containment, operation, maintenance, monitoring or restoration work, whether on or off of the Property. Trustor shall take all actions necessary to restore the Property to the condition existing prior to the introduction of Hazardous Material upon, about or beneath the Property, notwithstanding any lesser standard of remediation allowable under applicable law or governmental policies. Trustor shall proceed continuously and diligently with such investigatory and remedial actions, provided that in all cases such actions shall be in accordance with all applicable requirements of governmental entities. Any such actions shall be performed in a good, safe and workmanlike manner and shall minimize any impact on the business conducted at the Property. Trustor shall pay all costs in connection with such investigatory and remedial activities, including but not limited to all power and utility costs, and any and all taxes or fees that may be applicable to such activities. Trustor shall promptly provide to Beneficiary copies of testing results and reports that are generated in connection with the above activities. Promptly upon completion of such investigation and remediation, Trustor shall permanently seal or cap all monitoring wells and test holes to industrial standards in compliance with applicable federal, state and local laws and regulations, remove all associated equipment, and restore the Property to the maximum extent possible, which shall include, without limitation, the repair of any surface damage, including paving, caused by such investigation or remediation hereunder.

(e) Notice of Environmental Risks. If Trustor shall become aware of or receive notice or other communication concerning any (i) actual, alleged, suspected or threatened violation of Environmental Requirements or release of any Hazardous Material, or

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(ii) liability of Trustor for Environmental Damages in connection with the Property or past or present activities of any person thereon, or (iii) discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under the provisions of California Health and Safety Code Sections 25220 et seq. or any regulation adopted in accordance therewith, or (iv) discovery that any information supplied to Beneficiary in the Environmental Questionnaire (attached as Exhibit C to Beneficiary's loan application form) is not or is no longer accurate in any material respect, in all cases including but not limited to notice or other communication concerning any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice, order, writ, or injunction, relating to same, and including without limitation any notice or other communication from any tenant, then Trustor shall deliver to Beneficiary, within ten (10) days of the receipt of such notice or communication by Trustor, a written description of said violation, liability, correcting information or actual or threatened event or condition, together with copies of any documents evidencing same. Receipt of such notice shall not be deemed to create any obligation on the part of Beneficiary to defend or otherwise respond to any such notification. Any event which causes any answer contained in said Environmental Questionnaire to be no longer true in any material respect shall constitute a default hereunder and under the other documents evidencing or securing the loan secured hereby.

(f) Notice of Test Results. Trustor shall promptly provide to Beneficiary the results of any tests and copies of all registration permits regarding any underground storage tanks located on the Property and Trustor shall comply with the same.

(g) Right to Enter and Inspect. Beneficiary shall have the right in its sole and absolute discretion, but not the duty, to enter upon the Property at any reasonable time after Beneficiary reasonably believes that there has been a release or threatened release of a Hazardous Material on the Property or a breach of an Environmental Requirement, or after a default hereunder or under the Note, at the expense of Trustor, to conduct an inspection of the Property including invasive tests and the activities conducted thereon for the purposes set forth in California Civil Code Section 2929.5 or to determine compliance with all Environmental Requirements and the existence of any Environmental Damages as a result of the condition of the Property or any surrounding properties and activities thereon. Trustor hereby grants to Beneficiary, and the agents, employees, consultants and contractors of Beneficiary, the right to enter upon the Property and to perform such tests on the Property as are necessary to conduct such reviews and investigations in accordance with the preceding sentence. Beneficiary shall use reasonable efforts to minimize interference with the business of Trustor and to restore the condition of the Property, but Beneficiary shall not be liable for any interference caused thereby or failure to restore if Beneficiary determines in its sole discretion that it is not economically practicable. Trustor agrees and acknowledges that such investigations also may be conducted by Beneficiary prior to a request for reconveyance, and unless Trustor is in default, such investigations shall be made at Beneficiary's expense. In such event, Trustor acknowledges that delays may ensue and Trustor hereby waives the benefit of California Civil Code Section 2941 in connection therewith to give Beneficiary a reasonable period of time (not to exceed 30 days) to conduct such investigation. Beneficiary shall be entitled to the appointment of a receiver under California Code of Civil Procedure Section 564(c) to enforce the provisions of this subsection (g).

23. **Definitions of Environmental Terms.** For the purposes of this Deed of Trust, the following terms shall have the following meanings:

(a) "Environmental Damages" means all claims, judgments, damages (including, without limitation, punitive damages), losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs and expenses of investigation and defense of any claim, whether or not such is ultimately defeated, and of any settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including, without limitation, attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time as a result of the existence of Hazardous Material upon, about, beneath the Property or migrating or threatening to migrate to or from the Property, or the existence of a violation of Environmental Requirements pertaining to the Property regardless of whether the existence of such Hazardous Material or the violation of Environmental Requirements arose prior to the present ownership or operation of the Property, and including, without limitation:

(1) damages for personal injury, or injury to property or natural resources occurring upon or off of the Property, foreseeable or unforeseeable, including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties including but not limited to claims brought by or on behalf of employees of Trustor, with respect to which Trustor waives, for the benefit of Beneficiary only, any immunity to which it may be entitled under any industrial or worker's compensation laws;

(2) diminution in the value of the Property, and damages for the loss of or restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Property;

(3) fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation, cleanup or remediation of such Hazardous Materials or violation of Environmental Requirements including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remedial, removal, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, or reasonably necessary to make full economic use of the Property or any other property or otherwise expended in connection with such conditions, and including without limitation any attorneys' fees, costs and expenses incurred in enforcing this Deed of Trust or collecting any sums due hereunder;

(4) to the extent that the items of Environmental Damages described elsewhere in this subparagraph (a) have not yet been incurred as of the time of payment by Trustor of a claim by Beneficiary under this subparagraph (a), diminution in the value of the Property and damages for the loss of or restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Property; and

(5) liability to any person or entity to indemnify such person or entity for costs expended in connection with the items referenced in subparagraph (3) hereof.

(b) "Environmental Requirements" means all applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises and similar items, of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial and administrative and regulatory decrees, judgments and orders relating to the protection of human health or the environment, as the same may be amended from time to time, including, without limitation:

(1) all requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials, chemical substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes whether solid, liquid or gaseous in nature, into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, pollutants, contaminants or hazardous or toxic substances, materials, or wastes, whether solid, liquid or gaseous in nature; and

(2) all requirements pertaining to the protection of the health and safety of employees or the public.

(c) "Hazardous Materials" means any substance:

(1) the presence of which requires investigation or remediation under any Environmental Requirement; or

(2) which is or becomes defined as a "hazardous waste" or "hazardous substance" or "pollutant" or "contaminant" under any Environmental Requirement including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

(3) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any state of the United States, or any political subdivision thereof; or

(4) the presence of which on the Property causes or threatens to cause a nuisance upon the Property or to adjacent properties or poses or threatens to pose a hazard to the Property or to the health or safety of persons on or about the Property; or

(5) which contains gasoline, diesel fuel or other petroleum hydrocarbons or volatile organic compounds; or

(6) which contains polychlorinated biphenyls (PCBs) or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(7) which is radon gas.

24. **Environmental Representations.** Trustor hereby represents and warrants as of the date hereof as follows:

(a) Handling of Hazardous Materials. Neither Trustor nor, to the best knowledge of Trustor, any previous owner, tenant, occupant or user of the Property, nor any other person, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Property, or any portion thereof, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Hazardous Materials (whether legal or illegal, accidental or intentional) on, under, in or about the Property, except to the extent commonly used in the day-to-day operation of the Property and then only so long as in compliance with all Environmental Requirements, or transported any Hazardous Materials to, from or across the Property, nor to the best knowledge of Trustor are any Hazardous Materials presently constructed, deposited, stored, or otherwise located on, under, in or about the Property, nor to the best knowledge of Trustor have any Hazardous Materials migrated from the Property upon or beneath other properties, nor to the best knowledge of Trustor have any Hazardous Materials migrated from other properties upon, about or beneath the Property.

(b) Compliance with Environmental Requirements. The Property and its existing and, to the best knowledge of Trustor, prior uses and activities thereon, including but not limited to the use, maintenance and operation of the Property, and all activities and conduct of business related thereto, comply and have at all times complied with all Environmental Requirements, and no activity on or condition of the Property constitutes, or to the best knowledge of Trustor has constituted, a nuisance or constitutes, or to the best knowledge of Trustor has constituted, a tortious condition with respect to any third party.

(c) Permits and Authorizations. Trustor has obtained any or all permits, licenses and other authorizations which may be required under all Environmental Requirements, including laws relating to emissions, discharges, releases or threatened releases of Hazardous Material into the environment (including ambient air, surface water, groundwater or land) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Material. Trustor is in compliance with all terms and conditions of any required permits, licenses and authorizations, and is also in compliance with all other Environmental Requirements.

(d) Notice of Claims or Liability. Neither Trustor nor, to the best knowledge of Trustor, any prior owner, occupant or user of the Property has received notice or other communication concerning any alleged violation of Environmental Requirements, or notice or other communication concerning alleged liability for Environmental Damages in connection with the Property, and, to the best knowledge of Trustor after due inquiry, there exists no writ, injunction, decree, order or judgment outstanding, nor any lawsuit, claim, proceeding, citation, directive, summons or investigation, pending or threatened, relating to the ownership, use, maintenance or operation of the Property by any person or entity, or from any alleged violation of Environmental Requirements, or from any suspected presence of Hazardous Material thereon, nor, to the best knowledge of Trustor after due inquiry, does there exist any basis for such lawsuit, claim, proceeding, citation, directive, summons or investigation being instituted or filed.



(e) PCBs and Other Material Disclosed in Questionnaire. To the best knowledge of Trustor, there is not constructed, placed, deposited, stored, disposed of nor located on the Property any polychlorinated biphenyls (PCBs) nor transformers, capacitors, ballasts, or other equipment which contains dielectric fluid containing PCBs, or any asbestos or asbestos-containing materials or any insulating material containing urea formaldehyde or any radon gas. To the best knowledge of Trustor, no underground improvements, including, but not limited to, treatment or storage tanks, or water, gas or oil wells are or have been located on the Property. To the best knowledge of Trustor, all answers on said Environmental Questionnaire are true and complete, and if any of such answers were not true and complete in all material respects when made, Trustor shall be in default hereunder. Trustor acknowledges that the Environmental Questionnaire constitutes Beneficiary's request for information about the existence of any Environmental Damages or Hazardous Materials concerning the Property.

(f) Survival. The above representations and warranties contained in this Paragraph 24 shall survive the termination and release of this Deed of Trust and the discharge of Trustor's other obligations hereunder.

25. Environmental Indemnity. Trustor agrees to indemnify, reimburse, defend, exonerate, pay and hold harmless (a) Beneficiary, its affiliates and their respective successors and assigns and any other person or entity which holds or hereafter acquires any interest in the loan secured by this Deed of Trust in any manner, and (b) the directors, officers, shareholders, policy holders, employees, successors, assigns, agents, contractors, subcontractors, experts, consultants, licensees, lessees, mortgagees, trustees, and invitees of Beneficiary and such other persons or entities, from and against any and all damages arising from the presence of Hazardous Material upon, about or beneath the Property or migrating to or from the Property, or arising in any manner whatsoever out of the violation of any Environmental Requirements pertaining to the Property and the activities thereon, or the breach of any warranty or covenant or the inaccuracy of any representation of Trustor contained in this Deed of Trust or the Environmental Questionnaire unless and to the extent such Environmental Damages exist solely as a result of the gross negligence or willful misconduct of Beneficiary. This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel reasonably approved by the indemnified parties), even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified persons.

26. Investigation Not to Effect Indemnification. The obligation to indemnify under Paragraph 25 shall not be affected by any investigation by or on behalf of Beneficiary or by any information which Beneficiary may have obtained with respect thereto. Nothing herein contained shall constitute or be construed as a waiver of any statutory or judicial federal, state or local law which may provide other rights or remedies to Beneficiary against Trustor or others in the event of Environmental Damages or the breach of Environmental Requirements.

27. No Prepayment Rights. Trustor for itself and any person, entities, firms or corporations acquiring an interest in the Property subject and subordinate to this Deed of Trust, agrees that there is no right (a) to pay in full the indebtedness evidenced by the Note

except as therein expressly provided or (b) to pay in part the indebtedness evidenced by the Note except in the installments which have become due as provided in the Note.

28. **No Reserve Fund Interest.** Except as may otherwise be agreed to by Beneficiary in writing, Beneficiary shall not be obligated to pay interest to Trustor on, nor to account to Trustor for any interest on or other earnings or benefits attributable to, the reserve fund referred to in Paragraph A.5(d) of this Deed of Trust or on any other amounts, including without limitation, insurance proceeds, condemnation awards and other amounts, if any, paid to or received by and held by Beneficiary pursuant to this Deed of Trust. Beneficiary shall be entitled to deposit or hold such reserve fund and other amounts in such accounts and with such persons or entities as it shall determine and may commingle such reserve fund and other amounts with its own funds and those of others held by it.

29. **Representations and Warranties.** All reports, documents, instruments and other information which have been delivered to Beneficiary by or on behalf of Trustor concerning the loan or which are required by the Loan Documents are and will be accurate, correct in all material respects and sufficiently complete to give Beneficiary true and accurate knowledge of their subject matter. To the best of Trustor's knowledge, no representation or warranty by Trustor contained in this Deed of Trust, the Commitment or the Exhibits attached thereto, and no document or certificate furnished or to be furnished to Beneficiary in connection herewith or with the transactions contemplated hereby, contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements of fact contained herein or therein not misleading.

30. **Expenses.** Trustor promises to pay and reimburse Beneficiary for all administrative fees, costs and expenses, including attorneys' fees, incurred in reviewing and processing post-closing requests of Trustor. Trustor shall reimburse Beneficiary for all payments, advances, charges, costs and expenses, including attorneys' fees, made or incurred by Beneficiary in exercising any right, power, privilege or remedy conferred by the Note, this Deed of Trust or any other of the Loan Documents evidencing or securing the loan described herein or in the enforcement thereof, including any of the foregoing incurred in connection with any insolvency proceeding relating to Trustor, including without limitation, the seeking of relief or modification of the automatic stay, the negotiation and drafting of a cash collateral order, or any proceeding in bankruptcy relating to the valuation of the collateral, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. All of the foregoing shall be paid to Beneficiary by Trustor immediately upon demand, together with interest at a rate per annum equal to the interest rate provided in this Deed of Trust for overdue obligations (but not to exceed the highest rate that may be contracted for under applicable law).

31. **Notices.** All notices and other communications under this Deed of Trust shall be in writing and shall be deemed to have been received by Trustor when delivered or three (3) business days after such notice is mailed by first-class registered or certified mail, return receipt requested, or by Federal Express or a similarly recognized national overnight courier service, postage prepaid addressed: 29400 Rancho California Road, Temecula, California 92591, Attention: William P. Johnson. All notices to Beneficiary shall be sent to 853 East Valley Boulevard, Suite 200, San Gabriel, California 91776, Attention: Angela Sabella. Any

party hereto may change its mailing address at any time by giving written notice of such change to the other party in the manner provided above.

32. **Joint and Several Obligations.** If Trustor is not a single entity or person, then the obligations of such parties under this Deed of Trust shall be joint and several.

33. **No Other Payments.** If there is any lien on the Property other than the lien created hereby, Trustor shall not be permitted to make payments on the indebtedness secured thereby while any monetary default exists hereunder; provided, however, that nothing herein shall give Trustor any right to encumber the Property with any indebtedness other than the lien created hereby.

D. **Waiver of Statue of Limitations.** The right to plead any and all statutes of limitations as a defense to any demand secured by this Deed of Trust is hereby waived to the full extent permissible by law.

E. **Trust Irrevocable.** The trust created hereby is irrevocable by the Trustor.

F. **Interpretation.** The term "and/or" as used herein means one or the other or both, or any one or all, of the things or persons in connection with which the words are used. Paragraph headings are for reference only and shall not be considered in the interpretation of this Deed of Trust.

G. **Request for Notice of Default.** The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to said Trustor at its address hereinbefore set forth.

H. **Materiality.** Each and every provision, covenant, term and condition, representation and warranty herein contained is agreed to be a material provision hereof, and any breach thereof shall constitute a sufficient ground for acceleration of the due date of the indebtedness secured hereby and a sufficient ground for foreclosure in the event of failure of Trustor either to cure said breach within the time periods, if any, herein provided or to pay in full the indebtedness hereby secured.

I. **Incorporation of Exhibits.** Exhibit A attached hereto is hereby incorporated herein by this reference as if fully set forth herein.

J. **Cross-Default; Cross Collateralization.** A default under any of the following instruments (collectively, the "Other Deeds of Trust") shall, at Beneficiary's option, constitute a default under this Deed of Trust:

(i) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of January 15, 1999, executed by Vail Lake ~ Rancho California, LLC, a California limited liability company, as trustor, to Trustee, as trustee, for the benefit of Angela Sabella, an individual, as beneficiary, and recorded on January 29, 1999 in the real property records of Riverside County, California as Instrument No. 038865, as amended from time to time, and/or

(ii) that certain Deed of Trust executed by Vail Lake USA, LLC, a California limited liability company, as trustor, to United Title Company, as trustee, for the benefit of the parties named therein, as beneficiary, and recorded on September 3, 1998 in the real property records of Riverside County, California as Instrument No. 376328, the beneficial interest of which was assigned to Angela Sabella, an individual, by instrument recorded in the real property records of Riverside County, California on March 3, 1999 as Instrument No. 87415, as amended from time to time, and/or

(iii) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of March 1, 1999, executed by Vail Lake USA, LLC, a California limited liability company, as trustor, to Trustee, as trustee, for the benefit of Dynamic Finance Corporation, a California corporation, as beneficiary, and recorded on March 3, 1999 in the real property records of Riverside County, California as Instrument No. 087413, as amended from time to time, and/or

(iv) that certain Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of May 3, 1999, executed by Vail Lake Village & Resort, LLC, a California limited liability company, as trustor, to Trustee, as trustee, for the benefit of Angela Sabella, an individual, as beneficiary, and recorded on May 5, 1999 in the real property records of Riverside County, California as Instrument No. 1999-191878, as amended from time to time, and/or

(v) that certain Deed of Trust and Assignment of Rents dated as of December 29, 1997, executed by Vail Lake USA, LLC, a California limited liability company, as trustor, to Asset Managers, Inc., a California corporation, as trustee, for the benefit of the parties named therein, as beneficiary, and recorded on January 5, 1998 in the real property records of Riverside County, California as Instrument No. 001161, the beneficial interest of which was assigned to Dynamic Finance Corporation, a California corporation, by instrument recorded in the real property records of Riverside County, California on August 6, 1999 as Instrument No. 354022, as amended from time to time, and/or

(vi) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of June 30, 2000, executed by North Plaza, LLC, a California limited liability company, as trustor, to Trustee, as trustee, for the benefit of Dynamic Finance Corporation, a California corporation, and recorded substantially concurrently herewith in the real property records of Riverside County, California, as amended from time to time; and/or

(vii) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of June 30, 2000, executed by Vail Lake - Rancho California, LLC, a California limited liability company, as trustor, to Trustee, as trustee, for the benefit of Dynamic Finance Corporation, a California corporation, and recorded substantially concurrently herewith in the real property records of Riverside County, California, as amended from time to time.

A breach or default under this Deed of Trust shall, at Beneficiary's option, constitute a default under the Other Deeds of Trust. At the option of Beneficiary, this Deed of Trust shall secure each and all of the obligations of each "trustor" named in each of the Other Deeds of Trust, and each of the Other Deeds of Trust shall secure the obligations of the "Trustor" named in this Deed of Trust.

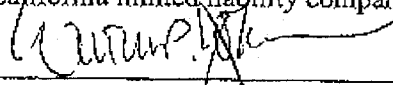
Notwithstanding any provision herein or in said note, the total liability for payments in the nature of interest shall not exceed the limits now imposed by the usury laws of the State of California.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

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

TRUSTOR:

RANCHO CALIFORNIA COUNTRY CLUB,  
LLC, a California limited liability company

By:   
Name: William P. Johnson  
Its: Manager

STATE OF CALIFORNIA

COUNTY OF

RIVERSIDE

} SS:

On JUNE 26, 2000, before me, a Notary Public in and for said State, personally appeared

WILLIAM P. JOHNSON

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

WITNESS my hand and official seal.

Rebecca S. Lawson

Print Name: REBECCA S. LAWSON

My Commission Expires: \_\_\_\_\_

(SEAL)



**EXHIBIT A**

Legal Description

[see attached]



EXHIBIT A

PARCELS 1 THROUGH 16, INCLUSIVE, AND LETTERED LOTS A THROUGH J, INCLUSIVE, AS SHOWN BY PARCEL MAP 23303 ON FILE IN BOOK 171 PAGES 26 THROUGH 37, INCLUSIVE, OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

EXCEPTING THEREFROM ALL MINERAL, OIL AND GAS RIGHTS BELOW THE DEPTH 500 FEET BELOW THE SURFACE; WITHOUT THE RIGHT OF SURFACE ENTRY. TOGETHER WITH ALL RIPARIAN RIGHTS TO THE WATERS IN THE WATERSHED OF THE SANTA MARGARITA RIVER AS RESERVED TO KAISER DEVELOPMENT COMPANY PER DOCUMENT RECORDED DECEMBER 31, 1987 AS INSTRUMENT NO. 368011 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

From: (626) 280-2825  
Dynamic Finance Corp.  
Dynamic Finance Corp.  
853 E. Valley Blvd., Ste #200

Origin ID: WHPA



J13111302120326

Ship Date: 10MAY13  
Act/Wgt: 2.0 LB  
CAD: 100328133/INET3370

SAN GABRIEL, CA 91776

Delivery Address Bar Code



SHIP TO: (951) 955-3900

BILL SENDER

Don Kent, Treasurer-Tax Collector  
4080 Lemon Street

RIVERSIDE, CA 92502

Ref #

Invoice #

PO #

Dept #

TREASURER-TAX COLLECTOR  
DATA / MAILROOM

MAY 13 2013

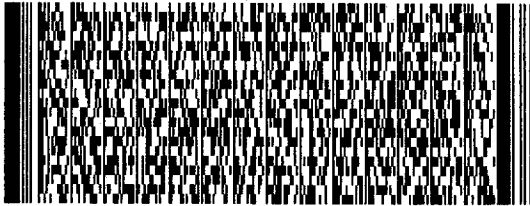
RECEIVED

MON - 13 MAY 10:30A  
PRIORITY OVERNIGHT

TRK#

7997 3843 1660

0201

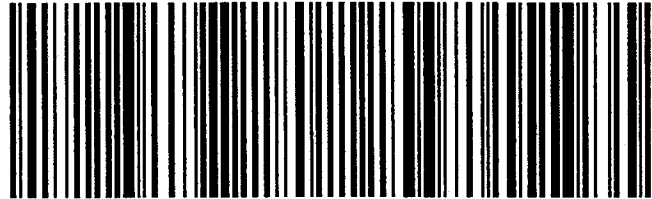


WM ONTA

92502

CA-US

ONT



518G1/9983/93AB

**After printing this label:**

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

**Warning:** Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

**Law Offices of Gregson M. Perry**

18345 Ventura Blvd., Ste. 507

Tarzana, CA 91356

Ph. (818) 776-0079/Fax (818) 348-0359

E-mail: [gperrylaw@prodigy.net](mailto:gperrylaw@prodigy.net)

May 17, 2013

County of Riverside

Treasurer-Tax Collector

Attn: Adrian

4080 Lemon St, P.O. Box 12005

Riverside, CA 92502-2205

Re: Claims for Excess Proceeds From Sale of Tax Defaulted Properties:

Item 1211 – Assessment No. 935370014-0

Item 1219 – Assessment No. 935370022-7

Item 1222 – Assessment No. 935370025-0

Dear Adrian:

This office represents Dynamic Finance Corporation, claimant on the above-referenced claims. As we discussed, I am enclosing herewith the originals of the claims forms.

Should you need anything further in order to process these claims, please do not hesitate to contact my office.

Very truly yours,

**LAW OFFICES OF GREGSON M. PERRY**

By:

  
Gregson M. Perry

Encl

LAW OFFICES OF GREGSON M. PERRY  
18345 Ventura Blvd., Ste# 507  
Tarzana, CA 91356

SANTA ANA CA 926

TREASURER-TAX COLLECTOR

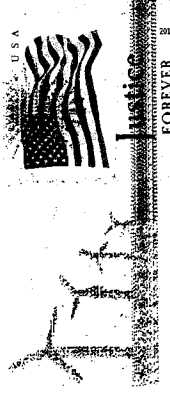
MAY 22 2013

**RECEIVED**

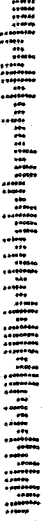
County of Riverside  
Treasurer-Tax Collector  
4080 Lemon Street  
P.O. Box 12005  
Riverside, CA 92502-2205

ATTN: Adrian

92502220505



20 MAY 2013 PNL 1



JON CHRISTENSEN  
ASSISTANT TREASURER-TAX COLLECTOR

DEBBIE BASHE  
INFORMATION TECHNOLOGY OFFICER

GIOVANE PIZANO  
INVESTMENT MANAGER

KIEU NGO  
FISCAL MANAGER



DON KENT  
TREASURER

GARY COTTERILL  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

MATT JENNINGS  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

MELISSA JOHNSON  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

ADRIANNA GOMEZ  
ADMINISTRATIVE SERVICES MANAGER I

October 23, 2014

Dynamic Finance Corp.  
C/O Dominic Leung, Treasurer  
853 E. Valley Blvd., Ste. #200  
San Gabriel, CA 91776

Re: Apn: 935370014-0, 935370022-7 & 935370025-0  
TC 192 Item 1211, 1219 & 1222  
Date of Sale: March 20, 2012

Dear Dominic Leung,

This office is in receipt of your claim for excess proceeds from the above-mentioned tax sale. The documentation you have provided is insufficient to establish your claim.

**Please submit the necessary proof to establish your right to claim the excess proceeds. The document(s) listed below may assist the Tax Collector in making the determination.**

- Notarized Affidavit for Collection of Personal Property under California Probate Code 13100
- Notarized Statement of different/mis spelled name for
- Notarized Statement Giving Rights to Collect/Claim on behalf of Dynamic Finance Corp.
- Certified Death Certificates for
- Copy of Birth Certificates for
- Copy of Marriage Certificate for

- Original Note/Payment Book
- Updated Statement of Monies Owed Dynamic Finance Corporation (as of date of tax sale)
- Articles of Incorporation (if applicable Statement by Domestic Stock)
- Court Order Appointing Administrator
- Deed (Quitclaim/Grant etc...)
- Other -

If you should have any questions, please call me at (951) 955-9386.

Sincerely,

*Debra A Ruth*

Debra A. Ruth  
Tax Sale Operations Unit  
(951) 955-9386  
(951) 955-3990 Fax

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dynamic Finance Corp.  
C/O Dominic Leung, Treasurer  
853 E. Valley Blvd., Ste. #200  
San Gabriel, CA 91776

2. Article Number  
(Transfer from service label)

7003 2260 0004 1562 0176

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
*x Joyce Chan*  Addressee

B. Received by (Printed Name) C. Date of Delivery  
*10/29/14*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

RIVER

JON CHRISTENSEN  
ASSISTANT TREASURER-TAX COLLECTOR

DEBBIE BASHE  
INFORMATION TECHNOLOGY OFFICER

GIOVANE PIZANO  
INVESTMENT MANAGER

KIEU NGO  
FISCAL MANAGER



DON KENT  
TREASURER

GARY COTTERILL  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

MATT JENNINGS  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

MELISSA JOHNSON  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

ADRIANNA GOMEZ  
ADMINISTRATIVE SERVICES MANAGER I

January 23, 2015

Dynamic Finance Corp.  
C/O Dominic Leung, Treasurer  
853 E. Valley Blvd., Ste. #200  
San Gabriel, CA 91776

Re: Apn: 935370014-0, 935370022-7 & 935370025-0  
TC 192 Item 1211, 1219 & 1222  
Date of Sale: March 20, 2012

**FINAL NOTICE**

Dear Dominic Leung,

This office is in receipt of your claim for excess proceeds from the above-mentioned tax sale. The documentation you have provided is insufficient to establish your claim.

**Please submit the necessary proof to establish your right to claim the excess proceeds. The document(s) listed below may assist the Tax Collector in making the determination.**

- Notarized Affidavit for Collection of Personal Property under California Probate Code 13100
- Notarized Statement of different/misspelled name for
- Notarized Statement Giving Rights to Collect/Claim on behalf of Dynamic Finance Corp.
- Certified Death Certificates for
- Copy of Birth Certificates for
- Copy of Marriage Certificate for

- Original Note/Payment Book
- Updated Statement of Monies Owed Dynamic Finance Corporation (as of date of tax sale)
- Articles of Incorporation (if applicable Statement by Domestic Stock)
- Court Order Appointing Administrator
- Deed (Quitclaim/Grant etc...)
- Other -

**If your documentation is not received**

If you should have any questions, please contact me at:

Sincerely,

*Debra A Ruth*

Debra A. Ruth  
Tax Sale Operations Unit  
(951) 955-9386  
(951) 955-3990 Fax

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dynamic Finance Corp.  
C/O Dominic Leung, Treasurer  
853 E. Valley Blvd., Ste. #200  
San Gabriel, CA 91776

2. Article Number  
(Transfer from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
*[Signature]*  Addressee

B. Received by (Printed Name) *[Signature]*  
C. Date of Delivery *1/29/15*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

7003 2260 0004 1562 0343

4080 LEMON STREET  
WWW.RIVERSIDETAXIN

JON CHRISTENSEN  
ASSISTANT TREASURER-TAX COLLECTOR

DEBBIE BASHE  
INFORMATION TECHNOLOGY OFFICER

GIOVANE PIZANO  
INVESTMENT MANAGER

KIEU NGO  
FISCAL MANAGER



DON KENT  
TREASURER

GARY COTTERILL  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

MATT JENNINGS  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

MELISSA JOHNSON  
CHIEF DEPUTY TREASURER-TAX COLLECTOR

ADRIANNA GOMEZ  
ADMINISTRATIVE SERVICES MANAGER I

March 5, 2015

Dynamic Finance Corp.  
C/O Law Offices of Gregson M. Perry  
18345 Ventura Blvd., Ste. #507  
Tarzana, CA 91356

Re: Apn: 935370014-0, 935370022-7 & 935370025-0  
TC 192 Item 1211, 1219 & 1222  
Date of Sale: March 20, 2012

**FINAL NOTICE**

Dear Gregson M. Perry,

This office is in receipt of Dynamic Finance Corporation's claim for excess proceeds from the above mentioned tax sale. The documentation provided is insufficient to establish their claim. Previous requests to Dynamic Finance Corp. dated October 23, 2014 & January 23, 2015, have gone unanswered.

**Please submit the necessary proof to establish Dynamic Finance Corporation's right to claim the excess proceeds. The document(s) listed below may assist the Tax Collector in making the determination.**

- Notarized Affidavit for Collection of Personal Property under California Probate Code 13100
- Notarized Statement of different/misspelled name for
- Notarized Statement Giving Rights to Collect/Claim on behalf of Dynamic Finance Corp.
- Certified Death Certificates for
- Copy of Birth Certificates for
- Copy of Marriage Certificate

- Original Note/Payment Book
- Updated Statement of Monies Owed Dynamic Finance Corporation (as of date of tax sale)
- Articles of Incorporation (if applicable Statement by Domestic Stock)
- Court Order Appointing Administrator
- Deed (Quitclaim/Grant etc...)
- Other -

**If your documentation is not re claim will be denied.**

If you should have any questions,

Sincerely,

*Debra A Ruth*

Debra A. Ruth  
Tax Sale Operations Unit  
(951) 955-9386  
(951) 955-3990 Fax

**SENDER: COMPLETE THIS SECTION**


- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dynamic Finance Corp.  
C/O Law Offices of Gregson M. Perry  
18345 Ventura Blvd., Ste. #507  
Tarzana, CA 91356

2. Article Number  
(Transfer from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature   Agent  
 Address

B. Received by (Printed Name) *Gregson M. Perry* C. Date of Delivery *3/10/15*

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

7003 2260 0004 1559 3531

# Dynamic Finance Corporation

I, Dominic Leung, declare as follows:

I am presently the Treasurer of Dynamic Finance Corporation, a California corporation ("DFC"), and as such, I have personal knowledge of the following facts. If called upon to testify as to the truth of the matters stated herein, I could and would competently do so.

On or about May 13, 2013, DFC submitted claims for excess proceeds from the real property tax sale that took place on May 20, 2012 in regard to TC 192 Items 1211, 1219, and 1222 (Assessor's Parcel Nos. 935370014-0, 935370022-7, and 935370025-0). As part of DFC's claim, copies of Deeds of Trust bearing Instrument No. 43305 and Instrument No. 2007-0278264 and secured by the previously referenced Parcels ("Deeds of Trust"), were submitted, both of which show DFC as the Beneficiary. In addition, Promissory Notes in the amounts of \$18,000,000 and \$7,800,000, secured by the Deeds of Trust, showing DFC as the Holder, were also submitted. The Deeds of Trust and Promissory Notes are collectively referred to as the "Loan Documents."

As supported by the Loan Documents, DFC possess the right to claim the excess proceeds in the amounts referenced in our previously submitted claims, and has all right, title and interest in and to those proceeds.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed on this 14<sup>th</sup> day of April, 2015, at Houston, Texas.

**Dynamic Finance Corporation**

By:

  
Dominic Leung, Treasurer

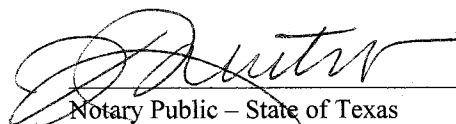
STATE OF TEXAS

COUNTY OF HARRIS

§  
§  
§

BEFORE ME, on this 14<sup>th</sup> day of APRIL personally appeared DOMINIC LEUNG known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he is the TREASURER of Dynamic Finance Corporation, and that (s)he has executed the foregoing instrument for the purposes and consideration and in the capacity therein expressed, and that the information contained in this document is true and correct to the best of his/her personal knowledge.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14<sup>th</sup> day of APRIL, 2015

  
Notary Public - State of Texas



853 E. Valley Blvd., Suite 200  
San Gabriel, CA 91776  
626-280-2825  
626-280-2839 Fax



## PROMISSORY NOTE

\$18,000,000.00

As of July 5, 2000

Los Angeles, California

FOR VALUE RECEIVED, the undersigned, RANCHO CALIFORNIA COUNTRY CLUB, LLC, a California limited liability company ("Borrower"), with a mailing address of 29400 Rancho California Road, Temecula, California 92591, promises to pay to the order of DYNAMIC FINANCE CORPORATION, a California corporation ("Lender"), without grace except as otherwise expressly provided herein, at Lender's principal place of business at 853 East Valley Boulevard, Suite 200, San Gabriel, California 91776, or at such other place as Lender may designate to Borrower in writing from time to time, the principal sum of EIGHTEEN MILLION AND NO/100 DOLLARS (\$18,000,000.00), in lawful money of the United States of America, with interest thereon to be computed on the unpaid principal outstanding at the "Applicable Interest Rate" (as such term is defined in Section 1.01(b) below).

### ARTICLE I - TERMS AND CONDITIONS

#### 1.01 Accrual and Calculation of Interest.

(a) Interest shall accrue on the outstanding principal balance of this Promissory Note (this "Note") at the "Applicable Interest Rate" (as defined in Section 1.01(b) below) in effect from time to time. Interest shall be computed hereunder based on a 360-day year, and shall accrue for each and every day (365 days per year, 366 days per leap year) on which any indebtedness remains outstanding hereunder. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to close of business. Payments in federal funds immediately available in the place designated for payment received by Lender prior to 2:00 p.m. local time at said place of payment shall be credited prior to close of business, while other payments may, at the option of Lender, not be credited until immediately available to Lender in federal funds in the place designated for payment prior to 2:00 p.m. local time at said place of payment on a day on which Lender is open for business.

(b) As used herein, the "Applicable Interest Rate" in effect at any time during any "Interest Period" (as defined in Section 1.01(c) below) hereunder shall mean a floating rate of interest per annum equal to the Prime Rate (as hereinafter defined) plus four percent (4.0%); provided, however, that the Applicable Interest Rate shall not be less than fourteen percent (14.0%) per annum. The Applicable Interest Rate shall be determined by Lender on the date the loan proceeds are advanced and thereafter shall be adjusted as of the first (1st) day in each Interest period and continue in effect for such Interest Period. As used herein, the term "Prime Rate" shall mean the rate of interest per annum designated as the "prime rate" by the San Francisco office of Wells Fargo Bank, N.A. as in effect on the relevant date of determination.

(c) As used herein, the term "Interest Period" shall mean (i) with respect to the calculation of the first payment of interest due under this Note, the period commencing on the date the loan proceeds are disbursed and continuing through the end of the calendar month in which such disbursement is made, and (ii) with respect to the calculation of each subsequent payment of interest due under this Note, the calendar month or portion thereof with respect to which such interest is due and payable.

1.02 Payments of Principal and Interest.

(a) Borrower shall make monthly payments of interest only, of interest accruing under this Note in accordance with the terms hereof, as follows: On the first (1st) day of the first calendar month following the date of this Note, and on the first (1st) day of each calendar month thereafter until the "Maturity Date" (as defined in Section 1.02(b) below), Borrower shall pay to Lender all interest accrued under this Note at the Applicable Interest Rate during the immediately preceding Interest Period; provided, however, that on the Maturity Date, the entire outstanding principal balance of this Note, together with all accrued and unpaid interest thereon shall be due and payable in full.

(b) Borrower shall make a partial prepayment of the principal balance of the loan evidenced by this Note (the "Loan") as and when required pursuant to Section 1.03(a) below.

(c) As used herein, the term "Maturity Date" shall mean December 31, 2000.

(d) On the Maturity Date, the entire outstanding principal balance of this Note, together with all accrued and unpaid interest thereon shall be due and payable in full.

(e) All payments due under this Note shall be payable without setoff, counterclaim or any other deduction whatsoever.

1.03 Mandatory and Voluntary Prepayments.


(a) On or prior to August 31, 2000, Borrower shall pay to Lender in immediately available funds, the sum of Five Million Dollars (\$5,000,000.00) as a partial repayment of the principal balance of the Loan. Such partial repayment shall be applied first to all accrued and unpaid interest and other amounts then due and payable under the Loan Documents, and the remainder thereof shall be applied to reduce the principal balance of the Loan then outstanding. The amount so repaid may not thereafter be reborrowed.

(b) From and after the date hereof, provided no Event of Default (as defined in Section 1.09 below) has occurred and is continuing, Borrower may prepay the principal indebtedness evidenced by this Note in whole or in part, provided (i) written notice of such prepayment is received by Lender not less than thirty (30) days prior to the date of such prepayment, (ii) any partial prepayment is in an amount not less than One Million Dollars (\$1,000,000.00) or a multiple thereof, and (iii) such prepayment is accompanied by all interest accrued but unpaid under the Note (or, in the case of a partial prepayment, that portion of such

accrued interest which is attributable to the principal sum prepaid) and all other sums due under the Note or under the other Loan Documents (as defined in Section 1.04 below).

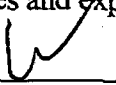
1.04 Security. The indebtedness evidenced by this Note and the obligations created hereby are secured by, among other things, the following instruments (collectively, the "Security Instrument"): (i) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof, executed by Borrower, as trustor, for the benefit of Lender, as beneficiary (the "Walker Basin Deed of Trust"), which encumbers that certain real property more particularly described therein, (ii) those certain Pledge Agreements, each dated as of the date hereof, executed by William Johnson and Patricia Johnson, collectively as pledgor, for the benefit of Lender, as pledgee, and (iii) those certain Pledge Agreements, each dated as of the date hereof, executed by Shining City, Inc., as pledgor, for the benefit of Lender, as pledgee. The Security Instrument, together with this Note and all other documents to or of which Lender is a party or beneficiary now or hereafter evidencing, securing, modifying or otherwise relating to the indebtedness evidenced hereby, are herein referred to collectively as the "Loan Documents;" provided, however, that the term "Loan Documents" shall in no event include that certain Repayment Guaranty dated as of the date hereof, executed by William Johnson and Patricia Johnson, jointly and severally as guarantors, to and for the benefit of Lender (the "Repayment Guaranty"), and such Repayment Guaranty is not and shall not be deemed secured by the Walker Basin Deed of Trust. All of the terms and provisions of the Loan Documents are incorporated herein by reference. Some of the Loan Documents are to be filed for record on or about the date hereof in the appropriate public records. The property subject to the Security Instrument is referred to herein as the "Security Property."

1.05 Late Charge Fee. If any sum payable under this Note (other than the final payment of the principal balance due on the Maturity Date) is not paid prior to the first (1st) day following the date such sum is due, then, subject to the provisions hereof limiting interest to the maximum amount allowed by applicable law, Borrower shall pay to Lender on demand an amount equal to five percent (5.0%) which amount shall be treated as additional interest of such past due sum to defray the expenses incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of use of such delinquent payment, and such amount shall be secured by the Security Instrument and the other Loan Documents.

  
\_\_\_\_\_  
Borrower's initials

1.06 Event of Default; Default Interest Rate. It is hereby expressly agreed that should any payment of principal or interest required under this Note not be made within five (5) days of the date such payment is due (it being understood and agreed, however, that no grace period is provided for the payment of principal and interest due on the Maturity Date), or should any other default occur under any of the Loan Documents which is not cured within any applicable grace or cure period, then an Event of Default shall exist hereunder, and in such event the indebtedness evidenced hereby, including all sums advanced or accrued hereunder or under any other Loan Document, and all unpaid interest accrued thereon, shall, at the option of Lender and without notice to Borrower, at once become due and payable and may be collected forthwith, whether or not there has been a prior demand for payment and regardless of the stipulated date of maturity.

So long as any Event of Default exists hereunder, regardless of whether or not there has been an acceleration of the indebtedness evidenced hereby, and at all times after maturity of the indebtedness evidenced hereby (whether by acceleration or otherwise), interest shall accrue on the outstanding principal balance of this Note at a rate per annum (the "Default Interest Rate") equal to five percent (5.0%) plus the Applicable Interest Rate which would be in effect hereunder absent such Event of Default or maturity, or if such increased rate of interest may not be collected under applicable law, then at the maximum rate of interest, if any, which may be collected from Borrower under applicable law, and such default interest shall be immediately due and payable. Borrower acknowledges that it would be extremely difficult or impracticable to determine Lender's actual damages resulting from any late payment or default, and such late charges and default interest are reasonable estimates of those damages and do not constitute a penalty. The remedies of Lender in this Note or in the Loan Documents, or at law or in equity, shall be cumulative and concurrent, and may be pursued singly, successively or together in Lender's discretion. In the event this Note, or any part hereof, is collected by or through an attorney-at-law, Borrower agrees to pay all costs of collection including, but not limited to, reasonable attorneys' fees and expenses.

  
\_\_\_\_\_  
Borrower's initials

1.07 Loan Points. Subject to the provisions hereof limiting interest to the maximum amount allowed by applicable law, Borrower shall pay to Lender as additional interest on the loan equal to two percent (2.0%) of the principal amount of the loan evidenced hereby (the "Loan"), which additional interest shall be paid concurrently with the funding of the Loan and shall be fully earned and nonrefundable when paid. Borrower hereby authorizes Lender to deduct such additional interest from the proceeds of the Loan.

1.08 Exit Points. Borrower acknowledges that Lender's funding of the Loan is a significant economic benefit to Borrower, and Borrower agrees that, in addition to any other expenses that Borrower may be obligated to pay to Lender as provided in the Loan Documents, upon any repayment (including any prepayment) of the Loan at any time after the date hereof, Borrower shall pay to Lender as additional interest equal to 6.68% of the maximum principal amount of the Loan, which additional interest is deemed fully earned as of the date hereof and shall be nonrefundable when paid.

1.09 Events of Default. The occurrence of any one or more of the following shall constitute an event of default (each, an "Event of Default") under this Note and under each of the other Loan Documents:

(a) Monetary. The failure of Borrower to pay any payment of principal or interest required under this Note within five (5) days of the date such payment is due (it being understood and agreed, however, that no grace period is provided for the payment of principal and interest due on the Maturity Date); or the failure of Borrower to pay when due any other sums payable under this Note or any of the other Loan Documents;

(b) Performance of Obligations. The failure of Borrower to perform any obligation other than as set forth in Section 1.09(a) above under any of the Loan Documents;

provided, however, that if a cure period is provided for the remedy of such failure, the failure of Borrower to perform will not constitute an Event of Default until such date as the specified cure period expires; or

(c) Attachment of Security Property. (i) The condemnation, seizure or appropriation of, or occurrence of an uninsured casualty with respect to, any material portion of the Security Property; or (ii) the sequestration or attachment of, or any levy or execution upon any of the Security Property, or any other collateral provided by Borrower or on behalf of Borrower under any of the Loan Documents, or any substantial portion of the other assets of Borrower, which sequestration, attachment, levy or execution is not released, expunged or dismissed prior to the earlier of thirty (30) days or the sale of the assets affected thereby; or (iii) the recording of any claim of lien against the Security Property and the continuance of such claim of lien for twenty (20) days without discharge, satisfaction or provision for payment being made by Borrower in a manner satisfactory to Lender; or

(d) Representations and Warranties; Financial Condition. (i) The failure of any representation or warranty of Borrower in any of the Loan Documents; or (ii) any material adverse change in the financial condition of Borrower or any other person or entity in any manner obligated to Lender under the Loan Documents from the financial condition represented to Lender as of the date hereof; or

(e) Voluntary Bankruptcy; Insolvency; Dissolution. (i) The filing of a petition by Borrower for relief under the Bankruptcy Reform Act of 1978 (11 USC § 101-1330) as hereinafter amended or recodified (the "Bankruptcy Code"), or under any other present or future state or federal law regarding bankruptcy, reorganization or other debtor relief law; (ii) the filing of any pleading or an answer by Borrower in any involuntary proceeding under the Bankruptcy Code or other debtor relief law which admits the jurisdiction of the court or the petition's material allegations regarding Borrower's insolvency; (iii) a general assignment by Borrower for the benefit of creditors; or (iv) Borrower applying for, or the appointment of, a receiver, trustee, custodian or liquidator of Borrower or any of its property; or

(f) Involuntary Bankruptcy. The failure of Borrower to effect a full dismissal of any involuntary petition under the Bankruptcy Code or under any other debtor relief law that is filed against Borrower or in any way restrains or limits Borrower or Lender regarding the loan evidenced by the Note, the Security Property or, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or thirty (30) days after the date of filing of such involuntary petition; or

(g) Obligors; Guarantors. The occurrence of any of the events specified in Section 1.09(e) or Section 1.09(f) as to any person or entity other than Borrower, which is in any manner obligated to Lender under the Loan Documents or any guaranty or indemnity made with respect to the loan evidenced by this Note; or

(h) Death or Incapacity of Principal. The death or incapacity of William P. Johnson; or

(i) Change In Management or Control. The occurrence of any material management or organizational change in Borrower or in the partners, venturers or members of Borrower, including, without limitation, any partnership, joint venture or member dispute which Lender determines, in its sole and absolute discretion, shall have a material adverse effect on the Loan, on the Security Property, or on the ability of Borrower or its partners, venturers or members to perform their obligations under the Loan Documents; or

(j) Loss of Priority. The failure at any time of the Security Instrument to be a valid first lien upon the Security Property or any portion thereof (unless such other priority has been specifically consented to by Lender in writing); or

(k) Other Loan Documents. The occurrence of a default under any of the other Loan Documents that is not cured within the applicable grace period, if any, provided therein.

## ARTICLE II - GENERAL CONDITIONS

2.01 No Waiver; Amendment. No failure to accelerate the debt evidenced hereby by reason of default hereunder, acceptance of a partial or past due payment, or indulgences granted from time to time shall be construed (i) as a novation of this Note or as a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of Lender thereafter to insist upon strict compliance with the terms of this Note, or (ii) to prevent the exercise of such right of acceleration or any other right granted hereunder or by any applicable laws; and Borrower hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part unless Lender agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

2.02 Waivers. Presentment for payment, notice of intention to accelerate, notice of acceleration, demand, protest and notice of demand, protest and nonpayment and all other notices are hereby waived by Borrower. Borrower hereby further waives and renounces, to the fullest extent permitted by law, all rights to the benefits of any statute of limitations and any moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisal, exemption and homestead now or hereafter provided by the Constitution and laws of the United States of America and of each state thereof, both as to itself and in and to all of its property, real and personal, against the enforcement and collection of the obligations evidenced by this Note or the other Loan Documents.

2.03 Limit of Validity. The provisions of this Note and of all agreements between Borrower and Lender, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity of this Note or otherwise, shall the amount paid, or

agreed to be paid ("Interest") to Lender for the use, forbearance or retention of the money loaned under this Note exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, performance or fulfillment of any provision hereof or of any agreement between Borrower and Lender shall, at the time performance or fulfillment of such provision shall be due, exceed the limit for Interest prescribed by law or otherwise transcend the limit of validity prescribed by applicable law, then ipso facto the obligation to be performed or fulfilled shall be reduced to such limit and if, from any circumstance whatsoever, Lender shall ever receive anything of value deemed Interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive Interest shall be applied to the reduction of the principal balance owing under this Note in the inverse order of its maturity (whether or not then due) or at the option of Lender be paid over to Borrower, and not to the payment of Interest. All Interest (including any amounts or payments deemed to be Interest) paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period until payment in full of the principal balance of this Note so that the Interest thereof for such full period will not exceed the maximum amount permitted by applicable law. This Section 2.03 will control all agreements between Borrower and Lender.

2.04 Use of Funds. Borrower hereby warrants, represents and covenants that all funds disbursed hereunder shall be used for business or commercial purposes and that no funds disbursed hereunder shall be used for personal, family or household purposes.

2.05 Unconditional Payment. Borrower is and shall be obligated to pay principal, interest and any and all other amounts which become payable hereunder or under the other Loan Documents absolutely and unconditionally and without any abatement, postponement, diminution or deduction and without any reduction for counterclaim or setoff. In the event that at any time any payment received by Lender hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any bankruptcy, insolvency or other debtor relief law, then the obligation to make such payment shall survive any cancellation or satisfaction of this Note or return thereof to Borrower and shall not be discharged or satisfied with any prior payment thereof or cancellation of this Note, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand. This Section 2.05 shall survive any cancellation or satisfaction of this Note or return of this Note to Borrower.

2.06 SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) **BORROWER, TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, (A) SUBMITS TO PERSONAL JURISDICTION IN THE STATE OF CALIFORNIA OVER ANY SUIT, ACTION OR PROCEEDING BY ANY PERSON ARISING FROM OR RELATING TO THIS NOTE, (B) AGREES THAT ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN LOS ANGELES COUNTY STATE OF CALIFORNIA, (C) SUBMITS TO THE JURISDICTION OF SUCH COURTS AND, (D) TO THE FULLEST EXTENT PERMITTED BY LAW, AGREES THAT BORROWER WILL NOT BRING ANY**

**ACTION, SUIT OR PROCEEDING IN ANY FORUM OTHER THAN SUCH COURTS IN LOS ANGELES COUNTY, CALIFORNIA (BUT NOTHING HEREIN SHALL AFFECT THE RIGHT OF LENDER TO BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM). BORROWER FURTHER CONSENTS AND AGREES TO SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING BY REGISTERED OR CERTIFIED U.S. MAIL, POSTAGE PREPAID, TO BORROWER AT THE ADDRESS FOR NOTICES DESCRIBED ON THE FIRST PAGE HEREOF, AND CONSENTS AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE IN EVERY RESPECT VALID AND EFFECTIVE SERVICE (BUT NOTHING HEREIN SHALL AFFECT THE VALIDITY OR EFFECTIVENESS OF PROCESS SERVED IN ANY OTHER MANNER PERMITTED BY LAW).**

**(b) BORROWER AND LENDER, TO THE FULL EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WAIVES, RELINQUISHES AND FOREVER FORGOES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS NOTE OR ANY CONDUCT, ACT OR OMISSION OF LENDER OR BORROWER, OR ANY OF THEIR DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH LENDER OR BORROWER, IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.**

2.07 Costs and Expenses of Lender. Borrower shall pay to Lender, upon demand, all fees and expenses incurred by Lender in connection with the transactions contemplated hereby, including, without limitation, all fees, costs and disbursements of counsel for Lender, all filing and recording fees, and all title and escrow fees, charges and premiums, including any premiums for any title insurance obtained by Lender.

2.08 Miscellaneous. This Note shall be interpreted, construed and enforced according to the substantive laws of the State of California without giving effect to its principles of choice of law or conflicts of law. The choice of law is made pursuant to California law. The terms and provisions hereof shall be binding upon and inure to the benefit of Borrower and Lender and their respective heirs, executors, legal representatives, successors, successors-in-title and assigns, whether by voluntary action of the parties or by operation of law. As used herein, the terms "Borrower" and "Lender" shall be deemed to include their respective heirs, executors, legal representatives, successors, successors-in-title and assigns, whether by voluntary action of the parties or by operation of law. If Borrower consists of more than one person or entity, each shall be jointly and severally liable to perform the obligations of Borrower under this Note. All personal pronouns used herein, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Titles of articles and sections are for convenience only and in no way define, limit, amplify or describe the scope or intent of any provisions hereof. Time is of the essence with respect to all provisions of this Note. This Note and the other Loan Documents contain the entire agreements between the parties hereto relating to the subject matter hereof and thereof, and any and all prior written



agreements and any and all prior and contemporaneous oral agreements relative hereto and thereto which are not contained herein or therein are terminated.

2.09 Registered Note. This Note is considered registered as to both principal and stated interest pursuant to Treasury Regulations Section 5f.103-1 and may be transferred only through one of the following methods:

(a) by surrender of this Note and the reissuance by the undersigned of this Note to the transferee or the issuance by the undersigned of a new note to the transferee on the same terms and provisions as those set forth or incorporated herein (except the remaining term of the Note shall in any event remain the same); or

(b) by transfer through a book entry system maintained by the undersigned or their agent.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first above written.

**BORROWER:**

RANCHO CALIFORNIA COUNTRY CLUB,  
LLC, a California limited liability company

By: 

Name: William P. Johnson

Title: Manager

**PROMISSORY NOTE**  
**(Variable Interest Rate)**

\$7,800,000

1. PROMISE TO PAY/PLACE OF PAYMENT. FOR VALUE RECEIVED, the undersigned FOUNTAINHEAD COUNTRY CLUB, LLC, a California limited liability company ("Borrower"), promises to pay DYNAMIC FINANCE CORPORATION, a California corporation ("Lender"), or to order, at 853 East Valley Boulevard, Suite 200, San Gabriel, California 91776, or such other place as Lender may designate by written notice to Borrower, the principal sum of SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$7,800,000), together with interest on the principal balance, from time to time remaining unpaid, from the Disbursement Date until paid, at the Interest Rate and on the dates set forth in this Note.

2. DEFINITIONS.

2.1 Business Day. Any day on which banks are open to transact business in the State of California, excluding Saturdays, Sundays, and legal holidays.

2.2 Deeds of Trust. The deeds of trust, security agreement and fixture filing dated as of even date herewith which constitute lien for the benefit of Lender to secure payment hereunder, on certain real property located more particularly described therein.

2.3 Disbursement Date. The date on which Lender first disburses all or a portion of the proceeds of the loan evidenced by this Note to or for the account of Borrower or to any loan escrow or funding agent.

2.4 Initial Payment Date. The first day of the calendar month following the calendar month in which the Disbursement Date occurs.

2.5 Interest Rate. A rate per annum equal to six and one half percent (6.50%) per annum plus the Prime Rate in effect from time to time. The term "Prime Rate", as used herein, shall mean the per annum rate of interest published on each Business Day in the Western Edition of the Wall Street Journal under "Money Rates" as the Prime Rate; provided, however, that if on any Business Day the Western Edition of The Wall Street Journal shall not be published, the Prime Rate shall be the Prime Rate published in the Western Edition of The Wall Street Journal for the immediately preceding Business Day.

2.6 Loan Agreement. The loan agreement of even date herewith, between Lender and Borrower.

2.7 Maturity Date. December 31, 2007, or such earlier date as the principal amount, accrued interest, and all other sums payable hereunder shall be required to be paid in full, whether by acceleration or otherwise..

2.8 Transfer. Any event under Section 1.10 of each of the Deeds of Trust (quoted below in this Note) which would entitle Lender to declare all sums secured by the Deed of Trust immediately due and payable.

Any capitalized term used herein that is not defined above is as defined in the Loan Agreement.

3. PAYMENT OF PRINCIPAL AND INTEREST. Principal and interest shall be payable in accordance with the following provisions:

3.1 Monthly Payments of Interest and Principal. Borrower shall make monthly payments of interest only, such interest accruing under this Note, as follows: On the first (1st) day of the first calendar month following the date of this Note, and on the first (1st) day of each calendar month thereafter until the Maturity Date, Borrower shall pay to Lender all then accrued but unpaid interest under this Note at the Interest Rate. Should interest not be paid, it shall be added to the principal and thereafter such added amount shall bear interest at the Interest Rate or Default Rate, as applicable.

3.2 Application of Payments. Notwithstanding any provision to the contrary, payments of principal and interest received shall be applied pursuant to the provisions of the Loan Agreement.

3.3 Payment on Maturity Date. The entire unpaid principal balance of this Note and all accrued but unpaid interest under this Note shall be due and payable on the Maturity Date.

3.4 Interest Reserve. Borrower hereby authorizes Lender to disburse proceeds of the Loan from the Interest Reserve pursuant to the terms of the Loan Agreement.

4. CALCULATION OF INTEREST. Interest shall be calculated on the last day of each month according to the actual number of days in such period as a fraction of a 360-day year.

5. PREPAYMENTS WITH NO PENALTY. Borrower may at any time, upon at least thirty (30) calendar days prior written notice to Lender, prepay the principal amount outstanding under this Note in whole or in part together with accrued interest to the date of such prepayment on the amount prepaid. In the event of any partial prepayment, the amount of each monthly interest payment will be adjusted on the next date on which interest is due. Amounts repaid may not be reborrowed.

6. SECURITY; ACCELERATION UPON CERTAIN TRANSFERS. The Borrower's obligations under this Note are secured, inter alia, by the Deeds of Trust. Each of the Deeds of Trust contains the following provision:

"1.10. ACCELERATION ON TRANSFER OR ENCUMBRANCE OF THE TRUST ESTATE. If Trustor sells, contracts to sell, gives an option to purchase, conveys, leases, encumbers, or alienates the Trust Estate, or any interest in the Trust Estate, or suffers its title, or any interest in the Trust Estate, to be divested, whether voluntarily or involuntarily, or in the event of a sale or transfer of beneficial interest in Trustor, or if title to such Trust Estate be subject to any lien or charge, voluntarily or involuntarily, contractual or statutory, without the written consent of Beneficiary being first had and obtained, Beneficiary, at Beneficiary's option, may, without prior notice, declare all sums secured by this Deed of Trust, irrespective of their stated due date, immediately due and payable, and may exercise all rights and remedies provided in this Deed of Trust; provided, however, that the sums secured by this Deed of Trust shall not be subject to acceleration pursuant to this Section on account of any encumbrances on real property owned by Trustor that are held by or for the benefit of the Beneficiary or any affiliates of Beneficiary."

7. BALLOON PAYMENT. Borrower is aware that all principal, interest, and other obligations must be paid in full on the Maturity Date.

8. LOAN AND BROKER FEE. Subject to the provisions hereof limiting interest to the maximum amount allowed by applicable law, Borrower shall pay to Lender a loan origination fee equal to six percent (6.00%) of the principal amount of the loan evidenced hereby (the "Loan"), which origination fee shall be paid concurrently with the funding of the Loan and shall be fully earned and nonrefundable when paid. Borrower hereby authorizes Lender to deduct such loan origination fee from the proceeds of the Loan. Borrower expressly acknowledges and agrees that The Alcon Group Inc. (the "Mortgage Broker"), a real estate broker licensed under California Real Estate License No. 01231301, has arranged and been actively involved and instrumental in arranging and in the negotiation of the Loan Agreement, this Note, and all other documents to be executed pursuant to the Loan Agreement. In consideration of those services, the Mortgage Broker is entitled to a commission upon the consummation of the transactions contemplated in this Agreement in the amount of \$39,000.00 (the "Commission"). In order to induce the Lender to make the Loan, Borrower has agreed to pay the Commission to the Mortgage Broker, which Commission Borrower shall pay to Mortgage Broker in full on the Disbursement Date from and out of the Loan proceeds.

9. ACCELERATION ON DEFAULT. If an Event of Default occurs under the Loan Agreement, the entire principal amount outstanding and the accrued interest shall at once become due and payable at the option of Lender (such acceleration is

automatic, however, upon the occurrence of certain events specified in the Loan Agreement). Lender may exercise this option to accelerate during any Event of Default by Borrower regardless of any prior forbearance. Any failure of Lender to make such election following an Event of Default shall not constitute a waiver of Lender's right to make the election in the event of any subsequent Event of Default.

10. LATE PAYMENT CHARGE. If any payment of principal or interest under this Note is not paid within ten (10) calendar days of when due, a late charge equal to ten percent (10%) of the amount of such delinquent payment shall be charged by Lender for the purpose of defraying the expenses incident to handling such delinquent payments. Such late charge represents a reasonable sum considering all of the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Lender due to the failure of Borrower to make timely payments. The parties further agree that proof of actual damages would be costly or inconvenient. Such late charge shall be paid without prejudice to the right of Lender to collect any other amounts provided to be paid or to declare a default under this Note or under the Deeds of Trust or from exercising any of the other rights and remedies of Lender.

11. INTEREST ON LATE PAYMENTS. Notwithstanding any provision in this Note to the contrary, any principal, accrued interest, late payment charges and other amounts which are payable under this Note, the Loan Agreement or any other instrument, agreement or document executed by Borrower in connection with the loan evidenced by this Note and which are not paid within ten (10) calendar days of when due, shall thereafter bear interest, compounded monthly, at the rate which is the sum of ten percent (10%) per annum plus the Interest Rate, not to exceed the maximum rate of interest allowed by law (the "Default Rate").

12. ATTORNEYS' FEES. Borrower agrees to pay the following costs, expenses, and attorneys' fees paid or incurred by Lender, or adjudged by a court at both trial and appellate levels: (1) actual costs of collection, costs and expenses and attorneys' fees paid or incurred in connection with the collection, enforcement, modification, or administration of this Note or any Loan Document, whether or not suit is filed; and (2) costs of suit and such sum as the court may adjudge as attorneys' fees in any action to enforce payment of this Note or any part of it. In addition to the foregoing award of attorneys' fees, Lender shall be entitled to its attorneys' fees incurred in any post-judgment proceedings to enforce any judgment in connection with this Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

13. CROSS-DEFAULT. Any default by Borrower under the Loan Agreement, or any other loan or loans made by Lender to Borrower, shall at Lender's option constitute a default hereunder.

14. WAIVER OF PRESENTMENT, NOTICE OF DISHONOR, AND PROTEST. Presentment, notice of dishonor, and protest are waived by all makers, sureties, guarantors, and endorsers of this Note.

15. FORBEARANCE NOT A WAIVER. No delay or omission on the part of Lender in exercising any rights under this Note, the Loan Agreement, or any other Loan Document, on default by Borrower, shall operate as a waiver of such right or of any other right under this Note the Loan Agreement, or any other Loan Document, for the same default or any other default. Borrower, any sureties, guarantors, and endorsers of this Note consent to all extensions without notice for any period or periods of time and to the acceptance of partial payments before or after maturity, and to the acceptance, release, and substitution of security, all without prejudice to Lender. Lender shall similarly have the right to deal in any way, at any time, with one or more of the foregoing parties without notice to any other party, and to grant such party any extensions of time for payments of any of the indebtedness, or to grant any other indulgences or forbearances whatsoever, without notice to any other party and without in any way affecting the personal liability of any such party.

16. LOSS, THEFT, DESTRUCTION OR MUTILATION OF NOTE. In the event of the loss, theft or destruction of this Note, upon Borrower's receipt of a reasonably satisfactory indemnification agreement executed in favor of Borrower by the party who held this Note immediately prior to its loss, theft or destruction, or in the event of the mutilation of this Note, upon Lender's surrender to the Borrower of the mutilated Note, Borrower shall execute and deliver to such party or Lender, as the case may be, a new promissory note in form and content identical to this Note in lieu of the lost, stolen, destroyed or mutilated Note.

17. NOTICES. Any notice, request, demand, statement, authorization, approval or consent required or permitted under this Note shall be in accordance with Section 10.10 of the Loan Agreement.

18. JOINT AND SEVERAL LIABILITY. This Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding on them and their successors and assigns. Any Borrower who is a married person expressly agrees that the indebtedness evidenced by this Note may be satisfied by recourse to the community and separate property of such Borrower.

19. GOVERNING LAW/VENUE/TRIAL BY JURY. THIS NOTE SHALL BE CONSTRUED AND ENFORCEABLE ACCORDING TO THE LAWS OF THE STATE OF CALIFORNIA. VENUE FOR PURPOSES OF THIS NOTE WILL BE IN ANY FEDERAL OR STATE COURT LOCATED IN LOS ANGELES, CALIFORNIA AND BORROWER AGREES TO BE SUBJECT TO THE PERSONAL JURISDICTION OF THE STATE OF CALIFORNIA, INCLUDING ANY STATE OR FEDERAL COURT SITTING THEREIN AND ALL COURT RULES THEREOF. TO

THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW AS MAY BE IN EFFECT FROM TIME TO TIME, BORROWER HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY DISPUTE OR LITIGATION ARISING OUT OF THIS NOTE OR ANY OTHER LOAN DOCUMENT.

20. WAIVER OF STATUTE OF LIMITATIONS. The pleading of any statute of limitations as a defense to the obligations evidenced by this Note is waived to the fullest extent permissible by law.

21. TIME IS OF THE ESSENCE. Time is of the essence for each and every obligation under this Note.

22. ASSIGNMENT. Lender shall have the right to sell, assign, or otherwise transfer, either in part or in its entirety, this Note, and any other instrument evidencing or securing the indebtedness of this Note without Borrower's consent. Borrower may not assign or otherwise transfer this Note without Lender's prior written consent.

23. SUCCESSORS AND ASSIGNS. This Note and all of the covenants, promises, and agreements contained in it shall be binding on and inure to the benefit of the respective legal and personal representatives, devisees, heirs, successors and assigns of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Note as of April \_\_, 2007.

FOUNTAINHEAD COUNTRY CLUB, LLC,  
a California limited liability company

By: \_\_\_\_\_

Name: William P. Johnson

Its: Manager





Lender: Dynamic Finance Corporation  
 Loan #: L-162  
 Loan Amount: 7,800,000.00 Loan Fee (6%): 468,000.00 Maturity Date: 12/31/07  
 Inlt. Rate: Prime+6.5%

Interest Payment: Note rate + 10%  
 Default Rate: 10%  
 Late Charge: 10%  
 Borrower: Fountainhead County Club LLC  
 Guarantor: William & Patricia Johnson, Veil Lake-Rancho California LLC  
 Veil Lake Village & Resort LLC, and Veil Lake USA LLC  
 Collateral: Approx. 385 Acres of unincorporated area in the County of Riverside, CA

Date	CHK#	Principal Information				Interest Calculation		Default Charges	Late Charges	Total Due
		Drawn	Loan Fees	Repayment	Interest	Rate	Period			
					Accrual	Available	Outstanding	Note + 10%	10%	Amount Received
04/01/09		6,725,025.00	1,258,939.16	52,482.13	12,832,869.47		20,764,351.50			
05/01/09					197,427.51	(3,581,361.98)	11,381,361.96	194,431.60		
06/01/09					204,344.91	(3,775,793.56)	11,575,793.56	204,344.91		
07/01/09					201,244.03	(3,980,138.48)	11,780,138.48	211,504.68		
08/01/09					211,504.68	(4,181,382.51)	11,981,382.51	215,238.33		
09/01/09					215,238.33	(4,508,125.52)	12,408,125.52	211,972.14		
10/01/09					211,972.14	(4,820,097.66)	12,620,097.66	219,999.16		
12/01/09					219,999.16	(5,262,276.60)	13,062,276.60	234,655.94		
02/01/10					234,655.94	(5,492,862.08)	13,292,862.08	215,688.76		
03/01/10					215,688.76	(5,943,206.76)	13,743,206.76	242,605.77		
04/01/10					242,605.77	(6,185,812.54)	13,985,812.54	251,106.12		
05/01/10					238,924.30	(6,424,736.84)	14,224,736.84	247,295.65		
06/01/10					251,106.12	(6,675,842.99)	14,475,842.99	264,492.33		
07/01/10					247,295.65	(6,923,138.61)	14,723,138.61	260,478.73		
08/01/10					259,904.29	(7,183,042.90)	14,983,042.90	273,758.52		
09/01/10					264,492.33	(7,447,535.23)	15,247,535.23	269,605.30		
10/01/10					260,478.73	(7,708,013.95)	15,508,013.95	288,353.36		
11/01/10					273,758.52	(7,981,773.48)	15,781,773.48	288,353.36		
12/01/10					269,605.30	(8,251,378.77)	16,051,378.77	298,122.40		
01/01/11					288,353.36	(8,534,730.20)	16,334,730.20	265,045.83		
02/01/11					288,353.36	(8,823,083.56)	16,623,083.56	293,598.47		
03/01/11					265,045.83	(9,088,129.39)	16,888,129.39	303,885.48		
04/01/11					298,122.40	(9,366,251.79)	17,186,251.79	308,567.91		
05/01/11					293,598.47	(9,679,850.25)	17,479,850.25	319,379.42		
06/01/11					308,567.91	(9,988,418.17)	17,788,418.17	325,017.35		
07/01/11					303,885.48	(10,292,303.64)	18,092,303.64	320,085.30		
08/01/11					319,379.42	(10,611,683.06)	18,411,683.06	331,300.34		
09/01/11					325,017.35	(10,936,700.41)	18,736,700.41	348,192.06		
10/01/11					320,085.30	(11,256,785.71)	19,056,785.71	337,329.57		
11/01/11					336,405.20	(11,593,190.91)	19,393,190.91	337,329.57		
12/01/11					331,300.34	(11,924,491.26)	19,724,491.26	224,658.75		
01/01/12					348,192.06	(12,272,683.32)	20,072,683.32			
02/01/12					354,338.62	(12,627,021.93)	20,427,021.93			
03/01/12					337,329.57	(12,964,351.50)	20,764,351.50			
03/20/12										

Lender: Dynamic Finance Corporation  
 Loan #: DFC#118

Funded: 07/05/00 18,000,000.00  
 1st Extension 18,000,000.00  
 2nd Extension 18,000,000.00  
 3rd Extension 18,000,000.00  
 4th Extension 21,712,005

Loan Amount 18,811,409.02  
 Loan Fee 360,000.00  
 Maturity Date 12/31/00  
 Int. Rate 14.00% / P-4  
 Interest Payment: 61,739,550.03  
 Default Rate: 18,000,000.00  
 Prepayment Penalty: 360,000.00  
 Borrower: 900,000.00  
 Guarantor: 06/30/03  
 Monthly interest reserve  
 Fixed - 5%  
 None  
 Rancho California Country Club, LLC(grading)  
 William & Patricia Johnson

Total Interest 61,739,550.03 19,996,206.80 0.00 20,500,881.51

Date	Ch#	Drawn	Fees	Repayment	Interest Accrual	Loan Balance		Rate	Interest Calculation		Default Charges	Late Charges	Payment Infos		
						Available	Outstanding		From	To			Amount	5% Amount	5% Amount
07/05/00						18,000,000.00	0.00	14.00%	07/05	07/05					
07/05/00	Lender fee	5,000.00	360,000.00			17,640,000.00	360,000.00	14.00%	07/05	07/05					
07/05/00	Broker fee					17,635,000.00	365,000.00	14.00%	07/05	07/05					
07/05/00	L-108	9,299,372.62				8,335,627.38	9,664,372.62	14.00%	07/05	07/05					
07/05/00	L-115	4,991,983.12				3,343,644.26	14,656,355.74	14.00%	07/05	07/07					
07/07/00	1048	544,137.26				2,799,507.00	15,200,493.00	14.00%	07/07	07/10					
07/10/00	1049	200,150.00				2,599,357.00	15,400,643.00	14.00%	07/10	07/10					
07/10/00	1050	459,080.00				2,140,297.00	15,859,703.00	14.00%	07/10	07/10					
07/10/00	1051	10,500.00				2,129,797.00	15,870,203.00	14.00%	07/10	07/10					
07/10/00	1052	6,250.00				2,123,547.00	15,876,453.00	14.00%	07/10	08/01					
08/04/00	1061	20,735.00				1,958,581.83	16,041,418.17	14.00%	08/04	08/04					164,965.17
08/04/00	1067	26,198.61				1,937,846.83	16,062,153.17	14.00%	08/04	08/04					
08/04/00	1075	13,092.47				1,911,648.22	16,088,351.78	14.00%	08/04	08/04					
08/04/00	1078	5,000.00				1,898,555.75	16,106,444.25	14.00%	08/04	08/13					
08/13/00	1080	5,148.14				1,888,407.61	16,111,592.39	14.00%	08/13	08/13					
08/13/00	1081	25,000.00				1,863,407.61	16,136,592.39	14.00%	08/13	08/13					
08/13/00	1082	6,400.00				1,857,007.61	16,142,992.39	14.00%	08/13	08/18					
08/18/00	1083	120,500.00				1,736,507.61	16,263,492.39	14.00%	08/18	08/31					
08/31/00	1105	62,405.63				1,674,101.98	16,325,898.02	14.00%	08/31	09/01					195,046.64
09/01/00						1,479,055.33	16,520,944.67	14.00%	09/01	09/05					
09/05/00	1107	200,000.00				1,279,055.33	16,720,944.67	14.00%	09/05	09/21					
09/21/00	1122	1,300.25				1,277,755.08	16,722,244.92	14.00%	09/21	09/21					
09/21/00	1123	15,143.57				1,262,611.51	16,737,388.49	14.00%	09/21	10/01					
10/01/00						1,067,780.99	16,932,219.01	14.00%	10/01	11/01					
11/01/00	1155	110,599.89				863,653.68	17,136,346.32	14.00%	11/01	11/02					194,830.52
12/01/00	1177	15,000.00				753,053.79	17,246,946.21	14.00%	11/02	12/01					204,127.31
12/04/00	Exit Fee		100,000.00			551,882.43	17,448,117.57	14.00%	12/01	12/04					201,171.36
01/01/01						536,882.43	17,463,117.57	14.00%	12/04	01/01					
01/02/01						226,372.34	17,773,627.66	14.00%	01/01	01/02					
02/01/01	1248	16,561.29				226,372.34	17,773,627.66	14.00%	01/02	02/01					214,270.96
02/10/01						12,101.38	17,987,898.62	14.00%	02/01	02/10					
03/01/01						(4,459.91)	18,004,459.91	14.00%	02/10	03/01					
04/01/01						(200,450.51)	18,200,450.51	14.00%	03/01	04/01					
05/01/01						(419,867.05)	18,419,867.05	10.00%	04/01	05/01					
05/31/01	1350	15,000.00				(573,365.94)	18,573,365.94	10.00%	05/01	05/31					153,498.89
						(588,365.94)	18,588,365.94	10.00%	05/31	05/31					

Lender: Dynamic Finance Corporation  
 Loan #: DFC#118

Funded: 07/05/00  
 1st Extension  
 2nd Extension  
 3rd Extension  
 4th Extension

Loan Amount: 18,000,000.00  
 Loan Fee: 360,000.00  
 Maturity Date: 12/31/00  
 Int. Rate: 14.00%/p-4  
 Accrual: 10%

Interest Payment: 18,811,409.02  
 Total Interest: 61,739,550.04  
 77,473,359.06

Monthly interest reserve  
 Fixed-5%  
 None

Interest Calculation: 61,739,550.03  
 Default Charges: 19,996,206.80  
 Late Charges: 0.00

Prepayment Penalty: 20,500,881.51  
 Borrower: Rancho California County Club, LLC(grading)  
 Guarantor: William & Patricia Johnson

Date	CHK#	Drawn	Fees	Repayment	Interest Accrual	Loan Balance		Rate	Interest Calculation		Default Charges		Late Charges		Payment Infos	
						Available	Outstanding		From	To	Amount	5%	Amount	5%	Date Received	Amount Received
08/01/03					154,655.88	(99,663.54)	18,114,653.54	10.00%	08/01	09/01	155,987.64	77,993.82				155,987.64
09/01/03					155,987.64	(255,681.18)	18,270,681.18	10.00%	09/01	10/01	152,255.68	76,127.84				152,255.68
10/01/03			1,202,400.00		152,255.68	(1,610,336.86)	19,625,336.86	15.00%	10/01	11/01	253,493.93	84,497.98				253,493.93
11/01/03					253,493.93	(1,863,830.79)	19,878,830.79	15.00%	11/01	12/01	248,485.38	82,828.46				248,485.38
12/01/03					248,485.38	(2,112,316.18)	20,127,316.18	15.00%	12/01	01/01	259,977.83	86,659.28				259,977.83
01/01/04					259,977.83	(2,372,294.01)	20,387,294.01	15.00%	01/01	02/01	263,335.88	87,778.63				263,335.88
02/01/04					263,335.88	(2,635,629.89)	20,650,629.89	15.00%	02/01	03/01	249,528.44	83,176.15				249,528.44
03/01/04					249,528.44	(2,885,168.34)	20,900,158.34	15.00%	03/01	04/01	269,960.38	89,986.79				269,960.38
04/01/04					269,960.38	(3,155,118.72)	21,170,118.72	15.00%	04/01	04/09	70,567.06	23,522.35				
05/01/04	2563	421,812.54			266,493.10	(3,576,931.26)	21,591,931.26	15.00%	04/09	05/01	197,926.04	65,975.35				268,493.10
06/01/04					282,363.81	(3,845,424.36)	21,860,424.36	15.00%	05/01	06/01	282,363.81	94,121.27				282,363.81
06/03/04	2613	15,000.00			282,363.81	(4,142,788.17)	22,142,788.17	15.00%	06/01	06/03	18,452.32	6,150.77				
07/01/04					276,959.85	(4,419,748.02)	22,424,748.02	15.00%	06/03	07/01	258,507.53	86,169.18				276,959.85
08/01/04					289,782.16	(4,709,530.18)	22,724,530.18	15.00%	07/01	08/01	289,782.16	96,594.05				289,782.16
09/01/04					293,525.18	(5,003,055.37)	23,018,055.37	15.00%	08/01	09/01	293,525.18	97,841.73				293,525.18
10/01/04					287,725.69	(5,290,781.06)	23,305,781.06	15.00%	09/01	10/01	287,725.69	95,908.56				287,725.69
11/01/04					301,033.01	(5,591,814.06)	23,606,814.06	15.00%	10/01	11/01	301,033.01	100,344.34				301,033.01
12/01/04					295,085.18	(5,886,899.24)	23,901,899.24	15.00%	11/01	12/01	295,085.18	98,361.73				295,085.18
01/01/05					308,732.87	(6,195,632.10)	24,210,632.10	15.00%	12/01	01/01	308,732.87	102,910.96				308,732.87
01/21/05	2791	109.00				(6,195,741.10)	24,210,741.10	15.00%	01/01	01/21	201,755.27	67,251.76				201,755.27
01/24/05	2792	65,025.00				(6,260,766.10)	24,275,766.10	15.00%	01/21	02/01	80,919.22	26,973.07				30,263.43
02/01/05					312,937.91	(6,573,704.02)	24,588,704.02	15.00%	02/01	02/22	215,151.16	71,717.05				215,151.16
02/22/05			18.53			(6,573,722.55)	24,588,722.55	15.00%	02/22	03/01	71,717.11	23,995.70				71,717.11
03/01/05					286,868.27	(6,860,590.82)	24,875,590.82	15.00%	03/01	03/17	165,837.27	55,279.09				165,837.27
03/17/05	2826	1,000.00				(6,861,590.82)	24,876,590.82	15.00%	03/17	04/01	155,478.69	51,826.23				155,478.69
04/01/05	2834	11,138.00				(7,194,044.78)	25,209,044.78	15.00%	04/01	05/01	315,113.06	105,037.69				315,113.06
05/01/05					315,113.06	(7,509,157.84)	25,524,157.84	15.00%	05/01	05/19	191,431.18	63,810.39				191,431.18
05/19/05	2860	3,200.00				(7,512,357.84)	25,527,357.84	15.00%	05/19	06/01	138,273.19	46,091.06				138,273.19
06/01/05					329,704.37	(7,842,062.21)	25,857,062.21	15.00%	06/01	06/27	280,118.17	93,372.72				280,118.17
06/27/05	2882	75,000.00				(7,917,062.21)	25,932,062.21	15.00%	06/27	07/01	43,220.10	14,406.70				
07/01/05					323,338.28	(8,240,400.49)	26,255,400.49	15.00%	07/01	07/19	196,915.50	65,638.50				196,915.50
07/19/05	2895/2896	50,251.00				(8,290,651.49)	26,305,651.49	15.00%	07/19	07/26	76,724.82	25,674.94				76,724.82
07/26/05						(8,290,651.49)	26,305,651.49	15.00%	07/26	08/01	65,764.13	21,921.38				65,764.13
08/01/05					339,404.45	(8,630,055.94)	26,645,055.94	15.00%	08/01	09/01	344,165.31	114,724.77				344,165.31
09/01/05					344,165.31	(8,974,221.25)	26,989,221.25	15.00%	09/01	09/08	78,718.56	26,239.52				78,718.56
09/08/05	2920-2921	35,000.00				(9,009,221.25)	27,024,221.25	15.00%	09/08	09/26	202,681.66	67,560.55				202,681.66

Lender: Dynamic Finance Corporation  
 Loan #: DFC#118

Funded: 07/05/00 18,000,000.00  
 1st Extension 18,000,000.00  
 2nd Extension 18,000,000.00  
 3rd Extension 18,000,000.00  
 4th Extension 26,000,000.00

Loan Amount 18,811,409.02  
 Loan Fee 360,000.00  
 Maturity Date 12/31/00  
 Int. Rate 14.00% / P+4  
 Interest Payment: 61,739,550.04

Default Rate: 15.00%  
 Prepayment Penalty: Borrower:  
 Guarantor: William & Patricia Johnson

Monthly interest reserve Fixed-5%  
 None  
 Rancho California County Club, LLC(grading)  
 Total Interest 61,739,550.03  
 19,996,206.80  
 0.00  
 20,500,881.51

Date	Chk#	Drawn	Fees	Repayment	Interest Accrual	Loan Balance		Rate	Interest Calculation		Default Charges		Late Charges		Payment Infos		
						Available	Outstanding		From	To	Amount	5%	Amount	5%	Date Received	Amount Received	Interest
09/26/05	2933-2934	30,000.00				(9,039,221.29)	27,054,221.25	15.00%	09/26	09/28	22,545.18	7,515.06					22,545.18
09/28/05	2938	61,522.55				(9,100,743.80)	27,115,743.80	15.00%	09/28	10/01	33,894.68	11,298.23					33,894.68
10/01/05					337,840.09	(9,438,583.89)	27,453,583.88	15.00%	10/01	10/25	274,535.84	91,511.95					274,535.84
10/25/05	2958	1,515,630.82				(10,954,214.70)	28,969,214.70	15.00%	10/25	11/01	84,493.54	28,164.51					84,493.54
11/01/05					359,029.38	(11,313,244.08)	29,328,244.08	15.00%	11/01	12/01	366,603.05	122,201.02					366,603.05
12/01/05					366,603.05	(11,679,847.13)	29,694,847.13	15.00%	12/01	01/01	383,558.44	127,852.81					383,558.44
01/01/06					383,558.44	(12,063,405.59)	30,078,405.58	15.00%	01/01	02/01	388,512.74	129,504.25					388,512.74
02/01/06					388,512.74	(12,451,918.32)	30,466,918.32	15.00%	02/01	02/21	253,890.99	84,630.33					253,890.99
02/21/06	3047	18,342.00				(12,470,260.32)	30,485,260.32	15.00%	02/21	03/01	101,617.53	33,872.51					101,617.53
03/01/06					355,508.52	(12,825,768.84)	30,840,768.84	15.00%	03/01	04/01	398,359.93	132,786.64					398,359.93
04/01/06					398,359.93	(13,224,128.77)	31,239,128.77	15.00%	04/01	05/01	390,489.11	130,163.04					390,489.11
05/01/06					390,489.11	(13,614,617.88)	31,629,617.88	15.00%	05/01	06/01	408,549.23	136,183.08					408,549.23
06/01/06	3133	20,000.00				(14,023,167.11)	32,038,167.11	15.00%	06/01	06/21	266,984.73	88,994.91					266,984.73
06/21/06					400,560.42	(14,043,167.11)	32,058,167.11	15.00%	06/21	07/01	133,575.70	44,525.23					133,575.70
07/01/06					419,258.56	(14,862,986.09)	32,458,272.53	15.00%	07/01	08/01	419,258.56	139,752.85					419,258.56
08/01/06					424,673.99	(15,287,660.08)	33,302,660.08	15.00%	08/01	09/01	424,673.99	141,558.00					424,673.99
09/01/06					416,283.25	(15,703,943.33)	33,718,943.33	15.00%	09/01	10/01	416,283.25	138,761.08					416,283.25
10/01/06					435,536.35	(16,139,479.68)	34,154,479.68	15.00%	10/01	11/01	435,536.35	145,178.78					435,536.35
12/01/06					426,931.00	(16,566,410.68)	34,581,410.68	15.00%	12/01	01/01	446,676.55	148,892.18					446,676.55
01/01/07					446,676.55	(17,013,087.23)	35,028,087.23	15.00%	01/01	02/01	452,446.13	150,815.38					452,446.13
02/01/07					452,446.13	(17,465,533.36)	35,480,533.36	15.00%	02/01	03/01	413,939.56	137,979.85					413,939.56
03/01/07					413,939.56	(17,879,472.92)	35,894,472.92	15.00%	03/01	04/01	463,636.94	154,545.65					463,636.94
04/01/07					463,636.94	(18,343,109.86)	36,368,109.86	15.00%	04/01	04/18	257,536.61	85,845.54					257,536.61
04/18/07	4144DHC	620.00				(18,343,729.86)	36,368,729.86	15.00%	04/18	05/01	196,943.12	65,647.71					196,943.12
05/01/07					454,479.73	(18,798,209.59)	36,813,209.59	15.00%	05/01	06/01	475,503.96	158,501.32					475,503.96
06/01/07					446,676.55	(19,273,813.55)	37,288,813.55	15.00%	06/01	06/15	217,517.50	72,505.83					217,517.50
06/15/07	4256DHC	100.00				(19,273,813.55)	37,288,813.55	15.00%	06/15	07/01	186,444.07	62,148.02					186,444.07
06/19/07					466,109.59	(19,739,923.13)	37,754,923.13	15.00%	06/19	07/01	487,667.76	162,555.92					487,667.76
07/01/07					487,667.76	(20,227,590.89)	38,242,590.89	15.00%	07/01	08/01	493,966.80	164,655.60					493,966.80
08/01/07					493,966.80	(20,721,557.59)	38,736,557.59	15.00%	08/01	09/01	484,206.97	161,402.32					484,206.97
09/01/07					484,206.97	(21,205,764.66)	39,220,764.66	15.00%	09/01	10/01	506,601.54	168,867.18					506,601.54
10/01/07					506,601.54	(21,712,366.20)	39,727,366.20	15.00%	10/01	11/01	496,592.08	165,530.69					496,592.08
11/01/07					496,592.08	(22,208,998.28)	40,223,998.28	15.00%	11/01	12/01	519,559.46	173,186.49					519,559.46
12/01/07					519,559.46	(22,728,517.74)	40,743,517.74	15.00%	12/01	01/01	526,270.44	175,423.48					526,270.44
01/01/08					526,270.44	(23,254,788.18)	41,269,788.18	15.00%	01/01	02/01	498,676.61	166,225.54					498,676.61
02/01/08																	

Lender: Dynamic Finance Corporation  
 Loan #: DFC#118  
 Funder: 07/05/00 18,000,000.00 12/31/00 14.00% / P+4  
 1st Extension 18,000,000.00 100,000.00 06/30/01 10%  
 2nd Extension 18,000,000.00 360,000.00 12/31/01 10%  
 3rd Extension 18,000,000.00 900,000.00 09/30/03 10%  
 4th Extensi 2/17/2005 26,000,000.00 1,202,400.00 06/30/05 15%

Loan Amount 18,811,409.02  
 Loan Fee 2,922,400.00  
 Maturity Date 6,000,000.00  
 Interest Rate 61,739,550.04  
 Interest Payment: 77,473,359.06  
 Default Rate: 19,996,206.80  
 Prepayment Penalty: 0.00  
 Borrower: Rancho California Country Club, LLC(grading)  
 Guarantor: William & Patricia Johnson

Monthly interest reserve  
 Fixed- 5%  
 None

Total Interest 61,739,550.03  
 19,996,206.80  
 0.00  
 20,500,887.51

Date	Ch#	Drawn	Fees	Repayment	Interest Accrued	Loan Balance		Rate	Interest Calculation		Default Charges		Late Charges	Payment Infos			
						Available	Outstanding		From	To	Amount	5%		5%	Date Received	Amount Received	Interest
03/01/08					498,676.61	(23,753,464.79)	41,768,464.79	15.00%	03/01	04/01	539,509.34	179,836.45					
04/01/08					539,509.34	(24,292,974.12)	42,307,974.12	15.00%	04/01	05/01	528,849.68	176,283.23					
05/01/08					528,849.68	(24,821,823.80)	42,836,823.80	15.00%	05/01	06/01	553,308.97	184,436.32					
06/01/08					553,308.97	(25,375,132.77)	43,390,132.77	15.00%	06/01	07/01	542,376.66	180,792.22					
07/01/08					542,376.66	(25,917,509.43)	43,932,509.43	15.00%	07/01	08/01	567,461.58	189,153.86					
08/01/08					567,461.58	(26,484,971.01)	44,499,971.01	15.00%	08/01	09/01	574,791.29	191,597.10					
09/01/08					574,791.29	(27,059,762.31)	45,074,762.31	15.00%	09/01	10/01	563,434.53	187,811.51					
10/01/08					563,434.53	(27,623,196.83)	45,638,196.83	15.00%	10/01	11/01	589,493.38	196,497.79					
11/01/08					589,493.38	(28,212,690.21)	46,227,690.21	15.00%	11/01	12/01	577,846.13	192,615.38					
12/01/08					577,846.13	(28,790,536.34)	46,805,536.34	15.00%	12/01	01/01	604,571.51	201,523.84					
01/01/09					604,571.51	(29,395,107.85)	47,410,107.85	15.00%	01/01	02/01	612,360.56	204,126.85					
02/01/09					612,360.56	(30,007,488.41)	48,022,488.41	15.00%	02/01	03/01	560,262.36	186,754.12					
03/01/09					560,262.36	(30,567,750.77)	48,582,750.77	15.00%	03/01	04/01	627,527.20	209,175.73					
04/01/09					627,527.20	(31,195,277.97)	49,210,277.97	15.00%	04/01	05/01	615,128.47	205,042.82					
05/01/09					615,128.47	(31,810,406.45)	49,825,406.45	15.00%	05/01	06/01	643,578.17	214,526.06					
06/01/09					643,578.17	(32,453,984.61)	50,468,984.61	15.00%	06/01	07/01	630,862.31	210,287.44					
07/01/09					630,862.31	(33,084,846.92)	51,099,846.92	15.00%	07/01	08/01	660,039.69	220,013.23					
08/01/09					660,039.69	(33,744,886.61)	51,759,886.61	15.00%	08/01	09/01	668,565.20	222,855.07					
09/01/09					668,565.20	(34,413,451.81)	52,428,451.81	15.00%	09/01	10/01	655,355.65	218,451.88					
10/01/09					655,355.65	(35,088,807.46)	53,083,807.46	15.00%	10/01	11/01	685,665.85	228,555.28					
11/01/09					685,665.85	(35,754,473.31)	53,769,473.31	15.00%	11/01	12/01	672,118.42	224,039.47					
12/01/09					672,118.42	(36,426,591.72)	54,441,591.72	15.00%	12/01	01/01	703,203.89	234,401.30					
01/01/10					703,203.89	(37,129,795.61)	55,144,795.61	15.00%	01/01	02/01	712,286.94	237,428.98					
02/01/10					712,286.94	(37,842,082.56)	55,867,082.56	15.00%	02/01	03/01	661,665.96	217,221.99					
03/01/10					661,665.96	(38,493,748.52)	56,508,748.52	15.00%	03/01	04/01	729,904.67	243,301.56					
04/01/10					729,904.67	(39,223,653.19)	57,238,653.19	15.00%	04/01	05/01	715,483.16	238,494.39					
05/01/10					715,483.16	(39,939,136.35)	57,954,136.35	15.00%	05/01	06/01	748,574.26	249,524.75					
06/01/10					748,574.26	(40,687,710.62)	58,702,710.62	15.00%	06/01	07/01	733,783.88	244,594.63					
07/01/10					733,783.88	(41,421,494.50)	59,436,494.50	15.00%	07/01	08/01	767,721.39	255,907.13					
08/01/10					767,721.39	(42,189,215.89)	60,204,215.89	15.00%	08/01	09/01	777,637.79	259,212.60					
09/01/10					777,637.79	(42,966,853.67)	60,981,853.67	15.00%	09/01	10/01	762,273.17	254,091.06					
10/01/10					762,273.17	(43,729,126.86)	61,744,126.86	15.00%	10/01	11/01	797,528.31	265,842.77					
11/01/10					797,528.31	(44,526,655.15)	62,541,655.15	15.00%	11/01	12/01	781,770.69	260,590.23					
12/01/10					781,770.69	(45,308,425.84)	63,323,425.84	15.00%	12/01	01/01	817,927.58	272,642.53					
01/01/11					817,927.58	(46,126,353.42)	64,141,353.42	15.00%	01/01	02/01	828,492.48	276,164.16					
02/01/11					828,492.48	(46,954,845.90)	64,969,845.90	15.00%	02/01	03/01	757,981.54	252,660.51					
03/01/11					757,981.54	(47,712,827.44)	65,727,827.44	15.00%	03/01	04/01	848,984.44	282,994.81					

Lender: Dynamic Finance Corporation  
 Loan #: DFC#118

Funded: 07/05/00  
 1st Extension: 18,000,000.00  
 2nd Extension: 18,000,000.00  
 3rd Extension: 18,000,000.00  
 4th Extension: 26,000,000.00

18,811,409.02    2,922,400.00    6,000,000.00    61,739,550.04    77,473,359.06    Total Interest: 61,739,550.03    19,996,206.80    0.00    20,500,881.51

Loan Amount: 18,000,000.00  
 Loan Fee: 360,000.00  
 Maturity Date: 12/31/00  
 Int. Rate: 14.00% / p-4  
 Interest Payment: 10%  
 Default Rate: 10%  
 Prepayment Penalty: Borrower:  
 Guarantor: 15%

Monthly interest reserve  
 Fixed - 5%  
 None  
 Rancho California Country Club, LLC(grading)  
 William & Patricia Johnson

Date	CHK#	Drawn	Fees	Repayment	Interest Accrual	Loan Balance		Rate	Interest Calculation		Default Charges 5%	Late Charges 5%	Payment Infos				
						Available	Outstanding		From	To			Amount	Amount	Amount	Date Received	Amount Received
04/01/11					848,984.44	(48,561,811.88)	66,576,811.88	15.00%	04/01	05/01	832,210.15	277,403.38					
05/01/11					832,210.15	(49,394,022.03)	67,409,022.03	15.00%	05/01	06/01	870,699.87	290,233.29					
06/01/11					870,699.87	(50,264,721.89)	68,279,721.89	15.00%	06/01	07/01	853,496.52	284,498.84					
07/01/11					853,496.52	(51,118,218.42)	69,133,218.42	15.00%	07/01	08/01	892,970.74	297,656.91					
08/01/11					904,504.94	(52,011,189.16)	70,028,189.16	15.00%	08/01	09/01	904,504.94	301,501.65					
09/01/11					927,970.74	(52,915,694.10)	70,930,694.10	15.00%	09/01	10/01	886,633.68	295,544.56					
10/01/11					886,633.68	(53,802,327.78)	71,817,327.78	15.00%	10/01	11/01	927,640.48	309,213.49					
11/01/11					927,640.48	(54,729,968.26)	72,744,968.26	15.00%	11/01	12/01	909,312.10	303,104.03					
12/01/11					909,312.10	(55,639,280.36)	73,654,280.36	15.00%	12/01	01/01	951,367.79	317,122.60					
01/01/12					951,367.79	(56,590,648.15)	74,605,648.15	15.00%	01/01	02/01	963,656.29	321,218.76					
02/01/12					963,656.29	(57,554,304.44)	75,569,304.44	15.00%	02/01	03/01	913,129.10	304,376.37					
03/01/12					913,129.10	(58,467,433.53)	76,482,433.53	15.00%	03/01	03/20	605,485.93	201,828.64					
03/20/12					605,485.93	(59,072,919.47)	77,087,919.47	15.00%	03/20	04/01	385,439.60	128,479.87					
04/01/12					385,439.60	(59,458,359.06)	77,473,359.06	15.00%									

1307766

ENDORSED  
FILED  
In the office of the Secretary of State  
of the State of California

MAY 17 1984

MARCH FONG EU, Secretary of State  
Sharon K. Hawkins  
Deputy

ARTICLES OF INCORPORATION  
OF  
DYNAMIC FINANCE CORPORATION

I.

The name of this corporation is DYNAMIC FINANCE CORPORATION.

II.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III.

The name and address in the State of California of this corporation's initial agent for service of process is:

JOHN S. PETERSON  
50 North First Avenue  
Arcadia, California 91006.

IV.

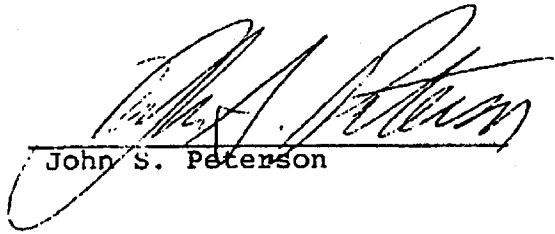
This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is 100,000.

Dated: May 16, 1984.

  
John S. Peterson



I hereby declare that I am the person who executed  
the foregoing Articles of Incorporation, which execution is  
my act and deed.



John S. Peterson



**State of California  
Secretary of State**

**S**

**Statement of Information**

(Domestic Stock and Agricultural Cooperative Corporations)

**FEES (Filing and Disclosure): \$25.00.**

If this is an amendment, see instructions.

**IMPORTANT - READ INSTRUCTIONS BEFORE COMPLETING THIS FORM**

**EY60580**

**FILED**

In the office of the Secretary of State  
of the State of California

**MAY-27 2014**

1. **CORPORATE NAME**  
DYNAMIC FINANCE CORPORATION

2. **CALIFORNIA CORPORATE NUMBER**  
C1307766

This Space for Filing Use Only

**No Change Statement** (Not applicable if agent address of record is a P.O. Box address. See instructions.)

3. If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no statement of information has been previously filed, this form must be completed in its entirety.

If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to Item 17.

**Complete Addresses for the Following** (Do not abbreviate the name of the city. Items 4 and 5 cannot be P.O. Boxes.)

4. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE	CITY	STATE	ZIP CODE
5. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY	CITY	STATE	ZIP CODE
6. MAILING ADDRESS OF CORPORATION, IF DIFFERENT THAN ITEM 4	CITY	STATE	ZIP CODE

**Names and Complete Addresses of the Following Officers** (The corporation must list these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)

7. CHIEF EXECUTIVE OFFICER/	ADDRESS	CITY	STATE	ZIP CODE
8. SECRETARY	ADDRESS	CITY	STATE	ZIP CODE
9. CHIEF FINANCIAL OFFICER/	ADDRESS	CITY	STATE	ZIP CODE

**Names and Complete Addresses of All Directors, Including Directors Who are Also Officers** (The corporation must have at least one director. Attach additional pages, if necessary.)

10. NAME	ADDRESS	CITY	STATE	ZIP CODE
11. NAME	ADDRESS	CITY	STATE	ZIP CODE
12. NAME	ADDRESS	CITY	STATE	ZIP CODE

13. NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY:

**Agent for Service of Process** If the agent is an individual, the agent must reside in California and Item 15 must be completed with a California street address, a P.O. Box address is not acceptable. If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 15 must be left blank.

14. NAME OF AGENT FOR SERVICE OF PROCESS

15. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL CITY STATE ZIP CODE

**Type of Business**

16. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION

17. BY SUBMITTING THIS STATEMENT OF INFORMATION TO THE CALIFORNIA SECRETARY OF STATE, THE CORPORATION CERTIFIES THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

05/27/2014      ANGELA CHEN SABELLA      PRESIDENT

DATE      TYPE/PRINT NAME OF PERSON COMPLETING FORM      TITLE      SIGNATURE



# State of California

## Secretary of State

Confirmation of Receipt of Document/ Receipt for Payment

**IMPORTANT:** Do not use the Back button on your browser. Using the Back button will result in duplicate charges being applied to your credit card.

[Return to Main Page](#)

Transaction ID:	10164105781CE4EF4-04E0-2479-672D-083BCA844529
Confirmation #: 27398C	
Charge Description:	E-file Statement of Information for CL1307766
Name:	Angela Chen Sabella
Address:	853 E. Valley Blvd., Ste. 200
Address Line 2:	
City/State/Zip:	San Gabriel, CA 91776
Phone:	6262802825
Email:	kikfc@pacbell.net
Amount:	25.00
E-File Session:	2456661
AVS Response:	Y
Date/Time:	5/27/2011 11:12:12 AM

DFC

**Note:** Confirmation of receipt does not constitute an approved/accepted filing. We recommend that you print or save this screen as a record of your E-file transaction and credit card payment.

Copies of filings after submission may be requested using our [Business Entities Requests Online Form](#)

If you are representing a business, we warn you to be aware of a deceptive solicitation sent to many companies implying they have to go through a private, third party vendor - and pay an exorbitant fee - in order to file official documents with our office.

These solicitations are asking for fees of up to \$495 to file various documents with our office - documents that, in most cases, have a filing fee of \$25 for Statements of Information at most and \$0 for termination documents.

A Customer Alert on our website at [www.sos.ca.gov/businesses/alerts/misleading-solicitations.htm](http://www.sos.ca.gov/businesses/alerts/misleading-solicitations.htm) has more details about these deceptive plays, as well as information on how you can file documents directly with our office and contact the Attorney General if you have been victimized.



**Secretary of State**  
 Business Programs Division  
 P.O. Box 944230  
 Sacramento, CA 94244-2300

FIRST CLASS PRST  
 PERMIT 424  
 US POSTAGE  
 PAID  
 SACRAMENTO CA

RETURN SERVICE REQUESTED

### Statement of Information Filing

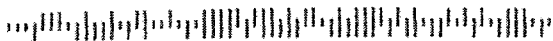
Statement Due Date: 05-31-11

Required Statement(s) due to be filed:  
 (Form SI-200 N/C) Statement of Information

See reverse for instructions.

C1307766  
 DYNAMIC FINANCE CORPORATION  
 853 E VALLEY BLVD STE 200  
 SAN GABRIEL CA 91776-3600

021427





State of California

Secretary of State

STATEMENT OF INFORMATION  
(Domestic Stock Corporation)

Fees \$25.00.

**IMPORTANT - Read instructions before completing this SI-200-NC form.**

Copies of e-filed statements are not provided at the time of filing. Therefore, you may wish to print the completed pages for your records prior to submission. Copies of filed documents may be requested using our [Business Status Network Search Form](#).

1. CORPORATION NUMBER, NAME AND ADDRESS OF RECORD

CS137758  
DYNAMIC FINANCE CORPORATION  
853 E VALLEY BLVD STE 200  
SAN GABRIEL, CA 91776

2. If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to Item 3.  
If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no statement has been previously filed, this form must be completed in its entirety.

3. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE (DO NOT USE PO BOX)

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

4. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY (DO NOT USE PO BOX)

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

5. MAILING ADDRESS OF THE CORPORATION, IF DIFFERENT THAN ITEM 3  
(IN CARE OF/ATTENTION)

ADDRESS

CITY STATE ZIP CODE COUNTRY  
UNITED STATES

LIST THE NAMES AND COMPLETE ADDRESSES OF THE OFFICERS (The corporation must list three officers.)

6. CHIEF EXECUTIVE OFFICER

FIRST	MIDDLE	LAST
Angela	Chen	Sabatia

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

7. SECRETARY

FIRST	MIDDLE	LAST
Peggy	L	Judyn

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

8. CHIEF FINANCIAL OFFICER

FIRST	MIDDLE	LAST
Dumess		Leung

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

LIST THE NAME AND COMPLETE ADDRESS OF ALL DIRECTORS, INCLUDING DIRECTORS WHO ARE ALSO OFFICERS (The corporation must list at least one director.)

9.

FIRST	MIDDLE	LAST
Angela	Chen	Sabatia

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

10.

FIRST	MIDDLE	LAST
Dominic		Leung

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

11.

FIRST	MIDDLE	LAST
Katy	L	Low

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE COUNTRY  
San Gabriel CA 91776 UNITED STATES

Additional Directors

12. NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY: 0

13. CHECK THE APPROPRIATE PROVISION BELOW AND NAME THE AGENT FOR SERVICE OF PROCESS.

AN INDIVIDUAL RESIDING IN CALIFORNIA

AGENT'S FIRST	MIDDLE	LAST
Katy	L	Low

A CORPORATION WHICH HAS FILED A CERTIFICATE PURSUANT TO CALIFORNIA CORPORATIONS CODE SECTION 1509.

NAME OF CORPORATE AGENT: SHEN-LIN

14. STREET ADDRESS OF THE AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL

ADDRESS  
853 E Valley Blvd, Ste. 200

CITY STATE ZIP CODE  
San Gabriel CA 91776

15. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION

Finance

16. ENTER THE NAME AND TITLE OF THE PERSON COMPLETING THIS STATEMENT. BY SUBMITTING THIS STATEMENT OF INFORMATION TO THE CALIFORNIA SECRETARY OF STATE, THE CORPORATION CERTIFIES THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

DATE	TITLE	FIRST	MIDDLE	LAST
5/27/2011	President	Angela	Chen	Sabatia

Continue Filing Cancel S/N New Search