

FIRST AMENDMENT OF PREDEVELOPMENT AGREEMENT

This First Amendment of Predevelopment Agreement ("Amendment") is made and entered into as of May 17, 2011 ("Effective Date") by and among, Ramona Property Partners LLC, a California limited liability company ("Ramona"), the Housing Authority of the City of Oxnard, a public body, corporate and politic ("Authority") and Pat McCarthy Construction, Inc., a California corporation d/b/a The McCarthy Companies ("McCarthy"). Ramona, McCarthy and Authority are sometimes referred to herein individually as a "Party" or collectively as the "Parties."

RECITALS

A. The Parties have entered into that certain Predevelopment Agreement, dated as of November 9, 2010 ("Agreement") with respect to the certain real property commonly described commonly known as 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, Oxnard, California. All capitalized terms used in this Amendment and not defined herein shall have the meaning given them in the Agreement.

B. The Parties desire to (i) amend Section 4 of the Agreement, (ii) amend Section 6 of the Agreement, and (iii) replace the exhibits described in Section 6 of this Agreement, in order to facilitate the Project.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

1. Amendment of Section 4 of Agreement. Section 4 of the Agreement is amended and restated to state as follows:

"4 Entitlements. McCarthy agrees to use commercially reasonable efforts to obtain all discretionary governmental approvals, including but not limited to zoning and zone changes, general plan amendments, will-serve or other utility service commitments, special or conditional use permits, environmental studies and approvals, preliminary and final parcel or subdivision map, annexations, environmental clearances, specific plans, easements and acquisitions necessary for access to and development of the Property and all other ministerial or discretionary permits, licenses or approvals that may be necessary or required for the design, construction and operation of the Project (other than grading, building and occupancy permits) ("Entitlements"), no later than twelve (12) months after the Effective Date, subject to any delays caused by a Force Majeure Event ("Final Entitlement Date")."

2. Amendment of Section 6 of Agreement. Section 6 of the Agreement is amended and restated to state as follows:

"6. Option to Purchase Property.

6.1 Grant of Option to Purchase Property. For and in consideration of Authority entering into this Agreement and \$1, the sufficiency of which the Ramona hereby acknowledges,

Ramona grants to Authority the exclusive option to purchase the Property on the terms specified in this Section 6 ("**Option**").

6.2 Term of Option. Authority shall have the right to exercise the Option within thirty five (35) days of McCarthy's obtaining of the Entitlements.

6.3 Assignment of Option and Purchase and Sale Agreement. Within five (5) days after Authority exercises the Option the following shall occur:

6.3.1 Assignment of Option. Authority shall assign its rights to purchase the Property to Paseo Nuevo Partners, L.P., a California limited partnership ("**Partnership**").

6.3.2 Purchase and Sale Agreement. Partnership and Ramona shall execute the Purchase Sale Agreement and Joint Escrow Instructions in substantial conformity with the form attached hereto as Exhibit D ("**Purchase Agreement**").

6.4 Purchase Price. The purchase price for the Property shall be Four Million Dollars (\$4,000,000) ("**Purchase Price**"). The Purchase Price shall be payable as follows:

6.4.1. Cash. Partnership shall pay Two Million Dollars (\$2,000,000) in cash upon the close of escrow.

6.4.2. Promissory Note. Upon the close of escrow, Partnership shall execute and deliver to Ramona a promissory note in substantial conformity with the form attached hereto as Exhibit E ("**Promissory Note**"). The Promissory Note shall be in the principal amount of Two Million Dollars (\$2,000,000) bearing interest at the rate of 5.5%, payable in equal monthly installments of interest only over a term of eighteen (18) years with a balloon payment of the outstanding principal due at the end of the term. Partnership's obligations under the Promissory Note shall be secured by the lien of a deed of trust in substantial conformity with the form attached hereto as Exhibit F ("**Deed of Trust**") recorded on the Property upon the close of escrow.

6.4.3 Subordination of Deed of Trust. Ramona agrees to subordinate the Deed of Trust to any and all agreements or instruments regarding the construction or financing of the Project, including any regulatory agreement required by the State of California. The Parties shall cooperate in the execution of any such subordination agreement required to perfect such subordinations.

6.5 Condition of Title. Upon close of escrow, Ramona shall convey title to the Property free of all liens and encumbrances except current real property taxes and assessments, not then delinquent, and subject only to those matters described in the Title Report which are approved by Authority in its reasonable discretion. Such condition of title shall be evidenced by standard coverage CLTA Policy of Title Insurance ("**Title Insurance**") issued by Escrow Holder to Authority in the amount of the Purchase Price.

6.6 Costs. All escrow costs and miscellaneous charges, recording fees, documentary transfer stamps, the Escrow Holder's fee and premium for the Title Insurance shall be paid by Ramona and Partnership in accordance with standard practices in Ventura County.

6.7 Proration. Real property taxes and assessments shall be prorated and adjusted as of close of escrow."

3. Exhibits. Each exhibit described in Section 6 of the Agreement is replaced in its entirety by the corresponding exhibit described in Section 1 of this Amendment. All exhibits attached hereto are incorporated herein by such reference.

4. Consent. Partnership hereby consents to the terms of this Amendment and to the terms of Section 6 of the Agreement, as modified by this Amendment.

5. Conflicts. In the event the terms of this Amendment are inconsistent or conflict with the terms of the Lease, the terms of this Amendment shall govern.

6. Governing Law. This Amendment shall be governed by and construed in accordance with California law.

7. Separate Counterparts. This Amendment may be executed in two or more separate counterparts, each of which when so executed shall be deemed to be an original. Such counterparts shall, together, constitute and be one and the same instrument.

*(Signature Page Follows)*

IN WITNESS WHEREOF, the Parties have executed this First Amendment of Predevelopment Agreement as of the Effective Date written above.

“AUTHORITY”

“McCARTHY”

HOUSING AUTHORITY OF THE CITY OF OXNARD, a public body corporate and politic

PAT MCCARTHY CONSTRUCTION, INC., a California corporation d/b/a The McCarthy Companies

By \_\_\_\_\_  
Dr. Thomas E. Holden

By 

ATTEST:

Name: Patrick J. McCarthy

Title: Owner

\_\_\_\_\_  
Daniel Martinez, City Clerk

APPROVED AS TO FORM

“RAMONA”

By \_\_\_\_\_  
Alan Holmberg, City Attorney

RAMONA PROPERTY PARTNERS LLC, a California limited liability company

APPROVED AS TO FORM  
PRICE, POSTEL & PARMA LLP

By 

Name: Patrick J. McCarthy

Title: Partner

By: \_\_\_\_\_  
Mark S. Manion, Special Counsel

CONSENT PURSUANT TO SECTION 4 OF AMENDMENT

PASEO NUEVO PARTNERS, L.P., a California limited partnership

By: LAS CORTES, INC., a California nonprofit public benefit corporation, its general partner

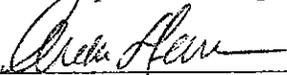
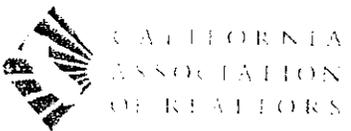
By   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT E

Promissory Note

EXHIBIT D

Purchase Sale Agreement and Joint Escrow Instructions



RESIDENTIAL INCOME PROPERTY PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(C.A.R. Form RIPA, Revised 4/10)

Date: \_\_\_\_\_

OFFER:

A. THIS IS AN OFFER FROM Paseo Nuevo Partners, LP ("Buyer").

Individual(s)  A Corporation  A Partnership  An LLC  An LLP  Other

B. THE REAL PROPERTY TO BE ACQUIRED is described as Cypress Road Property

Assessor's Parcel No. \_\_\_\_\_ situated in \_\_\_\_\_

County of \_\_\_\_\_ California. ("Property").

C. THE PURCHASE PRICE offered is Four Million

(Dollars \$4,000,000.00).

D. CLOSE OF ESCROW shall occur on \_\_\_\_\_ (date) (or  \_\_\_\_\_ Days After Acceptance).

2. AGENCY:

A. POTENTIALLY COMPETING BUYERS AND SELLERS: Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representational agreement or separate document (C.A.R. Form DA). Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties of interest to this Buyer.

B. CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:  
Listing Agent: None (Print Firm Name) is the agent of (check one)  
 the Seller exclusively; or  both the Buyer and Seller.

Selling Agent: None (Print Firm Name) (if not the same as the Listing Agent) is the agent of (check one):  the Buyer exclusively; or  the Seller exclusively; or  both the Buyer and Seller. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

~~C. DISCLOSURE: If the Property contains 1-4 residential dwelling units, Buyer and Seller each acknowledge prior receipt of C.A.R. Form 425 - Disclosure Regarding Real Estate Agency Relationships.~~

3. FINANCE TERMS: Buyer represents that funds will be good when deposited with Escrow Holder.

A. INITIAL DEPOSIT: Deposit shall be in the amount of \_\_\_\_\_ \$ \_\_\_\_\_

(1) Buyer shall deliver deposit directly to Escrow Holder by personal check,  electronic funds transfer,  Other \_\_\_\_\_ within 3 business days after acceptance (or  Other \_\_\_\_\_);

OR (2) (If checked)  Buyer has given the deposit by personal check (or  \_\_\_\_\_) to the agent submitting the offer (or to  \_\_\_\_\_); made payable to \_\_\_\_\_ The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder (or  into Broker's trust account) within 3 business days after Acceptance (or  Other \_\_\_\_\_).

B. INCREASED DEPOSIT: Buyer shall deposit with Escrow Holder an increased deposit in the amount of \_\_\_\_\_ \$ \_\_\_\_\_ within \_\_\_\_\_ Days After Acceptance, or  \_\_\_\_\_

If a liquidated damages clause is incorporated into this Agreement, Buyer and Seller shall sign a separate liquidated damages clause (C.A.R. Form RID) for any increased deposit at the time it is deposited.

C. LOAN(S):

(1) FIRST LOAN in the amount of \_\_\_\_\_ \$ 2,000,000.00

~~This loan will be conventional financing or, if checked,  FHA,  VA,  Seller (C.A.R. Form SFA),~~

~~assumed (C.A.R. Form PAA),  subject to financing,  Other \_\_\_\_\_ This loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or,  an adjustable rate loan with initial rate not to exceed \_\_\_\_\_ % Regardless of the type of loan, Buyer shall pay points not to exceed \_\_\_\_\_ % of the loan amount.~~

(2)  SECOND LOAN in the amount of \_\_\_\_\_ \$ \_\_\_\_\_

~~This loan will be conventional financing or, if checked,  Seller (C.A.R. Form SFA),  assumed (C.A.R. Form PAA),  subject to financing,  Other \_\_\_\_\_ This loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or,  an adjustable rate loan with initial rate not to exceed \_\_\_\_\_ % Regardless of the type of loan, Buyer shall pay points not to exceed \_\_\_\_\_ % of the loan amount.~~

(3) ~~FHA/VA: For any FHA or VA loan specified above, Buyer has 17 (or  \_\_\_\_\_) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or repair. Seller has no obligation to pay for repairs or satisfy lender requirements~~

~~unless otherwise agreed in writing~~

D. ADDITIONAL FINANCING TERMS: \_\_\_\_\_

E. BALANCE OF PURCHASE PRICE OR DOWN PAYMENT in the amount of \_\_\_\_\_ \$ 2,000,000.00 to be deposited with Escrow Holder within sufficient time to close escrow.

F. PURCHASE PRICE (TOTAL): \_\_\_\_\_ \$ 4,000,000.00

~~G. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS: Buyer (or Buyer's lender or loan broker, pursuant to 3142) shall, within 7 (or  \_\_\_\_\_) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (If checked,  verification attached.)~~

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

The copyright laws of the United States (Title 17 U.S. Code) forbid the unauthorized reproduction of this form or any portion thereof, by photocopy machine or any other means including facsimile or computerized formats. Copyright © 1998-2010, CALIFORNIA ASSOCIATION OF REALTORS®. ALL RIGHTS RESERVED.

RIPA REVISED 4/10 (PAGE 1 OF 10)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



RESIDENTIAL INCOME PROPERTY PURCHASE AGREEMENT (RIPA PAGE 1 OF 10)

Agent: Steven Westerman Phone: 805-962-0011 Fax: 805-965-3978  
Broker: Price Postel & Parma LLP 200 E Carrillo St Santa Barbara, CA 93101

Prepared using zipForm® software  
ATTACHMENT NO. 3  
PAGE 7 OF 60

EXHIBIT F

Deed of Trust

Property Address: \_\_\_\_\_ Date: \_\_\_\_\_

5. CLOSING AND POSSESSION:

- A. Buyer  intends (or  does not intend) to occupy any unit in the Property as Buyer's primary residence
- B. Seller-occupied or vacant property: Possession shall be delivered to Buyer at 5 PM or ( \_\_\_\_\_  AM  PM) on the date of Close Of Escrow,  on \_\_\_\_\_; or  no later than \_\_\_\_\_ Days After Close Of Escrow. If transfer of title and possession do not occur at the same time, Buyer and Seller are advised to: (i) enter into a written occupancy agreement (C.A.R. Form PAA, paragraph 2); and (ii) consult with their insurance and legal advisors.
- C. Tenant occupied units: Possession and occupancy, subject to the rights of tenants under existing leases, shall be delivered to Buyer on Close Of Escrow.
- D. At Close Of Escrow, (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale, and (ii) Seller shall Deliver to Buyer available Copies of warranties Brokers cannot and will not determine the assignability of any warranties.
- E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys and/or means to operate all locks, mailboxes, security systems, alarms and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners' Association ("HOA") to obtain keys to accessible HOA facilities.

6. SECURITY DEPOSITS: Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant, in compliance with the California Civil Code.

7. STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:

~~A. LEAD-BASED PAINT HAZARD DISCLOSURES:~~

~~(1) Seller shall, within the time specified in paragraph 18, deliver to Buyer, if required by Law, Federal Lead-Based Paint Disclosures and pamphlet ("Lead Disclosures"). If the Lead Disclosures are delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent. (Lead Disclosures sent by mail must be sent certified mail or better.)~~

~~(2) Buyer or agent, within the time specified in paragraph 18, return a Signed Copy of the Lead Disclosure to Seller.~~

B. NATURAL AND ENVIRONMENTAL HAZARDS: Within the time specified in paragraph 18, Seller shall, if required by Law, (i) deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; and (ii) even if exempt from the obligation to provide a NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone, State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

C. WITHHOLDING TAXES: Within the time specified in paragraph 18A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).

D. MEGAN'S LAW DATABASE DISCLOSURE: Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

~~RESIDENTIAL 4-4 PROPERTIES: STATUTORY DISCLOSURES (INCLUDING LEAD-BASED PAINT HAZARD DISCLOSURES) AND CANCELLATION RIGHTS:~~

~~A. (1) Seller shall, within the time specified in paragraph 18A, deliver to Buyer, if required by Law, (i) Federal Lead-Based Paint Disclosures (C.A.R. Form FLD) and pamphlet ("Lead Disclosures"); and (ii) disclosures or notices required by sections 1102 et seq. and 1103 et seq. of the Civil Code ("Statutory Disclosures"). Statutory Disclosures include, but are not limited to, a Real Estate Transfer Disclosure Statement ("TDS"), Natural Hazard Disclosure Statement ("NHD"), notice of actual knowledge of release of illegal controlled substance, notice of special tax and/or assessments (or, if allowed, substantially equivalent notice regarding the Mello-Roos Community Facilities Act and Improvement Bond Act of 1915) and, if Seller has actual knowledge, of industrial use and military ordinance location (C.A.R. Form SPQ or SSD).~~

~~(2) Buyer shall, within the time specified in paragraph 18B(1), return Signed Copies of the Statutory and Lead Disclosures to Seller.~~

~~(3) If any disclosure or notice specified in 8A(1), or subsequent or amended disclosure or notice is Delivered to Buyer after the offer is Signed, Buyer shall have the right to cancel this Agreement within 3 Days After Delivery in person, or 5 Days After Delivery by deposit in the mail, by giving written notice of cancellation to Seller or Seller's agent.~~

9. SELLER DOCUMENTATION AND ADDITIONAL DISCLOSURE: Within the time specified in paragraph 18, Seller shall disclose, make available or Deliver, as applicable, to Buyer the following information:

~~A. RENTAL/SERVICE AGREEMENTS: Seller shall make available to Buyer for inspection and review: (i) all current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any rebate, concession, or other benefit, except as set forth in these documents. Seller represents that the documents to be furnished are those maintained in the ordinary and normal course of business.~~

B. INCOME AND EXPENSE STATEMENTS: Seller shall make available to Buyer the books and records for the Property, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.

C.  TENANT ESTOPPEL CERTIFICATES: (If checked, Seller shall Deliver to Buyer tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.

~~D. SURVEY PLANS, AND ENGINEERING DOCUMENTS: Seller shall, at no cost to Buyer, Deliver to Buyer Copies of surveys, plans, specifications, and engineering documents if any, prepared on Seller's behalf or in Seller's possession.~~

E. PERMITS: If in Seller's possession, Seller shall Deliver to Buyer Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )  
Copyright © 1996-2010, CALIFORNIA ASSOCIATION OF REALTORS®. INC  
RIPA REVISED 4/10 (PAGE 3 OF 10)

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



~~LOAN TERMS~~

~~(1) LOAN APPLICATIONS: Within 7 (or \_\_\_\_\_) Days After Acceptance, Buyer shall Deliver to Seller a letter from lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in 3C above. (If checked, \_\_\_\_\_ letter attached.)~~

~~(2) LOAN CONTINGENCY: Buyer shall act diligently and in good faith to obtain the designated loan(s). Obtaining the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. Buyer's contractual obligations to obtain and provide deposit, balance of down payment and closing costs are not contingencies of this Agreement.~~

~~(3) LOAN CONTINGENCY REMOVAL:~~

~~(i) Within 17 (or \_\_\_\_\_) Days After Acceptance, Buyer shall, as specified in paragraph 18, in writing remove the loan contingency \_\_\_\_\_ this Agreement;~~

OR (ii) (if checked; \_\_\_\_\_) the loan contingency shall remain in effect until the designated loans are funded.

(4)  NO LOAN CONTINGENCY (If checked) Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies

(5) ASSUMED OR SUBJECT TO FINANCING: Seller represents that Seller is not delinquent on any payments due on any loans. If Property is acquired subject to an existing loan, Buyer and Seller are advised to consult with legal counsel regarding the ability of an existing lender to call the loan due, and the consequences thereof.

1. APPRAISAL CONTINGENCY AND REMOVAL: This Agreement is (or, if checked,  is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the specified purchase price. If there is a loan contingency, Buyer's removal of the loan contingency shall be deemed removal of this appraisal contingency (or, \_\_\_\_\_ if checked, Buyer shall, as specified in paragraph 18B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or \_\_\_\_\_) Days After Acceptance). If there is no loan contingency, Buyer shall, as specified in paragraph 18B(3), in writing remove the appraisal contingency or cancel this Agreement within 17 (or \_\_\_\_\_) Days After Acceptance.

~~\_\_\_\_\_ A/CASH OFFER (If checked; Buyer shall, within 7 (or \_\_\_\_\_) Days After Acceptance, Deliver to Seller written verification of sufficient funds to close this transaction. (If checked, \_\_\_\_\_ verification attached.)~~

K. BUYER STATED FINANCING: Seller has relied on Buyer's representation of the type of financing specified (including but not limited to, as applicable, amount of down payment, contingent or non contingent loan, or all cash). If Buyer seeks alternate financing, (i) Seller has no obligation to cooperate with Buyer's efforts to obtain such financing, and (ii) Buyer shall also pursue the financing method specified in this Agreement. Buyer's failure to secure alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

4. ALLOCATION OF COSTS (If checked): Unless otherwise specified in writing, this paragraph only determines who is to pay for the inspection, test or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.

A. INSPECTIONS AND REPORTS:

(1)  Buyer  Seller shall pay for an inspection and report for wood destroying pests and organisms ("Wood Pest Report") prepared by \_\_\_\_\_ a registered structural pest control company.

(2)  Buyer  Seller shall pay to have septic or private sewage disposal systems inspected \_\_\_\_\_

(3)  Buyer  Seller shall pay to have domestic wells tested for water potability and productivity \_\_\_\_\_

(4)  Buyer  Seller shall pay for a natural hazard zone disclosure report prepared by Buyer's Choice

(5)  Buyer  Seller shall pay for the following inspection or report \_\_\_\_\_

(6)  Buyer  Seller shall pay for the following inspection or report \_\_\_\_\_

B. GOVERNMENT REQUIREMENTS AND RETROFIT:

(1)  Buyer  Seller shall pay for smoke detector installation and/or water heater bracing, if required by Law. Prior to Close Of Escrow, Seller shall provide Buyer written statements of compliance in accordance with state and local Law, unless exempt.

(2)  Buyer  Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards, inspections and reports if required as a condition of closing escrow under any Law. \_\_\_\_\_

(3)  Buyer  Seller shall pay for installation of approved fire extinguisher(s), sprinkler(s), and hose(s), if required by Law, which shall be installed prior to Close Of Escrow. Prior to Close Of Escrow, Seller shall provide Buyer a written statement of compliance, if required by Law.

(4)  Buyer  Seller shall pay for installation of drain cover and anti-entrapment device or system for any pool or spa meeting the minimum requirements permitted by the U.S. Consumer Products and Safety Commission

C. ESCROW AND TITLE:

(1)  Buyer  Seller shall pay escrow fee 50% each  
Escrow Holder shall be Buyer's Choice

(2)  Buyer  Seller shall pay for owner's title insurance policy specified in paragraph 18  
Owner's title policy to be issued by \_\_\_\_\_  
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

D. OTHER COSTS:

(1)  Buyer  Seller shall pay County transfer tax or fee \_\_\_\_\_

(2)  Buyer  Seller shall pay City transfer tax or fee \_\_\_\_\_

(3)  Buyer  Seller shall pay Homeowner's Association ("HOA") transfer fee \_\_\_\_\_

(4)  Buyer  Seller shall pay HOA document preparation fees \_\_\_\_\_

(5)  Buyer  Seller shall pay the cost, not to exceed \$ \_\_\_\_\_, of a one-year home warranty plan, issued by \_\_\_\_\_ with the following optional coverages:

Air Conditioner  Pool/Spa  Code and Permit upgrade  Other: \_\_\_\_\_

Buyer is informed that home warranty plans have many optional coverages in addition to those listed above. Buyer is advised to investigate these coverages to determine those that may be suitable for Buyer.

(6)  Buyer  Seller shall pay for \_\_\_\_\_

(7)  Buyer  Seller shall pay for \_\_\_\_\_

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )



Property Address \_\_\_\_\_

Date: \_\_\_\_\_

~~attached Buyer's Inspection Adviser (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made, (i) invasive or destructive Buyer Investigations or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.~~

B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 18B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.

C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.

D. Buyer indemnity and Seller protection for entry upon property: Buyer shall (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close Of Escrow.

16. SELLER DISCLOSURES; ADDENDA; ADVISORIES; OTHER TERMS:

A. Seller Disclosures (If checked): Seller shall, within the time specified in paragraph 18A, complete and Deliver to Buyer a:

Seller Property Questionnaire (C.A.R. Form SPQ) OR  Supplemental Contractual and Statutory Disclosure (C.A.R. Form SSD);

B. Addenda (if checked):  Addendum # \_\_\_\_\_ (C.A.R. Form ADM);

Wood Destroying Pest Inspection and Allocation of Cost Addendum (C.A.R. Form WPA)

Purchase Agreement Addendum (C.A.R. Form PAA)  Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)

Short Sale Addendum (C.A.R. Form SSA)  Other Purchase Agreement Addendum

Seller Intent to Exchange Supplement (C.A.F. Form: SES)  Buyer Intent to Exchange Supplement (C.A.R. Form BES);

C. Advisories (if checked):  Buyer's Inspector Advisory (C.A.R. Form BIA)

Probate Advisory (C.A.R. Form PAK)  Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)

Trust Advisory (C.A.R. Form TA)  REO Advisory (C.A.R. Form REO)

D. Other Terms: \_\_\_\_\_

17. TITLE AND VESTING:

~~A. Within the time specified in paragraph 18, Buyer shall be provided a current preliminary title report, which shall include a secret of the General Inoex. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information. The preliminary report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the preliminary report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 18C.~~

B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except: (i) monetary liens of record unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.

C. Within the time specified in paragraph 18A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.

D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.

E. Buyer shall receive a standard coverage owner's CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about availability, desirability, coverage, survey requirements and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and pay any increase in cost.

~~18. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS: The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either buyer or seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).~~

A. SELLER HAS: 7 (or  \_\_\_\_\_) Days After Acceptance to deliver to Buyer all reports, disclosures and information, for which Seller is responsible under paragraphs 4, 7A, B and C, 8A, 9, 12A, 13B(3), 14B, 16A and B, and 17. Buyer may give Seller a Notice to Seller to perform (C.A.R. Form NSP) if Seller has not Delivered the items within the time specified.

B. (1) BUYER HAS: 17 (or  \_\_\_\_\_) Days After Acceptance, unless otherwise agreed in writing, to:  
(i) complete all Buyer Investigations; approve all disclosures, reports and other applicable information, which Buyer receives from Seller; and approve all other matters affecting the Property; and  
(ii) Deliver to Seller Signed Copies of Statutory and Lead Disclosures Delivered by Seller in accordance with paragraphs 7A or 8A.

(2) Within the time specified in 18B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to Buyer's requests.

(3) Within the time specified in 18B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller either (i) a removal of the applicable contingency (C.A.R. Form CR), or (ii) a cancellation (C.A.R. Form CC) of this Agreement based upon a remaining contingency or Seller's failure to Deliver the specified items. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in 18A, then Buyer has 5 (or  \_\_\_\_\_) Days After Delivery of any such items, or the time specified in 18B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

(4) Continuation of Contingency: Even after the end of the time specified in 18B(1) and before Seller cancels this Agreement, if at all, pursuant to 18C, Buyer retains the right to either (i) in writing remove remaining contingencies, or (ii) cancel this Agreement based upon a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to 18C(1).

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )



Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

Property Address: \_\_\_\_\_ Date: \_\_\_\_\_

~~F. STRUCTURAL MODIFICATIONS: Seller shall disclose to Buyer in writing any known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.~~

G. SELLER REPRESENTATION: Seller represents that Seller has no actual knowledge: (i) of any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property or the right to use and occupy it; (ii) of any unsatisfied mechanic's or materialman lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy. If Seller receives any such notice prior to Close Of Escrow, Seller shall immediately notify Buyer.

H. GOVERNMENTAL COMPLIANCE:

(1) Seller shall disclose to Buyer any improvements, additions, alterations, or repairs to the Property made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals.

(2) Seller shall disclose to Buyer if Seller has actual knowledge of any notice of violations of Law filed or issued against the Property.

10. SUBSEQUENT DISCLOSURES: In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer, Seller shall promptly Deliver a subsequent or amended disclosure or notice, in writing, covering those items. However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies of which Buyer is otherwise aware, or which are disclosed in reports provided to or obtained by Buyer or ordered and paid for by Buyer.

11. CHANGES DURING ESCROW:

A. Prior to Close Of Escrow, Seller may engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 18B: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.

B. At least 7 (or  \_\_\_\_\_) Days Prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of such Proposed Changes.

~~12. CONDOMINIUM/PLANNED UNIT DEVELOPMENT DISCLOSURES:~~

A. SELLER HAS: 7 (or  \_\_\_\_\_) Days After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form SPQ or SSD).

B. If Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or  \_\_\_\_\_) Days After Acceptance to request from the HOA (C.A.R. Form HOA): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOA's governing the Property, collectively, "CI Disclosures". Seller shall itemize and deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 18B(9).

13. ITEMS INCLUDED AND EXCLUDED:

A. NOTE TO BUYER AND SELLER: Items listed as included or excluded in the MLS, flyers or marketing materials are not included in the purchase price or excluded from the sale unless specified in 13B or C.

~~B. ITEMS INCLUDED IN SALE:~~

- (1) All EXISTING fixtures and fittings that are attached to the Property;
- (2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, private integrated telephone systems, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water softeners, water purifiers, security systems/alarms;
- (3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 18;
- (4) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller;
- (5) Seller shall deliver title to the personal property by Bill of Sale, free of all liens and encumbrances, and without warranty of condition.
- (6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.

~~C. ITEMS EXCLUDED FROM SALE:~~

14. CONDITION OF PROPERTY: Unless otherwise agreed: (i) the Property is sold (a) in its PRESENT physical ("as-is") condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as of the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Seller by Close Of Escrow.

~~A. Seller warrants that the Property is legally approved as \_\_\_\_\_ units.~~

B. Seller shall, within the time specified in paragraph 18, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.

C. Buyer has the right to inspect the Property and, as specified in paragraph 18, based upon information discovered in those inspections: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.

D. Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition since Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.

~~15. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:~~

A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 18B. Within the time specified in paragraph 18B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



Property Address \_\_\_\_\_

Date: \_\_\_\_\_

- ~~24. SELECTION OF SERVICE PROVIDERS: Brokers do not guarantee the performance of any vendors, service or product providers ("Providers") whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.~~
- 25. MULTIPLE LISTING SERVICE ("MLS"): Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information or terms approved by the MLS.
- 26. EQUAL HOUSING OPPORTUNITY: The Property is sold in compliance with federal, state and local anti-discrimination Laws
- 27. ATTORNEY FEES: In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorney fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 35A.
- 28. DEFINITIONS: As used in this Agreement:
  - A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a party and is delivered to and personally received by the other party or that party's authorized agent in accordance with the terms of this offer or a final counter offer
  - B. "C.A.R. Form" means the specific form referenced or another comparable form agreed to by the parties.
  - C. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.
  - D. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
  - E. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday or legal holiday and shall instead be the next Day.
  - F. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
  - G. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
  - H. "Deliver", "Delivered" or "Delivery", regardless of the method used (i.e. messenger, mail, email, fax, other), means and shall be effective upon (i) personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in paragraph D of the section titled Real Estate Brokers on page 8, OR (ii) if checked,  per the attached addendum (C.A.R. Form RDN).
  - I. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other party.
  - J. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
  - K. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
  - L. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
- 29. ASSIGNMENT: Buyer shall not assign all or any part of Buyer's interests in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld, unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement.
- SUCCESSORS AND ASSIGNS: This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 31. COPIES: Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- ~~22. BROKERS:~~
  - A. BROKER COMPENSATION: Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
  - B. BROKERAGE: Neither Buyer nor Seller has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultations and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed in connection with the warranty and representation in this paragraph.
- 33. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:
  - A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder, which Escrow Holder is to use along with any relating counter offers and addenda, and any additional mutual instructions to close the escrow: 1, 3, 4, 6, 7C, 16B and D, 17, 18F, 23, 28, 32A, 33, 37, 40, and paragraph D of the section titled Real Estate Brokers on page 10. If a Copy of the separate compensation agreement(s) provided for in paragraph 32A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out of Buyer's or Seller's funds, or both, as applicable, the respective Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not specifically referenced above, in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions directly from Escrow Holder and will execute such provisions upon Escrow Holder's request. To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow.

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )



Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

Property Address \_\_\_\_\_

Date: \_\_\_\_\_

~~C. SELLER RIGHT TO CANCEL~~

- ~~(1) Seller right to Cancel; Buyer Contingencies: If, within the time specified in this Agreement, Buyer does not in writing Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP) may cancel this Agreement. In such event, Seller shall authorize return of Buyer's deposit.~~
- ~~(2) Seller right to Cancel; Buyer Contract Obligations: Seller, after first Delivering to Buyer a NBP may cancel this Agreement for any of the following reasons: (i) if Buyer fails to deposit funds as required by 3A or 3B; (ii) if the funds deposited pursuant to 3A or 3B are not good when deposited, (iii) if Buyer fails to Deliver a notice of FHA or VA costs or terms as required by 3C(3) (C.A.R. Form FVA); (iv) if Buyer fails to Deliver a letter as required by 3H; (v) if Buyer fails to Deliver verification as required by 3G or 3J; (vi) if Seller reasonably disapproves of the verification provided by 3G or 3J; (vii) if Buyer fails to return Statutory and Lead Disclosures as required by paragraphs 7A(2) or 8A(2); or (viii) if Buyer fails to sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 34. In such event, Seller shall authorize return of Buyer's deposit.~~
- ~~(3) Notice To Buyer To Perform: The NBP shall: (i) be in writing; (ii) be signed by Seller, and (iii) give Buyer at least 2 (or  \_\_\_\_\_ ) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP may not be Delivered any earlier than 2 Days Prior to the expiration of the applicable time for Buyer to remove a contingency or cancel this Agreement or meet an obligation specified in 18C(2).~~

~~D. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES: If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in a separate written agreement between Buyer and Seller, Buyer shall with regard to that contingency or cancellation right conclusively be deemed to have: (i) completed all Buyer investigations, and review of reports and other applicable information and disclosures (ii) elected to proceed with the transaction, and (iii) assumed all liability, responsibility and expense for Repairs or corrections or for inability to obtain financing.~~

~~E. CLOSE OF ESCROW: Before Seller or Buyer may cancel this Agreement for failure of the other party to close escrow pursuant to this Agreement, Seller or Buyer must first Deliver to the other a demand to close escrow (C.A.R. Form DCE).~~

~~F. EFFECT OF CANCELLATION ON DEPOSITS: If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, Buyer and Seller agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Release of funds will require mutual Signed release instructions from Buyer and Seller, judicial decision or arbitration award. A Buyer or Seller may be subject to a civil penalty of up to \$1,000 for refusal to sign such instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).~~

~~19. REPAIRS: Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of receipts and statements to Buyer prior to final verification of condition.~~

~~20. ENVIRONMENTAL HAZARD CONSULTATION: Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.~~

~~21. AMERICANS WITH DISABILITIES ACT: The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. Residential properties are not typically covered by the ADA, but may be governed by its provisions if used for certain purposes. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.~~

~~22. FINAL VERIFICATION OF CONDITION: Buyer shall have the right to make a final inspection of the Property within 5 (or \_\_\_\_\_ ) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 14A; (ii) repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. form VP).~~

~~23. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS: Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are a current lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are a current lien but not yet due. The Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Forms SPT or SBSA for further information). BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.~~

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Copyright © 1996-2010, CALIFORNIA ASSOCIATION OF REALTORS®; INC  
RIPA REVISED 4/10 (PAGE 6 OF 10)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



Property Address \_\_\_\_\_ Date \_\_\_\_\_

36. TERMS AND CONDITIONS OF OFFER:

This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initiated by all parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all parties initial such paragraph(s), a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing

37. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES: Time is of the essence. All understandings between the parties are incorporated in this Agreement. Its terms are intended by the parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.

38. AUTHORITY: Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, Bylaws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.

39. EXPIRATION OF OFFER: This offer shall be deemed revoked and the deposit shall be returned, unless the offer is Signed by Seller, and a Copy of the Signed offer is personally received by Buyer, or by \_\_\_\_\_ who is authorized to receive it by 5:00 PM on the third Day after this offer is signed by Buyer (or, if checked  by \_\_\_\_\_  AM  PM) on (date) \_\_\_\_\_

Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the above confirmation of agency relationships

Date \_\_\_\_\_  
BUYER \_\_\_\_\_  
By \_\_\_\_\_  
Print name Paseo Nuevo Partners, LP  
Title \_\_\_\_\_  
Address \_\_\_\_\_

Date \_\_\_\_\_  
BUYER \_\_\_\_\_  
By \_\_\_\_\_  
Print name \_\_\_\_\_  
Title \_\_\_\_\_  
Address \_\_\_\_\_

Additional Signature Addendum attached (C.A.R. Form ASA).

40. ACCEPTANCE OF OFFER: Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer, agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to deliver a Signed Copy to Buyer.

(If checked) SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form CO), DATED \_\_\_\_\_

By \_\_\_\_\_  
SELLER \_\_\_\_\_  
By \_\_\_\_\_  
Print name Ramona  
Title \_\_\_\_\_  
Address \_\_\_\_\_

Date \_\_\_\_\_  
SELLER \_\_\_\_\_  
By \_\_\_\_\_  
Print name \_\_\_\_\_  
Title \_\_\_\_\_  
Address \_\_\_\_\_

Additional Signature Addendum attached (C.A.R. Form ASA).

(\_\_\_\_\_/\_\_\_\_\_) (Initials) CONFIRMATION OF ACCEPTANCE: A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) \_\_\_\_\_ at \_\_\_\_\_  AM  PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

Buyer's Initials (\_\_\_\_\_) (\_\_\_\_\_)

Seller's Initials (\_\_\_\_\_) (\_\_\_\_\_)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



Property Address \_\_\_\_\_ Date: \_\_\_\_\_

B. A Copy of this Agreement shall be delivered to Escrow Holder within 3 business days after Acceptance (or  \_\_\_\_\_) Escrow Holder shall provide Seller's Statement of Information to Title company when the preliminary report is ordered. Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs the Agreement;

~~C. Broker are a party to the Escrow for the sole purpose of compensation pursuant to paragraph 32A and paragraph E of the section titled Real Estate Brokers on page 10. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraphs 32A, respectively, and irrevocably instructs Escrow Holder to disburse those funds to Brokers at Close Of Escrow, or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement. Escrow Holder shall immediately notify Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement on the good at time of deposit with Escrow Holder; or (ii) if either Buyer or Seller instruct Escrow Holder to cancel escrow.~~

D. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 2 business days after mutual execution of the amendment

~~34. LIQUIDATED DAMAGES: If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the purchase price. Any excess shall be returned to Buyer. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT THE TIME OF THE INCREASED DEPOSIT, BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION FOR ANY INCREASED DEPOSIT (C.A.R. FORM RID).~~

Buyer's Initials \_\_\_\_\_ Seller's Initials \_\_\_\_\_

35. DISPUTE RESOLUTION:

A. MEDIATION: Buyer and Seller agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action. Buyer and Seller also agree to mediate any disputes or claims with Broker(s), who in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the parties involved. If, for any dispute or claim to which this paragraph applies, any party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 35C.

~~B. ARBITRATION OF DISPUTES: Buyer and Seller agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. Buyer and Seller also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of residential real estate Law experience, unless the parties mutually agree to a different arbitrator. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 35C.~~

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."  
"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials \_\_\_\_\_ / \_\_\_\_\_ Seller's Initials \_\_\_\_\_ / \_\_\_\_\_

C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:  
(1) EXCLUSIONS: The following matters shall be excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; and (iv) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver or violation of the mediation and arbitration provisions.  
(2) BROKERS: Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

Buyer's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



Property Address \_\_\_\_\_

Date \_\_\_\_\_

**REAL ESTATE BROKERS:**

A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.

Agency relationships are confirmed as stated in paragraph 2 above.

If specified in paragraph 3A(2), Agent who submitted offer for Buyer acknowledges receipt of deposit.

D. **COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (Selling Firm) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS; or (ii)  (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker. Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) None DRE Lic. # \_\_\_\_\_  
By \_\_\_\_\_ DRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Real Estate Broker (Listing Firm) None DRE Lic. # \_\_\_\_\_  
By \_\_\_\_\_ DRE Lic. # \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

**ESCROW HOLDER ACKNOWLEDGMENT:**

Escrow Holder acknowledges receipt of a Copy of this Agreement. (if checked,  a deposit in the amount of \$ \_\_\_\_\_), counter offer(s) numbered \_\_\_\_\_  Seller's Statement of Information and  Other \_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 33 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions, if any.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is \_\_\_\_\_

Escrow Holder \_\_\_\_\_ Escrow # \_\_\_\_\_  
By \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_  
Phone/Fax/E-mail \_\_\_\_\_

Escrow Holder is licensed by the California Department of  Corporations,  Insurance,  Real Estate. License # \_\_\_\_\_

**PRESENTATION OF OFFER:** ( \_\_\_\_\_ ) Listing Broker presented this offer to Seller on \_\_\_\_\_ (date).  
Broker or Designee Initials

**REJECTION OF OFFER:** ( \_\_\_\_\_ ) ( \_\_\_\_\_ ) No counter offer is being made. This offer was rejected by Seller on \_\_\_\_\_ (date).  
Seller's initials

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL

This form is available for use by the entire real estate industry. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics

Published and Distributed by  
REAL ESTATE BUSINESS SERVICES, INC.  
a subsidiary of the California Association of REALTORS®  
525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



PA REVISED 4/10 (PAGE 10 OF 10)



BUYER'S INSPECTION ADVISORY

(C.A.R. Form BIA-A, Revised 10/02)

Property Address: Cypress Road Property, ("Property")

A. IMPORTANCE OF PROPERTY INVESTIGATION: The physical condition of the land and improvements being purchased is not guaranteed by either Seller or Brokers. For this reason, you should conduct thorough investigations of the Property personally and with professionals who should provide written reports of their investigations. A general physical inspection typically does not cover all aspects of the Property nor items affecting the Property that are not physically located on the Property. If the professionals recommend further investigations, including a recommendation by a pest control operator to inspect inaccessible areas of the Property, you should contact qualified experts to conduct such additional investigations.

B. BUYER RIGHTS AND DUTIES: You have an affirmative duty to exercise reasonable care to protect yourself, including discovery of the legal, practical and technical implications of disclosed facts, and the investigation and verification of information and facts that you know or that are within your diligent attention and observation. The purchase agreement gives you the right to investigate the Property. If you exercise this right, and you should, you must do so in accordance with the terms of that agreement. This is the best way for you to protect yourself. It is extremely important for you to read all written reports provided by professionals and to discuss the results of inspections with the professional who conducted the inspection. You have the right to request that Seller make repairs, corrections or take other action based upon items discovered in your investigations or disclosed by Seller. If Seller is unwilling or unable to satisfy your requests, or you do not want to purchase the Property in its disclosed and discovered condition, you have the right to cancel the agreement if you act within specific time periods. If you do not cancel the agreement in a timely and proper manner, you may be in breach of contract.

C. SELLER RIGHTS AND DUTIES: Seller is required to disclose to you material facts known to him/her that affect the value or desirability of the Property. However, Seller may not be aware of some Property defects or conditions. Seller does not have an obligation to inspect the Property for your benefit nor is Seller obligated to repair, correct or otherwise cure known defects that are disclosed to you or previously unknown defects that are discovered by you or your inspectors during escrow. The purchase agreement obligates Seller to make the Property available to you for investigations.

D. BROKER OBLIGATIONS: Brokers do not have expertise in all areas and therefore cannot advise you on many items, such as soil stability, geologic or environmental conditions, hazardous or illegal controlled substances, structural conditions of the foundation or other improvements, or the condition of the roof, plumbing, heating, air conditioning, electrical, sewer, septic, waste disposal, or other system. The only way to accurately determine the condition of the Property is through an inspection by an appropriate professional selected by you. If Broker gives you referrals to such professionals, Broker does not guarantee their performance. You may select any professional of your choosing. In sales involving residential dwellings with no more than four units, Brokers have a duty to make a diligent visual inspection of the accessible areas of the Property and to disclose the results of that inspection. However, as some Property defects or conditions may not be discoverable from a visual inspection, it is possible Brokers are not aware of them. If you have entered into a written agreement with a Broker, the specific terms of that agreement will determine the nature and extent of that Broker's duty to you. YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

E. YOU ARE ADVISED TO CONDUCT INVESTIGATIONS OF THE ENTIRE PROPERTY, INCLUDING, BUT NOT LIMITED TO THE FOLLOWING:

- 1. GENERAL CONDITION OF THE PROPERTY, ITS SYSTEMS AND COMPONENTS: Foundation, roof, plumbing, heating, air conditioning, electrical, mechanical, security, pool/spa, other structural and non-structural systems and components, fixtures, built-in appliances, any personal property included in the sale, and energy efficiency of the Property. (Structural engineers are best suited to determine possible design or construction defects, and whether improvements are structurally sound.)
2. SQUARE FOOTAGE, AGE, BOUNDARIES: Square footage, room dimensions, lot size, age of improvements and boundaries. Any numerical statements regarding these items are APPROXIMATIONS ONLY and have not been verified by Seller and cannot be verified by Brokers. Fences, hedges, walls, retaining walls and other natural or constructed barriers or markers do not necessarily identify true Property boundaries. (Professionals such as appraisers, architects, surveyors and civil engineers are best suited to determine square footage, dimensions and boundaries of the Property.)
3. WOOD DESTROYING PESTS: Presence of, or conditions likely to lead to the presence of wood destroying pests and organisms and other infestation or infection. Inspection reports covering these items can be separated into two sections: Section 1 identifies areas where infestation or infection is evident. Section 2 identifies areas where there are conditions likely to lead to infestation or infection. A registered structural pest control company is best suited to perform these inspections.
4. SOIL STABILITY: Existence of fill or compacted soil, expansive or contracting soil, susceptibility to slippage, settling or movement, and the adequacy of drainage. (Geotechnical engineers are best suited to determine such conditions, causes and remedies.)

The copyright laws of the United States (Title 17 U.S. Code) forbid the unauthorized reproduction of this form, or any portion thereof, by photocopy machine or any other means, including facsimile or computerized formats.

Copyright © 1991-2004, CALIFORNIA ASSOCIATION OF REALTORS®, INC. ALL RIGHTS RESERVED.

BIA-A REVISED 10/02 (PAGE 1 OF 2)

Buyer's Initials ( ) ( )

Seller's Initials ( ) ( )

Reviewed by Date



BUYER'S INSPECTION ADVISORY (BIA-A PAGE 1 OF 2)

Agent: Steven Westerman Phone: 805-962-0011 Fax: 805-965-3978 Prepared using zipForm® software
Broker: Price Postel & Parma LLP 200 E Carrillo St Santa Barbara, CA 93101

ATTACHMENT NO. 3
PAGE 18 OF 60

## PURCHASE AGREEMENT ADDENDUM

The following terms and conditions of this Purchase Agreement Addendum ("Addendum") are hereby incorporated and in and made a part of that certain Residential Income Property Purchase Agreement and Joint Escrow Instructions ("Agreement"), dated \_\_\_\_\_, on property known as 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, Oxnard, California, designated with Ventura County Assessor's Parcel Numbers: 222-0-070-110, 222-0-070-190, 222-0-070-155 and 222-0-070-185 ("Property") between Paseo Nuevo Partners, L.P., a California limited partnership, ("Buyer") and Ramona Property Partners LLC, a California limited liability company ("Seller"). The definitions in the Agreement are applicable to this Addendum. If there is any conflict between the terms of the Agreement and this Addendum the terms of this Addendum shall control.

1. Buyer. Buyer is described in the Agreement as "Paseo Nuevo Partners, LP" and is more fully and particularly described as "Paseo Nuevo Partners, L.P., a California limited partnership."
2. Seller. Seller is described in the Agreement as "Ramona" and is more fully and particularly described as "Ramona Property Partners LLC, a California limited liability company."
3. Property. The Property is described in the Agreement as "Cypress Road Property" and is more fully and particularly described as 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, Oxnard, California, designated with Ventura County Assessor's Parcel Numbers: 222-0-070-110, 222-0-070-190, 222-0-070-155 and 222-0-070-185. The Property shall be delivered in "AS-IS, WHERE-IS" condition. Buyer is and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of his own agents and officers, and the Buyer is and will be fully satisfied that the Purchase Price is fair and adequate consideration for the Property. Seller is not making and has not made any warranty or representation with respect to the Property as an inducement to the Buyer to purchase the Property.
4. Predevelopment Agreement. The Agreement and the purchase of the Property contemplated thereby are expressly subject to and conditional upon the Housing Authority of the City of Oxnard ("Housing Authority") exercising its option rights pursuant to that certain Predevelopment Agreement, dated as of November 9, 2010, by and among Buyer, Housing Authority, Seller and Pat McCarthy Construction, Inc., a California corporation d/b/a The McCarthy Companies with respect to the Property ("Predevelopment Agreement"). If there is any conflict between the terms of this Agreement and the Predevelopment Agreement the terms of the Predevelopment Agreement shall control.
5. Seller Financing. Section 3(c) of the Agreement is amended and restated in its entirety to read as follows:

"Pursuant to the Predevelopment Agreement, Buyer shall deliver to Seller a promissory note be in the principal amount of Two Million Dollars (\$2,000,000) bearing interest at the rate of 5.5% payable in equal monthly installments of interest only over a term of 18 years with a balloon payment of the outstanding principal due at the end of the term. Buyer's obligations under the promissory note shall be secured by the lien of a deed of trust recorded on the Property upon the close of escrow. The term of the promissory note and the deed of trust shall be substantially in the form of the applicable attachments described in the Predevelopment Agreement."

5. **ROOF:** Present condition, age, leaks and remaining useful life. (Roofing contractors are best suited to determine these conditions.)
6. **POOL/SPA:** Cracks, leaks or operational problems. (Pool contractors are best suited to determine these conditions.)
7. **WASTE DISPOSAL:** Type, size, adequacy, capacity and condition of sewer and septic systems and components, connection to sewer, and applicable fees.
8. **WATER AND UTILITIES; WELL SYSTEMS AND COMPONENTS:** Water and utility availability, use restrictions and costs. Water quality, adequacy, condition, and performance of well systems and components.
9. **ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, materials, products, or conditions (including mold, airborne, toxic or otherwise), fungus or similar contaminants). (For more information on these items, you may consult an appropriate professional or read the booklets "Environmental Hazards: A Guide for Homeowners, Buyers, Landlords and Tenants," "Protect Your Family From Lead in Your Home" or both.)
10. **EARTHQUAKES AND FLOODING:** Susceptibility of the Property to earthquake/seismic hazards and propensity of the Property to flood. (A Geologist or Geotechnical Engineer is best suited to provide information on these conditions.)
11. **FIRE, HAZARD AND OTHER INSURANCE:** The availability and cost of necessary or desired insurance may vary. The location of the Property in a seismic, flood or fire hazard zone, and other conditions, such as the age of the Property and the claims history of the Property and Buyer, may affect the availability and need for certain types of insurance. Buyer should explore insurance options early as this information may affect other decisions, including the removal of loan and inspection contingencies. (An insurance agent is best suited to provide information on these conditions.)
12. **BUILDING PERMITS, ZONING AND GOVERNMENTAL REQUIREMENTS:** Permits, inspections, certificates, zoning, other governmental limitations, restrictions, and requirements affecting the current or future use of the Property, its development or size. (Such information is available from appropriate governmental agencies and private information providers. Brokers are not qualified to review or interpret any such information.)
13. **RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants, and the right of a landlord to terminate a tenancy. Deadbolt or other locks and security systems for doors and windows, including window bars, should be examined to determine whether they satisfy legal requirements. (Government agencies can provide information about these restrictions and other requirements.)
14. **SECURITY AND SAFETY:** State and local Law may require the installation of barriers, access alarms, self-latching mechanisms and/or other measures to decrease the risk to children and other persons of existing swimming pools and hot tubs, as well as various fire safety and other measures concerning other features of the Property. Compliance requirements differ from city to city and county to county. Unless specifically agreed, the Property may not be in compliance with these requirements. (Local government agencies can provide information about these restrictions and other requirements.)
15. **NEIGHBORHOOD, AREA, SUBDIVISION CONDITIONS; PERSONAL FACTORS:** Neighborhood or area conditions, including schools, proximity and adequacy of law enforcement, crime statistics, the proximity of registered felons or offenders, fire protection, other government services, availability, adequacy and cost of any speed-wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.

Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in investigation reports, Multiple Listing Service advertisements, flyers or other promotional material; (ix) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (x) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

By signing below, Buyer and Seller each acknowledge that they have read, understand, accept and have received a Copy of this Advisory. Buyer is encouraged to read it carefully.

Buyer Signature \_\_\_\_\_ Date \_\_\_\_\_  
*Paseo Nuevo Partners, LP*

Buyer Signature \_\_\_\_\_ Date \_\_\_\_\_

Seller Signature \_\_\_\_\_ Date \_\_\_\_\_  
*Ramona*

Seller Signature \_\_\_\_\_ Date \_\_\_\_\_

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.  
 This form is available for use by the entire real estate industry. It is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by members of the NATIONAL ASSOCIATION OF REALTORS® who subscribe to its Code of Ethics.

Published and Copyrighted by  
 REAL ESTATE BUSINESS SERVICES, INC.  
 a subsidiary of the California Association of REALTORS®  
 525 South Yuma Avenue, Los Angeles, California 90070

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_



6. Close of Escrow. The Close of Escrow shall occur within thirty (30) days of Housing Authority's Exercise of Option, unless otherwise extended by agreement of the Parties.

7. No Commissions. Seller and Buyer each represent and warrant to the other that no brokerage commission, finder's fee or other compensation is due or payable to any third party by reason of the party's actions regarding this purchase or the Property. Seller and Buyer shall each indemnify and hold the other harmless from and against any loss, damage, cost or expense (including, without limitation, attorneys' fees) incurred by reason of any breach or inaccuracy of the representation and warranty by the indemnifying party. The provisions of this paragraph shall survive the Close of Escrow.

(Signature Page Follows)

"BUYER"

"SELLER"

PASEO NUEVO PARTNERS, L.P., a California  
limited partnership

RAMONA PROPERTY PARTNERS LLC.  
a California limited liability company

By: LAS CORTES, INC., a California nonprofit  
public benefit corporation, its general partner

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PROMISSORY NOTE

Oxnard, California

\$2,000,000

[ 2011]

FOR VALUE RECEIVED, Paseo Nuevo Partners, L.P., a California limited partnership (the "Borrower"), whose address is 435 South D Street, Oxnard, CA 93030, hereby promises to pay to the order of Ramona Property Partners LLC, a California limited liability company (the "Lender"), whose address is [\_\_\_\_\_], the principal amount of Two Million Dollars (\$2,000,000), together with interest thereon, as set forth below.

1. **BORROWER'S OBLIGATION.** This promissory note (the "Note") evidences the Borrower's obligation to pay the Lender the principal amount of Two Million Dollars (\$2,000,000) for the funds loaned to the Borrower by the Lender (the "Loan") for the purchase by Borrower from the Lender of that certain real property commonly known as 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, Oxnard, California, designated with Ventura County Assessor's Parcel Numbers: 222-0-070-110, 222-0-070-190, 222-0-070-155 and 222-0-070-185 (the "Property").

2. **INTEREST.** Subject to Section 3 of this Note, the Note shall bear simple interest at a rate of Five and Five Tenth Percent (5.50%) per annum on the outstanding principal balance of the Loan until paid. All interest amounts shall be computed on the basis of a 360-day year consisting of twelve equal 30-day months.

3. **DEFAULT INTEREST.** In the Event of Default by Borrower of any of its obligations under this Note, Borrower shall pay to Lender interest on the outstanding principal of the Loan, at an annual rate equal to the lesser of (i) ten percent (10%) or (ii) the highest interest allowed by law, from the date of the default until the earlier of the date that the Event of Default is cured or the Loan is repaid in full.

4. **TERM AND MATURITY DATE.** The term of this Note shall be eighteen (18) years. The entire balance of principal and accrued interest and other amounts then outstanding on this Note are due and payable on [\_\_\_\_\_ 2028] ("Maturity Date").

5. **DEFINITIONS.** The following terms shall have the meaning set forth:

a. "Deed of Trust" means the deed of trust securing this Note and encumbering the Property.

b. "Permitted Transfer" means any one of the following: (i) the transfer of any general partner or limited partner interest in the Borrower, or (ii) the leasing of any apartment units on the Property pursuant to the Project.

c. "Project" means the development and operation of the Property into 72 apartments units for Very Low Income and Low Income households, as defined by the applicable regulations of the United States Department of Housing and Urban Development, with landscaped courtyard areas, shared community center, tot lot, plaza, parking and other amenities.

6. **MONTHLY PAYMENTS.** Prior to the Maturity Date and only if Borrower has reasonably sufficient cash-flow from the Project as determined by Borrower's general partner, Borrower shall make monthly interest payments to Lender in the amount Nine Thousand, One Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$9,166.67). Notwithstanding the monthly interest payments made pursuant to this Section 6, all outstanding interest and principal due under the Note shall be due and payable at the time set forth in Section 4 above.

7. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this Note are payable at the office of the Lender at the address set forth above, or at such other place as the Lender may designate to the Borrower in writing from time to time, in any coin or currency of the United States which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

8. **TRANSFER OF PROPERTY.** Other than the Permitted Transfer, Borrower has not made or created, and shall not, make or permit any sale, assignment, conveyance, lease, or other transfer of this Note, or the Property, or any part thereof, without the prior written consent of Lender. Notwithstanding the foregoing, a Permitted Transfer shall not require the consent of the Lender and shall not be an Event of Default.

9. **EVENTS OF DEFAULT.** This Note is secured by a Deed of Trust of even date herewith. All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note. The following shall constitute an "Event of Default" under this Note:

A. Monetary. (1) Borrower's failure to pay when due any sums payable under the Note or any advances made by Lender under the Deed of Trust; (2) Borrower's failure to make any other payment or assessment due under the Note or Deed of Trust; (3) Borrowers failure to pay taxes with respect to the Property or the Project;

B. Liens. The imposition of any encumbrances or liens on the Property without Lender's prior written approval that have the effect of reducing the priority of or invalidating the Deed of Trust;

C. General performance of Loan obligations. Any substantial breach by Borrower beyond applicable notice and cure periods of any material obligations on Borrower imposed in the Note or Deed of Trust;

D. Damage to Property. Material damage or destruction to the Property by fire or other casualty, if Borrower does not take steps to reconstruct the Property as required by the Deed of Trust;

E. Bankruptcy, dissolution, and insolvency. Borrower's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after the filing; (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or ninety (90) days after the filing; (4) insolvency; (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

10. **NOTICE OF DEFAULT AND OPPORTUNITY TO CURE**. For all Events of Default, Lender shall give written notice to Borrower of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Default, (b) the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the date of receipt of the notice or the date the notice was refused, by which such action to cure must be taken or if a cure is not possible within thirty (30) days, to begin such cure and diligently prosecute such cure to completion which shall, in any event, not exceed ninety (90) days from the date of receipt of the notice to cure. The Lender has the sole discretion to determine whatever additional reasonable time is needed to cure. Notwithstanding anything to the contrary contained in the Note or the Deed of Trust, Lender hereby agrees that any cure of any default made or tendered by the Borrower's limited partners shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

11. **LENDER'S REMEDIES**. Upon the happening of an Event of Default by Borrower and a failure to cure said Event of Default within the time specified in Section 9 above, Lender's obligation to disburse Loan proceeds shall terminate, and Lender may also, in addition to other rights and remedies permitted by the Deed of Trust or applicable law, proceed with any or all of the following remedies in any order or combination Lender may choose in its sole discretion:

A. Accelerate the Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the Note, as well as any other monies advanced to Borrower by Lender under the Note or Deed of Trust;

B. Bring an action in equitable relief (1) seeking the specific performance by Borrower of the terms and conditions of the Note or the Deed of Trust, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;

C. Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect rents and other amounts specified in the assignment of rents in the Deed of Trust and apply them to operate the Property or to pay off

the Loan or any advances made under the Note or Deed of Trust, as provided for by the Deed of Trust;

D. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the Deed of Trust;

E. Pursue any other remedy allowed at law or in equity. Nothing in this section is intended or shall be construed as precluding Lender from proceeding with a nonjudicial foreclosure under the power of sale contained in the Deed of Trust in the Event of Default by Borrower and failure to cure as provided in Section 9.

12. **PREPAYMENT.** The Borrower may pay the principal and any interest due on the Note in advance of the time for payment thereof as provided in this Note, without penalty or premium.

13. **APPLICATION OF PAYMENTS.** Payments by Borrower pursuant to this Note shall be applied first to accrued interest then to current interest, then to other charges, if any, then to reduce the principal.

14. **NO OFFSET.** Borrower hereby waives any rights of offset it now has or may hereafter have against the Lender, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

15. **WAIVERS.** Presentment, notice of dishonor, and protest are waived by all makers, sureties, guarantors, and endorsers of this Note, if any.

16. **CONSENTS AND APPROVALS.** Any consent or approval of the Lender required under this Note shall not be unreasonably withheld or delayed.

17. **NOTICES.** Except as may be otherwise specifically provided herein, any approval, notice, direction, consent request or other action by the Lender shall be in writing and may be communicated to the Borrower at the principal office of the Borrower set forth above, or at such other place or places as the Borrower shall designate in writing, from time to time, for the receipt of communications from Lender.

18. **BINDING UPON SUCCESSORS.** All provisions of this Note shall be binding upon and inure to the benefit of the successors-in-interest, transferees, and assigns of the Borrower and the Lender.

19. **GOVERNING LAW.** This Note shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

20. **SEVERABILITY.** Every provision of this Note is intended to be severable. If any provision of this Note shall be held invalid, illegal, or unenforceable by a court of competent

jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

21. **TIME.** Time is of the essence in this Note.

22. **ATTORNEYS' FEES AND COSTS.** In the event any legal action is commenced to interpret or to enforce the terms of this Note, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

23. **WAIVER.** Any waiver by the Lender of any obligation in this Note must be in writing. No waiver shall be implied from any failure of the Lender to take, or any delay or failure by Lender to take action on any breach or default by the Borrower or to pursue any remedy allowed under this Note or applicable law. Any extension of time granted to the Borrower to perform any obligation under this Note shall not operate as a waiver or release from any of its obligations under this Note.

24. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Note must be in writing, and shall be made only if executed by both the Borrower and the Lender.

25. **NONRECOURSE.** Except as expressly provided in the second paragraph of this Section 22 the Borrower, and the Borrower's partners, officers, directors, employees and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, this Note. The sole recourse of the Lender with respect to the principal of, or interest on, the Note shall be to the property securing the indebtedness evidenced by the Note. However, nothing contained in the foregoing limitation of liability shall (i) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Lender, or (ii) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of personal liability to the extent of actual damages for (i) Borrower's fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges (which are not contested by the Borrower in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (iv) the material misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property; and (v) payment to the Lender of any rental income or other income arising with respect to the Property received by the Borrower after the Lender has given notice to the Borrower of the occurrence of an Event of Default and after the expiration of all applicable notice and cure

periods, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the Deed of Trust.

26. **SUBORDINATION.** Lender shall subordinate the Deed of Trust to any and all agreements or instruments regarding the construction or financing of the Project, including any regulatory agreement required by the State of California. Borrower and Lender shall cooperate in the execution of any such subordination agreement required to perfect such subordinations.

**“BORROWER”**

PASEO NUEVO PARTNERS, L.P., a California  
limited partnership

By: LAS CORTES, INC., a California nonprofit  
public benefit corporation, its general partner

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

NO FEE DOCUMENT

**Recording requested by and  
when recorded, mail to:**

Ramona Property Partners LLC

Attn: \_\_\_\_\_

NO FEE DOCUMENT PURSUANT TO  
GOVERNMENT CODE SECTION 6103

**PERMANENT DEED OF TRUST, ASSIGNMENT OF  
RENTS, AND SECURITY AGREEMENT**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT ("Deed of Trust") is made as of [\_\_\_\_\_], by Paseo Nuevo Partners, L.P., a California limited partnership ("Trustor"), to [\_\_\_\_\_] ("Trustee"), for the benefit of the Ramona Property Partners LLC, a California limited liability company ("Beneficiary").

**GRANT IN TRUST**

1. **GRANT.** Trustor, in consideration of the indebtedness referred to below, hereby irrevocably grants and conveys to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, all of Trustor's interest in the real property located at 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, in the City of Oxnard, which is located in Ventura County, California, as more particularly described in Exhibit A (the "Property") attached hereto and incorporated herein by this reference;

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures, improvements, signs, and landscaping now or hereafter erected or located on the Property, including all equipment and machinery used for supplying or distributing heating, cooling, electricity, gas, water, air, and light, all kitchen and laundry appliances such as washers, dryers, refrigerators, garbage disposals, ovens, ranges, dishwashers, all plumbing and bathroom fixtures, all security and access control equipment, fire prevention and extinguishment equipment, elevators, floor coverings, window coverings, paneling, cabinets, (provided, however, that Trustor shall have the right to remove, if necessary, such fixtures, furnishings, and equipment for the purpose of replacement with similar items of the same quality performing the same functions, which replacements shall themselves become part of this grant); all building material and equipment either now or hereafter delivered to the Property and intended to be installed therein or any such material and equipment purchased with the Loans' proceeds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to

development on the Property; all rents and income generated by the Property or improvements thereon (subject however to the assignment of rents to Lender contained herein); all leases, subleases and rental agreements covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, or payments of similar nature with respect to such leases, subleases, or rental agreements; all easements and rights-of-way appurtenant to the Property, including parking and recreational easements, and all interests of Trustor in any land lying within the right-of-way of any street, sidewalks, and areas of land adjacent to or used in connection with the Property; all development rights and credits, air rights, water rights, and oil, gas or mineral rights with respect to the Property; all claims or demands with respect to insurance proceeds, and all awards made for a taking by eminent domain; all interests and rights in any private or government grants, subsidies, loans, or other financing with respect to development on the Property; all interests in personal property used in and about the Property (except furniture and other personal property of occupants of dwelling units on the Property); all intangible property and rights relating to the Property or operations on the Property, including trade names, goodwill, trademarks, and service marks; all government permits, approvals, and map rights related to construction on the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction of improvements on the Property; all environmental tests, studies and reports with respect to the Property; all current and future claims and rights of action of Trustor against prior owners and operators of the Property, neighboring property owners and operators, tenants and former tenants, consultants, advisors, and other third parties with respect to environmental or hazardous materials contamination and cleanup of the Property under any federal, state, or local ordinances, statutes, regulations, or administrative decisions or common law.

All of the foregoing, together with the Property, is herein referred to as the "Security."

### OBLIGATIONS SECURED

2. **OBLIGATIONS.** Trustor makes this grant for the purpose of securing the following obligations:

A. Repayment of the indebtedness of Trustor to Beneficiary in the principal sum of Two Million Dollars (\$2,000,000), with interest thereon, evidenced by a promissory note executed by Trustor on file at the offices of Beneficiary and hereby incorporated by reference into this Deed of Trust (the "Note"), or as much as has been disbursed to Trustor therewith; and

B. Payment of any sums advanced by Beneficiary to protect the security and priority of this Deed of Trust; and

C. Performance of every obligation, covenant or agreement of Trustor contained in this Deed of Trust, and the Note, including all modifications, extensions and renewals of these obligations (collectively, the "Loan Documents"); and

D. Performance of any other obligation or repayment of any other indebtedness of Trustor to Beneficiary, where such evidence of obligation or indebtedness specifically recites that it is secured by this Deed of Trust; and

E. Performance of any obligations of Trustor in any other agreements with respect to financing of the Project or the Security the absence of which would adversely affect Beneficiary, whether or not Beneficiary is a party to such agreements.

**ABSOLUTE ASSIGNMENT OF RENTS AND RIGHT TO POSSESSION**

3. **ASSIGNMENT.** As additional security, Trustor hereby assigns to Beneficiary: (a) all of the rents, revenues, profits, and income from the Security, any deposits now or hereafter in Trustor's possession which have been collected with respect to the Security, and any reserve or capital funds now or hereafter held by Trustor with respect to construction or operation of the Security (collectively, the "Rents"); and (b) the right to enter, take possession of, and manage the Security; provided however that Trustor shall have, before an Event of Default, as defined herein, the exclusive right to possess the Security and to collect Rents and use them in accordance with the Loan Documents. This assignment is intended to be an absolute and present transfer of Trustor's interest in existing and future Rents, effective as of the date of this Deed of Trust.

4. **ENFORCEMENT.** Upon the happening of an Event of Default which remains uncured after expiration of the applicable cure period pursuant to the terms of the Note or other Loan Documents, Beneficiary may, in addition to other rights and remedies permitted by the Note, this Deed of Trust, or applicable law: (a) enter upon, take possession of, and manage the Security, either in person as a mortgagee-in-possession, by agent, or by a receiver appointed by a court, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Security, (b) collect all Rents, including those past due and unpaid, and apply the same to pay for the costs and expenses of operation of the Security, including attorneys' fees, and pay off any indebtedness secured by this Deed of Trust, all in such order as Beneficiary may determine and/or (c) Beneficiary may make, cancel, enforce, and modify leases and rental agreements, obtain and evict tenants, set and modify rent terms, sue for rents due, enter into, modify, or terminate any contracts or agreements, or take any legal action, as it deems necessary with respect to the Rents or to development or operation of the Security, subject to the rent restrictions imposed against the Property.

5. **APPOINTMENT OF A RECEIVER.** In any action to enforce this assignment, Beneficiary may apply for the appointment of a receiver to take possession of the Security and take whatever measures are necessary to preserve and manage the Security for the benefit of Beneficiary and the public interest. Trustor hereby consents to the appointment of a receiver. The receiver shall have all of the authority over the Security that Beneficiary would have if Beneficiary took possession of the Security under this assignment as a mortgagee-in-possession, including the right to collect and apply Rents and the right to complete construction of improvements.

6. **NO WAIVER OF POWER OF SALE.** The entering upon and taking possession of the Security and the collection of Rents shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or notice of default and, notwithstanding the continuance in possession of the Security or the collection and application of Rents, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

### COMMERCIAL CODE SECURITY AGREEMENT

7. **GRANT.** This Deed of Trust is intended to be a security agreement and financing statement pursuant to the California Commercial Code for any of the items specified above as part of the Security which under applicable law may be subject to a security interest pursuant to the Commercial Code, and Trustor hereby grants Beneficiary a security interest in said items. Beneficiary may file a copy of this Deed of Trust in the real estate records or other appropriate index as a financing statement for any of the items specified as part of the Security. Trustor shall execute and deliver to Beneficiary at Beneficiary's request any financing statements, as well as extensions, renewals, and amendments thereof, and copies of this instrument in such form as Beneficiary may require to perfect a security interest with respect to said items. Trustor shall pay all costs of filing such financing statements and shall pay all reasonable costs of any record searches for financing statements and releases. Without the prior written consent of Beneficiary, Trustor shall not create or permit any other security interest in said items. This Deed of Trust constitutes a fixture filing under Sections 9313 and 9402(6) of the California Commercial Code.

8. **REMEDIES.** Upon Trustor's breach of any obligation or agreement in the Loan Documents, after expiration of any applicable cure period, Beneficiary shall have the remedies of a secured party under the Commercial Code and at Beneficiary's option may also invoke the remedies provided for elsewhere in this Deed of Trust with respect to said items. Beneficiary may proceed against the items of real property and personal property specified above separately or together and in any order whatsoever.

### RIGHTS AND OBLIGATIONS OF TRUSTOR

9. **PERFORMANCE OF SECURED OBLIGATION.** Trustor shall promptly perform each obligation secured by this Deed of Trust in accordance with the Loan Documents.

10. **PAYMENT OF PRINCIPAL AND INTEREST.** Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note.

11. **MAINTENANCE OF THE SECURITY.** Trustor shall, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor shall not commit

or permit waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security. In the event Trustor fails to maintain the Security in accordance with the standards in this Deed of Trust, Beneficiary and after any applicable cure periods, may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of interest as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

12. **INSPECTION OF THE SECURITY.** Trustor shall permit Beneficiary to enter and inspect the Security during normal business hours for compliance with these obligations upon at least 24 hours advance notice of such visit by Beneficiary to Trustor or Trustor's management agent.

13. **LIENS, ENCUMBRANCES, AND CHARGES.** Trustor shall discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over this Deed of Trust, as provided in the Note.

14. **DEFENSE AND NOTICE OF CLAIMS AND ACTIONS.** Trustor shall appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security upon Trustor's receipt of notice thereof.

15. **SUITS TO PROTECT THE SECURITY.** Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or the rights of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain the enforcement of or compliance with any governmental legislation, regulation, or order, if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or be prejudicial to the interest of Beneficiary.

16. **DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. If any building or improvements erected on the Property is damaged or destroyed by an insurable cause, Trustor shall, at its cost and expense, repair or restore said buildings and improvements consistent with the original plans and specifications if Trustor reasonably determines that such restoration or repair is economically feasible. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be complete within one (1) year thereafter. Subject to Trustor's election to rebuild, all insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Trustor shall make up the deficiency.

17. **TITLE.** Trustor warrants that Trustor lawfully has legal title to the Security without any limitation on the right to encumber other than those limitations set forth in the Loan Documents or other financing documents approved by Lender.

18. **GRANTING OF EASEMENTS.** Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to the Security except (i) in furtherance of the Project, (ii) those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or (iii) those required by law.

19. **TAXES AND LEVIES.** Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security. However, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of interest as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

20. **INSURANCE.** Trustor shall procure or cause to be procured, and maintain or cause to be maintained, throughout the term of the Note, insurance against loss or damage to any structure constituting any part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Property, excluding the cost of excavations, of grading and filling and of the land, but in any event, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable the Trustor to restore the Property to the condition existing before such loss. The Trustor may, in its discretion and with the written consent of Beneficiary, insure the Property under blanket insurance policies which insure not only the Property but also other properties as long as such blanket insurance policies comply with the requirements of this Section 20.

All policies of insurance required by this Section shall provide that all proceeds thereunder shall be payable to the Beneficiary pursuant to a lender's loss payable endorsement substantially in a form approved by Beneficiary. Each insurance policy required hereunder shall require that the Beneficiary be given thirty (30) days' notice of any intended cancellation thereof or reduction of the coverage provided thereby. The Trustor shall provide Beneficiary with certificates evidencing such policies upon request. In the event Trustor fails to maintain the full

insurance coverage required by this Deed of Trust, Beneficiary, after at least seven (7) business days prior notice to Trustor, may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust. This paragraph is subject to the rights of any lender providing a loan secured by the Property to which the Beneficiary has subordinated the Deed of Trust.

21. **CONDEMNATION.** Subject to the rights of any senior lienholders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of taking all or any part of or interest in the Security under assertion of the power of eminent domain ("Funds") are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as Beneficiary shall determine at its sole option. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

Notwithstanding anything to the contrary set forth herein, Beneficiary shall, prior to the application of the Funds or any portion thereof to the indebtedness or other obligations, apply such portion of the Funds as is reasonable and necessary to repair and preserve the value, marketability and rentability of the Security. Trustor shall have the right to rebuild the Project, and to use all available condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loans in balance and rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loans or, if such proceeds are insufficient or such security is inadequate, then Trustor shall have funded any deficiency and/or provided additional security; (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement; and (c) no material default then exists under the Loan Documents other than any default which is a direct result of the condemnation.

22. **ACCELERATION ON TRANSFER OF SECURITY.** In the event that Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof or interest therein, Beneficiary may at its option declare all sums secured by this Deed of Trust to be immediately due and payable. This option shall not apply in case of:

A. The grant of a leasehold interest to qualifying households who will occupy apartment units on the Property in connection with the Project;

B. Sale or transfer of fixtures or personal property pursuant to the grant provisions in this Deed of Trust. Consent to one (1) sale or transfer shall not be deemed to be a waiver of the right to require such consent to future or successive transactions; or

C. Any Permitted Transfer as defined in the Note.

23. **RECONVEYANCE BY TRUSTEE.** This trust is intended to continue for the entire term of the Loan. Upon written request of Beneficiary stating that all sums secured by this Deed of Trust have been paid and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee' reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

#### DEFAULT AND REMEDIES

24. **EVENTS OF DEFAULT.** Any of the events listed in the Note as an Event of Default shall also constitute an Event of Default under this Deed of Trust.

25. **ACCELERATION OF MATURITY.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Note, Beneficiary may declare all sums advanced to Trustor under the Note and this Deed of Trust immediately due and payable.

26. **BENEFICIARY'S REMEDIES.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Note, Beneficiary may, in addition to other rights and remedies permitted by the Note, or applicable law, proceed with any or all of the following remedies:

A. Enforce the assignment of rents and right to possession as provided for in this Deed of Trust, and/or seek appointment of a receiver to take over possession of the Security and collect Rents;

B. Enter the Security and take any actions necessary in its judgment to complete construction on the Security, either in person or through a receiver appointed by a court;

C. Disburse from the Loans' proceeds any amount necessary to cure any monetary default under this Deed of Trust, or the Note;

D. Commence an action to foreclose this Deed of Trust pursuant to California Code of Civil Procedure Section 725(a) et seq., as amended, and/or seek appointment of a receiver from a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security, including the authority to complete construction of improvements;

E. 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 Security to be sold and exercise its power of sale as provided for below; or

F. Pursue any other rights and remedies allowed at law or in equity.

27. **FORECLOSURE BY POWER OF SALE.** Should Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the Notes are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said notice of sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as they may determine unless specified otherwise by Trustor, 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 the purchaser its deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at the sale.

Trustee may postpone the sale of all or any portion of the property by public announcement at such time and place of sale, and from time to time thereafter, 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.

28. **APPLICATION OF SALE PROCEEDS.** After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale as follows: first, to the payment of all sums then secured by this Deed of Trust, in such order and amounts as Beneficiary in its sole discretion determines; and second, the remainder, if any, to the person or persons legally entitled thereto.

29. **REMEDIES CUMULATIVE.** No right, power or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other rights, powers or remedies, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

### GENERAL PROVISIONS

30. **GOVERNING LAW.** This Deed of Trust shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

31. **STATEMENT OF OBLIGATION.** Beneficiary may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

32. **CONSENTS AND APPROVALS.** Any consent or approval of Beneficiary required under this Deed of Trust shall not be unreasonably withheld.

33. **TIME.** Time is of the essence in this Deed of Trust.

34. **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Trustor and Beneficiary shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Trustor and Beneficiary as follows:

**BENEFICIARY:** Paseo Nuevo Partners, L.P.  
435 South D Street,  
Oxnard, CA 93030  
Telephone No. \_\_\_\_\_  
Facsimile No. \_\_\_\_\_

with a copy to

Price, Postel & Parma LLP  
Attn: Mark S. Manion  
200 East Carrillo Street, Suite 400  
Santa Barbara, CA 93101  
Telephone No. (805) 962-0011  
Facsimile No. (805) 965-3978

**TRUSTOR:** Ramona Property Partners LLC  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

with a copy to:

Arnold, Bleuel, LaRochelle, Mathews & Zirbel, LLP  
300 Esplanade Drive, Suite 2100  
Oxnard, CA 93036  
Attention: Gary D. Arnold, Esq.  
Telephone: (805) 988-9886  
Facsimile: (805) 988-9916  
E-mail: [garnold@atozlaw.com](mailto:garnold@atozlaw.com)

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 34. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

35. **BINDING UPON SUCCESSORS.** All provisions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.

36. **WAIVER.** Any waiver by Beneficiary of any obligation of Trustor in this Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation under this Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

37. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Deed of Trust must be in writing, and shall be made only if mutually agreed upon by Beneficiary and Trustor.

38. **NOTE CONTROLS.** If there is any contradiction between this instrument and the Note, the terms of the Note shall control, except that Trustor shall have no defense or claim that this instrument does not establish a valid lien on the Property or the Security.

39. **DEFINITIONS.** Capitalized terms not otherwise defined in this Deed of Trust shall have the same meaning as defined terms in the Note.

40. **PROOFS OF CLAIM.** In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, recomposition or other proceedings affecting Trustor, its creditors or its property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

41. **SEVERABILITY.** Every provision of this Deed of Trust is intended to be severable. If any term or provision of this Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt and all payments made on the debt (whether voluntary or under foreclosure or other enforcement action or procedure) shall be

considered to have been first paid or applied to the payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

42. **SUBSTITUTION OF TRUSTEE.** Beneficiary may from time to time appoint another trustee to act in the place and instead of Trustee or any successor. Upon such appointment and without conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee.

43. **ACCEPTANCE BY TRUSTEE.** Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

44. **NONRECOURSE OBLIGATION.** Except as expressly provided in the second paragraph of this section, the Trustor, and the Trustor's officers, directors, employees and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Note or the performance of the covenants of the Trustor under the Deed of Trust securing the Note. The sole recourse of the Beneficiary with respect to the principal of, or interest on, the Note shall be to the property securing the indebtedness evidenced by the Note. However, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Beneficiary, or (b) be deemed in any way to impair the right of the Beneficiary to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note, except as hereafter set forth; nothing contained herein is intended to relieve the Trustor of personal liability for (a) fraud or willful misrepresentation; (b) the failure to pay taxes, assessments or other charges (which are not contested by Trustor in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (c) the fair market value of any personal property or fixtures removed or disposed of by Trustor other than in accordance with the Deed of Trust; (d) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property; and (e) payment to the Beneficiary of any rental income or other income arising with respect to the Property received by the Trustor after the Beneficiary has given notice to the Trustor of the occurrence of an Event of Default, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the Deed of Trust.

45. **SUBORDINATION.** Beneficiary shall subordinate this Deed of Trust to any and all agreements or instruments regarding the construction or financing of the Project, including any regulatory agreement required by the State of California. Trustor and Beneficiary shall

cooperate in the execution of any such subordination agreement required to perfect such subordinations.

*[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]*

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

"TRUSTOR"

PASEO NUEVO PARTNERS, L.P., a California limited partnership

By: LAS CORTES, INC., a California nonprofit public benefit corporation, its general partner

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Signatures must be notarized*

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ )

ss

On \_\_\_\_\_, 200\_\_, before me \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_,  
who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
(Seal)

EXHIBIT A  
Legal Description of the Property

NO FEE DOCUMENT

Recording requested by and  
when recorded, mail to:

Ramona Property Partners LLC

Attn: \_\_\_\_\_

NO FEE DOCUMENT PURSUANT TO  
GOVERNMENT CODE SECTION 6103

---

**PERMANENT DEED OF TRUST, ASSIGNMENT OF  
RENTS, AND SECURITY AGREEMENT**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT ("Deed of Trust") is made as of [\_\_\_\_\_], by Paseo Nuevo Partners, L.P., a California limited partnership ("Trustor"), to [\_\_\_\_\_] ("Trustee"), for the benefit of the Ramona Property Partners LLC, a California limited liability company ("Beneficiary").

**GRANT IN TRUST**

1. **GRANT.** Trustor, in consideration of the indebtedness referred to below, hereby irrevocably grants and conveys to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, all of Trustor's interest in the real property located at 5655, 5667, 5701, 5703-5705, 5709, 5711, 5713, 5715 and 5727 Cypress Road, in the City of Oxnard, which is located in Ventura County, California, as more particularly described in Exhibit A (the "Property") attached hereto and incorporated herein by this reference;

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures, improvements, signs, and landscaping now or hereafter erected or located on the Property, including all equipment and machinery used for supplying or distributing heating, cooling, electricity, gas, water, air, and light, all kitchen and laundry appliances such as washers, dryers, refrigerators, garbage disposals, ovens, ranges, dishwashers, all plumbing and bathroom fixtures, all security and access control equipment, fire prevention and extinguishment equipment, elevators, floor coverings, window coverings, paneling, cabinets, (provided, however, that Trustor shall have the right to remove, if necessary, such fixtures, furnishings, and equipment for the purpose of replacement with similar items of the same quality performing the same functions, which replacements shall themselves become part of this grant); all building material and equipment either now or hereafter delivered to the Property and intended to be installed therein or any such material and equipment purchased with the Loans' proceeds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to

development on the Property; all rents and income generated by the Property or improvements thereon (subject however to the assignment of rents to Lender contained herein); all leases, subleases and rental agreements covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, or payments of similar nature with respect to such leases, subleases, or rental agreements; all easements and rights-of-way appurtenant to the Property, including parking and recreational easements, and all interests of Trustor in any land lying within the right-of-way of any street, sidewalks, and areas of land adjacent to or used in connection with the Property; all development rights and credits, air rights, water rights, and oil, gas or mineral rights with respect to the Property; all claims or demands with respect to insurance proceeds, and all awards made for a taking by eminent domain; all interests and rights in any private or government grants, subsidies, loans, or other financing with respect to development on the Property; all interests in personal property used in and about the Property (except furniture and other personal property of occupants of dwelling units on the Property); all intangible property and rights relating to the Property or operations on the Property, including trade names, goodwill, trademarks, and service marks; all government permits, approvals, and map rights related to construction on the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction of improvements on the Property; all environmental tests, studies and reports with respect to the Property; all current and future claims and rights of action of Trustor against prior owners and operators of the Property, neighboring property owners and operators, tenants and former tenants, consultants, advisors, and other third parties with respect to environmental or hazardous materials contamination and cleanup of the Property under any federal, state, or local ordinances, statutes, regulations, or administrative decisions or common law.

All of the foregoing, together with the Property, is herein referred to as the "Security."

### OBLIGATIONS SECURED

2. **OBLIGATIONS.** Trustor makes this grant for the purpose of securing the following obligations:

A. Repayment of the indebtedness of Trustor to Beneficiary in the principal sum of Two Million Dollars (\$2,000,000), with interest thereon, evidenced by a promissory note executed by Trustor on file at the offices of Beneficiary and hereby incorporated by reference into this Deed of Trust (the "Note"), or as much as has been disbursed to Trustor therewith; and

B. Payment of any sums advanced by Beneficiary to protect the security and priority of this Deed of Trust; and

C. Performance of every obligation, covenant or agreement of Trustor contained in this Deed of Trust, and the Note, including all modifications, extensions and renewals of these obligations (collectively, the "Loan Documents") ; and

D. Performance of any other obligation or repayment of any other indebtedness of Trustor to Beneficiary, where such evidence of obligation or indebtedness specifically recites that it is secured by this Deed of Trust; and

E. Performance of any obligations of Trustor in any other agreements with respect to financing of the Project or the Security the absence of which would adversely affect Beneficiary, whether or not Beneficiary is a party to such agreements.

**ABSOLUTE ASSIGNMENT OF RENTS AND RIGHT TO POSSESSION**

3. **ASSIGNMENT.** As additional security, Trustor hereby assigns to Beneficiary: (a) all of the rents, revenues, profits, and income from the Security, any deposits now or hereafter in Trustor's possession which have been collected with respect to the Security, and any reserve or capital funds now or hereafter held by Trustor with respect to construction or operation of the Security (collectively, the "Rents"); and (b) the right to enter, take possession of, and manage the Security; provided however that Trustor shall have, before an Event of Default, as defined herein, the exclusive right to possess the Security and to collect Rents and use them in accordance with the Loan Documents. This assignment is intended to be an absolute and present transfer of Trustor's interest in existing and future Rents, effective as of the date of this Deed of Trust.

4. **ENFORCEMENT.** Upon the happening of an Event of Default which remains uncured after expiration of the applicable cure period pursuant to the terms of the Note or other Loan Documents, Beneficiary may, in addition to other rights and remedies permitted by the Note, this Deed of Trust, or applicable law: (a) enter upon, take possession of, and manage the Security, either in person as a mortgagee-in-possession, by agent, or by a receiver appointed by a court, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Security, (b) collect all Rents, including those past due and unpaid, and apply the same to pay for the costs and expenses of operation of the Security, including attorneys' fees, and pay off any indebtedness secured by this Deed of Trust, all in such order as Beneficiary may determine and/or (c) Beneficiary may make, cancel, enforce, and modify leases and rental agreements, obtain and evict tenants, set and modify rent terms, sue for rents due, enter into, modify, or terminate any contracts or agreements, or take any legal action, as it deems necessary with respect to the Rents or to development or operation of the Security, subject to the rent restrictions imposed against the Property.

5. **APPOINTMENT OF A RECEIVER.** In any action to enforce this assignment, Beneficiary may apply for the appointment of a receiver to take possession of the Security and take whatever measures are necessary to preserve and manage the Security for the benefit of Beneficiary and the public interest. Trustor hereby consents to the appointment of a receiver. The receiver shall have all of the authority over the Security that Beneficiary would have if Beneficiary took possession of the Security under this assignment as a mortgagee-in-possession, including the right to collect and apply Rents and the right to complete construction of improvements.

6. **NO WAIVER OF POWER OF SALE.** The entering upon and taking possession of the Security and the collection of Rents shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or notice of default and, notwithstanding the continuance in possession of the Security or the collection and application of Rents, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

### COMMERCIAL CODE SECURITY AGREEMENT

7. **GRANT.** This Deed of Trust is intended to be a security agreement and financing statement pursuant to the California Commercial Code for any of the items specified above as part of the Security which under applicable law may be subject to a security interest pursuant to the Commercial Code, and Trustor hereby grants Beneficiary a security interest in said items. Beneficiary may file a copy of this Deed of Trust in the real estate records or other appropriate index as a financing statement for any of the items specified as part of the Security. Trustor shall execute and deliver to Beneficiary at Beneficiary's request any financing statements, as well as extensions, renewals, and amendments thereof, and copies of this instrument in such form as Beneficiary may require to perfect a security interest with respect to said items. Trustor shall pay all costs of filing such financing statements and shall pay all reasonable costs of any record searches for financing statements and releases. Without the prior written consent of Beneficiary, Trustor shall not create or permit any other security interest in said items. This Deed of Trust constitutes a fixture filing under Sections 9313 and 9402(6) of the California Commercial Code.

8. **REMEDIES.** Upon Trustor's breach of any obligation or agreement in the Loan Documents, after expiration of any applicable cure period, Beneficiary shall have the remedies of a secured party under the Commercial Code and at Beneficiary's option may also invoke the remedies provided for elsewhere in this Deed of Trust with respect to said items. Beneficiary may proceed against the items of real property and personal property specified above separately or together and in any order whatsoever.

### RIGHTS AND OBLIGATIONS OF TRUSTOR

9. **PERFORMANCE OF SECURED OBLIGATION.** Trustor shall promptly perform each obligation secured by this Deed of Trust in accordance with the Loan Documents.

10. **PAYMENT OF PRINCIPAL AND INTEREST.** Trustor shall promptly pay when due the principal and any interest due on the indebtedness evidenced by the Note.

11. **MAINTENANCE OF THE SECURITY.** Trustor shall, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor shall not commit

or permit waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security. In the event Trustor fails to maintain the Security in accordance with the standards in this Deed of Trust, Beneficiary and after any applicable cure periods, may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of interest as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

12. **INSPECTION OF THE SECURITY.** Trustor shall permit Beneficiary to enter and inspect the Security during normal business hours for compliance with these obligations upon at least 24 hours advance notice of such visit by Beneficiary to Trustor or Trustor's management agent.

13. **LIENS, ENCUMBRANCES, AND CHARGES.** Trustor shall discharge any lien or encumbrance not approved by Beneficiary in writing that may attain priority over this Deed of Trust, as provided in the Note.

14. **DEFENSE AND NOTICE OF CLAIMS AND ACTIONS.** Trustor shall appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security upon Trustor's receipt of notice thereof.

15. **SUITS TO PROTECT THE SECURITY.** Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient (a) to prevent any impairment of the Security or the rights of Beneficiary, (b) to preserve or protect its interest in the Security and in the Rents, and (c) to restrain the enforcement of or compliance with any governmental legislation, regulation, or order, if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or be prejudicial to the interest of Beneficiary.

16. **DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. If any building or improvements erected on the Property is damaged or destroyed by an insurable cause, Trustor shall, at its cost and expense, repair or restore said buildings and improvements consistent with the original plans and specifications if Trustor reasonably determines that such restoration or repair is economically feasible. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be complete within one (1) year thereafter. Subject to Trustor's election to rebuild, all insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Trustor shall make up the deficiency.

17. **TITLE.** Trustor warrants that Trustor lawfully has legal title to the Security without any limitation on the right to encumber other than those limitations set forth in the Loan Documents or other financing documents approved by Lender.

18. **GRANTING OF EASEMENTS.** Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to the Security except (i) in furtherance of the Project, (ii) those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or (iii) those required by law.

19. **TAXES AND LEVIES.** Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security. However, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of interest as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust.

20. **INSURANCE.** Trustor shall procure or cause to be procured, and maintain or cause to be maintained, throughout the term of the Note, insurance against loss or damage to any structure constituting any part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Property, excluding the cost of excavations, of grading and filling and of the land, but in any event, shall be in an amount and in a form sufficient, in the event of total or partial loss, to enable the Trustor to restore the Property to the condition existing before such loss. The Trustor may, in its discretion and with the written consent of Beneficiary, insure the Property under blanket insurance policies which insure not only the Property but also other properties as long as such blanket insurance policies comply with the requirements of this Section 20.

All policies of insurance required by this Section shall provide that all proceeds thereunder shall be payable to the Beneficiary pursuant to a lender's loss payable endorsement substantially in a form approved by Beneficiary. Each insurance policy required hereunder shall require that the Beneficiary be given thirty (30) days' notice of any intended cancellation thereof or reduction of the coverage provided thereby. The Trustor shall provide Beneficiary with certificates evidencing such policies upon request. In the event Trustor fails to maintain the full

insurance coverage required by this Deed of Trust, Beneficiary, after at least seven (7) business days prior notice to Trustor, may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this Deed of Trust. This paragraph is subject to the rights of any lender providing a loan secured by the Property to which the Beneficiary has subordinated the Deed of Trust.

21. **CONDEMNATION.** Subject to the rights of any senior lienholders, all judgments, awards of damages, settlements and compensation made in connection with or in lieu of taking all or any part of or interest in the Security under assertion of the power of eminent domain ("Funds") are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as Beneficiary shall determine at its sole option. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust.

Notwithstanding anything to the contrary set forth herein, Beneficiary shall, prior to the application of the Funds or any portion thereof to the indebtedness or other obligations, apply such portion of the Funds as is reasonable and necessary to repair and preserve the value, marketability and rentability of the Security. Trustor shall have the right to rebuild the Project, and to use all available condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loans in balance and rebuild the Project in a manner that provides adequate security to Lender for repayment of the Loans or, if such proceeds are insufficient or such security is inadequate, then Trustor shall have funded any deficiency and/or provided additional security; (b) Lender shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement; and (c) no material default then exists under the Loan Documents other than any default which is a direct result of the condemnation.

22. **ACCELERATION ON TRANSFER OF SECURITY.** In the event that Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof or interest therein, Beneficiary may at its option declare all sums secured by this Deed of Trust to be immediately due and payable. This option shall not apply in case of:

A. The grant of a leasehold interest to qualifying households who will occupy apartment units on the Property in connection with the Project;

B. Sale or transfer of fixtures or personal property pursuant to the grant provisions in this Deed of Trust. Consent to one (1) sale or transfer shall not be deemed to be a waiver of the right to require such consent to future or successive transactions; or

C. Any Permitted Transfer as defined in the Note.

23. **RECONVEYANCE BY TRUSTEE.** This trust is intended to continue for the entire term of the Loan. Upon written request of Beneficiary stating that all sums secured by this Deed of Trust have been paid and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

### DEFAULT AND REMEDIES

24. **EVENTS OF DEFAULT.** Any of the events listed in the Note as an Event of Default shall also constitute an Event of Default under this Deed of Trust.

25. **ACCELERATION OF MATURITY.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Note, Beneficiary may declare all sums advanced to Trustor under the Note and this Deed of Trust immediately due and payable.

26. **BENEFICIARY'S REMEDIES.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the Note, Beneficiary may, in addition to other rights and remedies permitted by the Note, or applicable law, proceed with any or all of the following remedies:

A. Enforce the assignment of rents and right to possession as provided for in this Deed of Trust, and/or seek appointment of a receiver to take over possession of the Security and collect Rents;

B. Enter the Security and take any actions necessary in its judgment to complete construction on the Security, either in person or through a receiver appointed by a court;

C. Disburse from the Loans' proceeds any amount necessary to cure any monetary default under this Deed of Trust, or the Note;

D. Commence an action to foreclose this Deed of Trust pursuant to California Code of Civil Procedure Section 725(a) et seq., as amended, and/or seek appointment of a receiver from a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security, including the authority to complete construction of improvements;

E. 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 Security to be sold and exercise its power of sale as provided for below; or

F. Pursue any other rights and remedies allowed at law or in equity.

27. **FORECLOSURE BY POWER OF SALE.** Should Beneficiary elect to foreclose by exercise of the power of sale contained in this Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the Notes are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and election to sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said notice of sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as they may determine unless specified otherwise by Trustor, 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 the purchaser its deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at the sale.

Trustee may postpone the sale of all or any portion of the property by public announcement at such time and place of sale, and from time to time thereafter, 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.

28. **APPLICATION OF SALE PROCEEDS.** After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale as follows: first, to the payment of all sums then secured by this Deed of Trust, in such order and amounts as Beneficiary in its sole discretion determines; and second, the remainder, if any, to the person or persons legally entitled thereto.

29. **REMEDIES CUMULATIVE.** No right, power or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other rights, powers or remedies, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

#### GENERAL PROVISIONS

30. **GOVERNING LAW.** This Deed of Trust shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

31. **STATEMENT OF OBLIGATION.** Beneficiary may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

32. **CONSENTS AND APPROVALS.** Any consent or approval of Beneficiary required under this Deed of Trust shall not be unreasonably withheld.

33. **TIME.** Time is of the essence in this Deed of Trust.

34. **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Trustor and Beneficiary shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Trustor and Beneficiary as follows:

**BENEFICIARY:** Paseo Nuevo Partners, L.P.  
435 South D Street,  
Oxnard, CA 93030  
Telephone No. \_\_\_\_\_  
Facsimile No. \_\_\_\_\_

with a copy to

Price, Postel & Parma LLP  
Attn: Mark S. Manion  
200 East Carrillo Street, Suite 400  
Santa Barbara, CA 93101  
Telephone No. (805) 962-0011  
Facsimile No. (805) 965-3978

**TRUSTOR:** Ramona Property Partners LLC  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

with a copy to:

Arnold, Bleuel, LaRochelle, Mathews & Zirbel, LLP  
300 Esplanade Drive, Suite 2100  
Oxnard, CA 93036  
Attention: Gary D. Arnold, Esq.  
Telephone: (805) 988-9886  
Facsimile: (805) 988-9916  
E-mail: [garnold@atozlaw.com](mailto:garnold@atozlaw.com)

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section 34. Delivery shall be deemed to have occurred at the time indicated on the receipt for delivery or refusal of delivery.

35. **BINDING UPON SUCCESSORS.** All provisions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.

36. **WAIVER.** Any waiver by Beneficiary of any obligation of Trustor in this Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation under this Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

37. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this Deed of Trust must be in writing, and shall be made only if mutually agreed upon by Beneficiary and Trustor.

38. **NOTE CONTROLS.** If there is any contradiction between this instrument and the Note, the terms of the Note shall control, except that Trustor shall have no defense or claim that this instrument does not establish a valid lien on the Property or the Security.

39. **DEFINITIONS.** Capitalized terms not otherwise defined in this Deed of Trust shall have the same meaning as defined terms in the Note.

40. **PROOFS OF CLAIM.** In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, recomposition or other proceedings affecting Trustor, its creditors or its property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

41. **SEVERABILITY.** Every provision of this Deed of Trust is intended to be severable. If any term or provision of this Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt and all payments made on the debt (whether voluntary or under foreclosure or other enforcement action or procedure) shall be

considered to have been first paid or applied to the payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

42. **SUBSTITUTION OF TRUSTEE.** Beneficiary may from time to time appoint another trustee to act in the place and instead of Trustee or any successor. Upon such appointment and without conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee.

43. **ACCEPTANCE BY TRUSTEE.** Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

44. **NONRECOURSE OBLIGATION.** Except as expressly provided in the second paragraph of this section, the Trustor, and the Trustor's officers, directors, employees and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the Note or the performance of the covenants of the Trustor under the Deed of Trust securing the Note. The sole recourse of the Beneficiary with respect to the principal of, or interest on, the Note shall be to the property securing the indebtedness evidenced by the Note. However, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Note of all the rights and remedies of the Beneficiary, or (b) be deemed in any way to impair the right of the Beneficiary to assert the unpaid principal amount of the Note as demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the Note, except as hereafter set forth; nothing contained herein is intended to relieve the Trustor of personal liability for (a) fraud or willful misrepresentation; (b) the failure to pay taxes, assessments or other charges (which are not contested by Trustor in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the Deed of Trust (to the full extent of such taxes, assessments or other charges); (c) the fair market value of any personal property or fixtures removed or disposed of by Trustor other than in accordance with the Deed of Trust; (d) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property; and (e) payment to the Beneficiary of any rental income or other income arising with respect to the Property received by the Trustor after the Beneficiary has given notice to the Trustor of the occurrence of an Event of Default, subject to the rights of any lender providing a loan secured by the Property to which the Lender has subordinated the Deed of Trust.

45. **SUBORDINATION.** Beneficiary shall subordinate this Deed of Trust to any and all agreements or instruments regarding the construction or financing of the Project, including any regulatory agreement required by the State of California. Trustor and Beneficiary shall

cooperate in the execution of any such subordination agreement required to perfect such subordinations.

*[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]*

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

"TRUSTOR"

PASEO NUEVO PARTNERS, L.P., a California limited partnership

By: LAS CORTES, INC., a California nonprofit public benefit corporation, its general partner

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Signatures must be notarized*

State of \_\_\_\_\_ )

County of \_\_\_\_\_ )

ss

On \_\_\_\_\_, 200\_\_, before me \_\_\_\_\_,  
Notary Public, personally appeared \_\_\_\_\_,  
who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
(Seal)

EXHIBIT A  
Legal Description of the Property