WPUSD

Board Packet

Part II

September 21, 2004

WESTERN PLACER UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEE MEETING FACT SHEET

MISSION STATEMENT: The Western Placer Unified School District is committed to the pursuit of excellence in all of its endeavors.
BOARD OF TRUSTEES/DISTRICT GOALS
1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students.
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations etc. as partners in the education of the students.

AGENDA ITEM:

Approve Resolution 04/05.08 to Adopt the FY 2004-05 Western Placer Unified School District Gann Limit.

SUBJECT AREA:

Discussion/Action

REQUESTED BY:

Jay M. Stewart
Assistant Superintendent, Business Services

ENCLOSURES:

Yes

BOARD MEETING DATE:

September 21, 2004

BACKGROUND:

Shortly after Proposition 13, the 1978 Jarvis-Gann amendment was enacted. Proposition 4, adopted in November 1979, established constitutional limit on the allowable growth in state and local government spending. These appropriation limits, commonly called Gann Limits, allow government spending to grow at a rate no faster than inflation and change in population.

Education Code Sections 1629 and 42132 specify that by September 30, county office and district governing boards shall adopt a resolution identifying their estimated appropriations limits for the current year and their annual appropriations limit for the preceding year.

SUPERINTENDENT'S RECOMMENDATION:

Administration recommends the Board of Trustees approve Resolution 04/05.08 to adopt the FY 2004-05 Western Placer Unified School District Gann Limit.

WESTERN PLACER UNIFIED SCHOOL DISTRICT

Resolution No. 04/05.08

A RESOLUTION BEFORE THE GOVERNING)
BOARD OF THE WESTERN PLACER UNIFIED)
SCHOOL DISTRICT ADOPTING THE 2004-05)
GANN LIMIT)

The following **RESOLUTION** was duly passed and adopted by the Board of Trustees of the above-entitled district at a regular meeting held on the 21st day of September, 2004, by roll call vote.

AYES:
NOES:
ABSENT:

WHEREAS, in November 1979, the California electorate did adopt Proposition 4, commonly called the Gann Amendment, which added Article XIIIB to the California Constitution; and

WHEREAS, in the provisions of that Article establish maximum appropriation limits, commonly called "Gann Limits", for public agencies including school districts; and

WHEREAS, the District must establish a Gann Limit for the 2003-04 fiscal year and a projected Gann Limit for the 2004-05 fiscal year in accordance with the provisions of Article XIIIB and applicable statutory law; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees does provide public notice that the attached calculations and documentation of the Gann limits for the 2003-04 and 2004-05 fiscal years are made in accord with applicable constitutional and statutory law;

AND BE IT FURTHER RESOLVED, that this Board does hereby declare that the appropriations in the Budget for the 2003-04 and 2004-05 fiscal years do not exceed the limitations imposed by Proposition 4;

AND BE IT FURTHER RESOLVED, that the Superintendent provide copies of this resolution along with the appropriate attachments to interested citizens of this District.

THE FOREGOING RESOLUTION was duly passed by the Governing Board of the Western Placer Unified School District on the 21st day of September 2004.

_____
President of the Board

ATTEST:

_____
Clerk

	2003-04 Calculations			2004-05 Calculations		
	Extracted Data	Adjustments*	Entered Data/ Totals	Extracted Data	Adjustments*	Entered Data/ Totals
A. PRIOR YEAR DATA (2002-03 Actual Appropriations Limit and Gann ADA are from district's prior year Gann Report to the CDE)		2002-03 Actual			2003-04 Actual	
1. FINAL PRIOR YEAR APPROPRIATIONS LIMIT (Preload/Line D11, PY column)	30,236,750.00		30,236,750.00			17,871,275.97
2. PRIOR YEAR GANN ADA (Preload/Line B9, PY column)	7,181.00		7,181.00			4,148.63
ADJUSTMENTS TO PRIOR YEAR LIMIT		Adjustments to 2002-03			Adjustments to 2003-04	
3. District Lapses, Reorganizations and Other Transfers						
4. Temporary Voter Approved Increases						
5. Less: Lapses of Voter Approved Increases						
6. TOTAL ADJUSTMENTS TO PRIOR YEAR LIMIT (Lines A3 plus A4 minus A5)			0.00			0.00
7. ADJUSTMENTS TO PRIOR YEAR ADA (Only for district lapses, reorganizations and other transfers, and only if adjustments to the appropriations limit is entered in Line A3 above)						
B. CURRENT YEAR GANN ADA (2003-04 data should tie to Principal Apportionment Attendance Software reports)		2003-04 P2 Report			2004-05 P2 Estimate	
1. Total K-12 ADA (Form A, Line 10)	3,829.28		3,829.28	4,100.16		4,100.16
2. ROC/P ADA (Form A, Line 12)			0.00			0.00
3. Total Charter Schools ADA (Form A, Line 26)	178.91		178.91	178.91		178.91
4. Total Supplemental Instructional Hours (Form A, Lines 21 and 27)	98,306.00		98,306.00	85,000.00		85,000.00
5. Divide Line B4 by 700 (Round to 2 decimals)			140.44			121.43
6. TOTAL P2 ADA (Lines B1 through B3 plus B5)			4,148.63			4,400.50
OTHER ADA (From Principal Apportionment Attendance Software)						
7. Apprentice Hours - High School						
8. Divide Line B7 by 525 (Round to 2 decimals)			0.00			0.00
9. TOTAL CURRENT YEAR GANN ADA (Sum Lines B6 plus B8)			4,148.63			4,400.50
C. LOCAL PROCEEDS OF TAXES DATA		2003-04 Actual			2004-05 Budget	
TAXES AND SUBVENTIONS (Funds 01, 09, and 62)						
1. Homeowners' Exemption (Object 8021)	205,745.20		205,745.20	210,223.00		210,223.00
2. Timber Yield Tax (Object 8022)	0.00		0.00	0.00		0.00
3. Other Subventions/In-Lieu Taxes (Object 8029)	0.00		0.00	0.00		0.00
4. Secured Roll Taxes (Object 8041)	14,123,288.46		14,123,288.46	14,192,161.00		14,192,161.00
5. Unsecured Roll Taxes (Object 8042)	510,701.14		510,701.14	488,713.00		488,713.00
6. Prior Years' Taxes (Object 8043)	0.00		0.00	0.00		0.00
7. Supplemental Taxes (Object 8044)	1,038,435.79		1,038,435.79	668,538.00		668,538.00
8. Ed. Rev. Augmentation Fund (ERAF) (Object 8045)	6,314,239.53		6,314,239.53	5,608,123.00		5,608,123.00
9. Penalties and Int. from Delinquent Taxes (Object 8048)	0.00		0.00	0.00		0.00
10. Other In-Lieu Taxes (Object 8082)	0.00		0.00	0.00		0.00
11. Comm. Redevelopment Funds (Objects 8047 & 8625) (Only if not counted in redevelopment agency's limit)	10,502.00		10,502.00	0.00		0.00
12. Parcel Taxes (Object 8621)	0.00		0.00	0.00		0.00
13. Other Non-Ad Valorem Taxes (Object 8622) (Taxes only)	0.00		0.00	0.00		0.00
14. Penalties and Int. from Delinquent Non-Revenue Limit Taxes (Object 8629) (Only those for the above taxes)	0.00		0.00	0.00		0.00
15. Charter Schs. Funding in Lieu of Prop. Taxes (Obj. 8780)	0.00		0.00	0.00		0.00
16. Less: Transfers to Charter Schools Funding in Lieu of Property Taxes (Object 7280)	9,591,710.01		9,591,710.01	9,589,459.00		9,589,459.00
17. TOTAL TAXES AND SUBVENTIONS (Lines C1 through C15 minus C16)	12,611,202.11	0.00	12,611,202.11	11,578,299.00	0.00	11,578,299.00
OTHER LOCAL REVENUES (Funds 01, 09, and 62)						
18. To General Fund from Bond Interest and Redemption Fund (Excess debt service taxes) (Object 8914)	0.00		0.00	0.00		0.00
19. TOTAL LOCAL PROCEEDS OF TAXES (Lines C17 plus C18)	12,611,202.11	0.00	12,611,202.11	11,578,299.00	0.00	11,578,299.00

	2003-04 Calculations			2004-05 Calculations		
	Extracted Data	Adjustments*	Entered Data/ Totals	Extracted Data	Adjustments*	Entered Data/ Totals
EXCLUDED APPROPRIATIONS						
20. Medicare (Enter federally mandated amounts only from objs. 3301 and 3302; do not include negotiated amounts)						
OTHER EXCLUSIONS						
21. Americans with Disabilities Act						
22. Unreimbursed Court Mandated Desegregation Costs for Court (For court orders imposed on or after November 6, 1979)						
23. Other Unfunded Court/Federal Mandates						
24. TOTAL EXCLUSIONS (Lines C20 through C23)			0.00			0.00
STATE AID RECEIVED (Funds 01, 09, and 62)						
25. Revenue Limit State Aid - Current Year (Object 8011)	5,551,530.00		5,551,530.00	8,468,575.00		8,468,575.00
26. Revenue Limit State Aid - Prior Years (Object 8019)	(51,635.61)		(51,635.61)	0.00		0.00
27. ROC/P Apportionment - CY (Res. 6350, Object 8311)	0.00		0.00	0.00		0.00
28. ROC/P Apportionment - PY (Res. 6350, Object 8319)	0.00		0.00	0.00		0.00
29. Charter Schs. Gen. Purpose Entitlement (Object 8015)	0.00		0.00	0.00		0.00
30. Charter Schs. Categorical Block Grant (Object 8480)	0.00		0.00	0.00		0.00
31. Class Size Reduction, K-3 (Res. 1300, Object 8434)	1,017,438.00		1,017,438.00	1,116,848.00		1,116,848.00
32. Class Size Reduction, 9 (Res. 1200, Object 8435)	0.00		0.00	0.00		0.00
33. SUBTOTAL STATE AID RECEIVED (Lines C25 through C32)	6,517,332.39	0.00	6,517,332.39	9,585,423.00	0.00	9,585,423.00
ADD BACK TRANSFERS TO COUNTY						
34. County Office Funds Transfer (Form RL, Line 32)	154,483.00		154,483.00	159,998.00		159,998.00
35. TOTAL STATE AID (Lines C33 plus C34)	6,671,815.39	0.00	6,671,815.39	9,745,421.00	0.00	9,745,421.00
35. a. Supplemental Instruction Funds Included Above (Form RL, Lines 33 through 35)	186,055.00		186,055.00	176,042.00		176,042.00
DATA FOR INTEREST CALCULATION						
36. Total Revenues (Funds 01, 09 & 62; objects 8000-8799)	35,061,887.30		35,061,887.30	36,368,040.00		36,368,040.00
37. Total Interest and Return on Investments (Funds 01, 09, and 62; objects 8660 and 8662)	90,361.20		90,361.20	100,000.00		100,000.00
APPROPRIATIONS LIMIT CALCULATIONS		**2003-04 Actual**			**2004-05 Budget**	
D. PRELIMINARY APPROPRIATIONS LIMIT						
1. Revised Prior Year Program Limit (Lines A1 plus A6)			30,236,750.00			17,871,275.97
2. Inflation Adjustment			1.0231			1.0328
3. Program Population Adjustment (Lines B9 divided by [A2 plus A7]) (Round to four decimals)			0.5777			1.0607
4. PRELIMINARY APPROPRIATIONS LIMIT (Lines D1 times D2 times D3)			17,871,275.97			19,577,821.27
APPROPRIATIONS SUBJECT TO THE LIMIT						
5. Local Revenues Excluding Interest (Line C19)			12,611,202.11			11,578,299.00
6. Preliminary State Aid Calculation						
a. Minimum State Aid in Local Limit (Greater of $120 times Line B9 or $2,400; but not greater than Line C35 or less than zero)			497,835.60			528,060.00
b. Maximum State Aid in Local Limit (Lesser of Line C35 or Lines D4 minus D5 plus C24; but not less than zero)			5,260,073.86			7,999,522.27
c. Preliminary State Aid in Local Limit (Greater of Lines D6a or D6b)			5,260,073.86			7,999,522.27
7. Local Revenues in Proceeds of Taxes						
a. Interest Counting in Local Limit (Line C37 divided by [Lines C36 minus C37] times [Lines D5 plus D6c])			46,176.71			53,980.92
b. Total Local Proceeds of Taxes (Lines D5 plus D7a)			12,657,378.82			11,632,279.92
8. State Aid in Proceeds of Taxes (Greater of Line D6a, or Lines D4 minus D7b plus C24; but not greater than Line C35 or less than zero)			5,213,897.15			7,945,541.35
9. Total Appropriations Subject to the Limit						
a. Local Revenues (Line D7b)			12,657,378.82			
b. State Subventions (Line D8)			5,213,897.15			
c. Less: Excluded Appropriations (Line C24)			0.00			
d. TOTAL APPROPRIATIONS SUBJECT TO THE LIMIT (Lines D9a plus D9b minus D9c)			17,871,275.97			

	2003-04 Calculations			2004-05 Calculations		
	Extracted Data	Adjustments*	Entered Data/ Totals	Extracted Data	Adjustments*	Entered Data/ Totals
10. Adjustments to the Limit Per Government Code Section 7902.1 (Line D9d minus D4; if negative, then zero)			0.00			
If not zero report amount to: Donna Arduin, Director, State Department of Finance, Attention: School Gann Limits, State Capitol, Room 1145, Sacramento, CA 95814						
Summary		**2003-04 Actual**			**2004-05 Budget**	
11. Adjusted Appropriations Limit (Lines D4 plus D10)			17,871,275.97			19,577,821.27
12. Appropriations Subject to the Limit (Line D9d)			17,871,275.97			

* Please provide below an explanation for each entry in the adjustments column:

Jay Stewart, Assistant Superintendent, Business
Gann Contact Person

(916) 645-6387
Contact Phone Number

WESTERN PLACER UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEE MEETING FACT SHEET

MISSION STATEMENT: Empower Students with the Skills, Knowledge, and Attitudes for Success in an Ever Changing World.
BOARD OF TRUSTEES/GLOBAL DISTRICT GOALS
1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students. 2. Foster a safe, caring environment where individual differences are valued and respected. 3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness. 4. Promote the involvement of the community, parents, local government, business, service organizations etc. as partners in the education of the students.

AGENDA ITEM:

Approve the Agreement for Purchase and Sale Real Property and Escrow Instructions for the North Lincoln Crossing Elementary School Site.

SUBJECT AREA:

Discussion/Action

REQUESTED BY:

Jay M. Stewart
Assistant Superintendent, Business Services

ENCLOSURES:

Yes

BOARD MEETING DATE:

September 21, 2004

BACKGROUND:

Attached for the Board of Trustee's review and consideration is the Land Purchase Agreement for the three school sites located within the Lincoln Crossing development.. The school sites include two elementary schools and one middle school. The District has reached an agreement with the developer, LB/L-Suncal Lincoln Crossing LLC, to hold the price per acre at $344,000.00 per acre through June 30, 2007 for all three sites. This price per acre is based on an appraisal performed on November 24, 2003. The north elementary school site is approximately 11.38 acres, the middle school site approximately 18.00 acres, and the south elementary school site is approximately is 9.57 acres. All three sites are co-located next to future City of Lincoln parks.

The District has approximately $3,414,900 remaining in its Land Acquisition Certificates of Participation that has to be expended by October 1, 2004. Therefore it is in the District's best interest to purchase the north elementary school site since the District is anticipating opening this school in 2007. The purchase price for the 11.38-acre site is $3,914,720; however, the developer is willing to defer the price differential until the next land purchase. Under the State's current school construction program, fifty percent of the purchase price will be reimbursed to the District.

SUPERINTENDENT'S RECOMMENDATION:

Administration recommends the Board of Trustees approve the Agreement for Purchase and Sale Real Property and Escrow Instructions for the north Lincoln Crossing Elementary School Site.

AGREEMENT FOR THE PURCHASE AND

SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

This Agreement for the Purchase and Sale of Real Property and Escrow Instructions (the "**Agreement**"), dated _____, _____, 2004 (the "**Effective Date**"), is entered into by and between LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company ("**Seller**") and the WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California ("**Purchaser**"). Seller and Purchaser are hereinafter sometimes individually referred to as a "party" and collectively as the "parties."

RECITALS

A. Seller is the master developer of a three-phase master-planned community commonly known as "Lincoln Crossing", located in the City of Lincoln ("**City**"), County of Placer ("**County**"), State of California (the "**Lincoln Crossing Project**" or the "**Project**"). Seller has sold and is selling portions of Lincoln Crossing to merchant builders. Seller owns all of Phases 2 and 3 of Lincoln Crossing, which real property is more particularly described on **Exhibit A** attached hereto and made a part hereof, as well as portions of Phase 1 of Lincoln Crossing, including the Phase I Increment, more particularly described in Recital B herein.

B. Purchaser desires to purchase (1) approximately 11.38 acres of land within Phase I of the Project, as more particularly depicted on **Exhibit B** attached hereto and made a part hereof (the "**Phase I Increment**"); (2) approximately eighteen (18) acres of land within Phase II of the Project, as more particularly depicted on **Exhibit B** attached hereto and incorporated herein by this reference (the "**Phase II Increment**"); and (3) approximately 9.57 acres of land within Phase III of the Project, as more particularly depicted on **Exhibit B** attached hereto and incorporated herein by this reference (the "**Phase III Increment**"). The Phase I Increment, Phase II Increment and Phase III Increment are sometimes hereinafter collectively referred to as the "**Property**." As used herein, the term (i) "**Increment**" shall mean and refer to the Phase I Increment, the Phase II Increment or the Phase III Increment; and (ii) "**Increments**" shall mean and refer to all of the Phase I Increment, Phase II Increment and the Phase III Increment.

C. This Agreement is entered into pursuant to the Memorandum of Agreement dated _____, 2003 and recorded _____, 2003 as Instrument No. _____ referencing an unrecorded Memorandum of Understanding (MOU) between the parties, and the Memorandum of Agreement dated _____, 2004 and recorded _____, 2004 as Instrument No. _____ referencing amendments to the MOU (collectively referred to as the "**School MOU**") and sets forth the terms and conditions agreed upon between Seller and Purchaser with respect to the purchase and sale of the Property and portions thereof.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. AGREEMENT OF PURCHASE AND SALE

Subject to the terms and conditions set forth in this Agreement, Seller hereby agrees to sell the Property to Purchaser, and Purchaser hereby agrees to purchase the Property from Seller, in accordance with the terms and conditions of this Agreement.

2. PURCHASE PRICE

2.1. Purchase Price. The purchase price for each Increment of the Property shall be determined pursuant to the terms and conditions of Section 8 of the School MOU (for each Increment, the "**Purchase Price**"). The parties agree that any appraisals that are conducted pursuant to Section 8 of the School MOU, as applicable, shall be for all remaining Increments of the Property that have yet to be acquired by the District, and shall be only be used to determine the Purchase Price if the applicable Increment is closed within one (1) year after the date of the last appraisal that is obtained pursuant to Section 8 of the School MOU (the date of the last appraisal that is obtained pursuant to Section 8 of the School MOU is hereinafter referred to as the "**Appraisal Date**") that was used to so determine to Purchase Price, it being acknowledged and agreed by the parties that if the Phase II Increment or Phase III Increment Closing fails to occur by the Outside Closing Date (hereinafter defined), and subject to the terms and provisions of **Section 7.1.4.** hereof, the parties shall re-determine the Purchase Price for the Phase II Increment and/or Phase III Increment by obtaining new appraisals pursuant to the terms and conditions of Section 8 of the School MOU. The Purchase Price shall not be reduced by the amount of any fees or costs to be paid or payable by Purchaser in connection with the acquisition and development of an Increment and the construction of improvements thereon. Purchaser acknowledges and agrees that the mutual execution of this Agreement constitutes Purchaser's notice that it will acquire the Property, pursuant to the terms and conditions of this Agreement.

2.2. Payment of Purchase Price. The Purchase Price for the Increment of the Property then being purchased, plus an amount equal to Purchaser's share of the closing costs and prorations as set forth in **Section 7.4** below, shall, except as otherwise provided in this Agreement, be deposited by Purchaser with Escrow Holder in immediately available funds as of the business day prior to the Closing Date (hereinafter defined) (the "**Closing Payment**"). At the Closing of each Increment, the applicable Closing Payment shall be disbursed to Seller, less Seller's and Purchaser's share of the closing costs and prorations provided for in this Agreement.

3. INSPECTION PERIOD AND RELATED MATTERS

3.1. Inspection Period. Purchaser acknowledges and agrees that from and after the Effective Date (a) there is and shall be no due diligence period or inspection period with respect to the Property, the Lincoln Crossing Project, or any matter relating to or affecting any aspect of the Property or the buildings and improvements to be constructed thereon; and (b) any further feasibility examinations, inspections, studies or investigations undertaken by Purchaser, Purchaser's members and any entity controlling, controlled by or in common control of Purchaser ("**Purchaser's Affiliates**"), and/or Purchaser's employees, contractors, subcontractors, representatives, officers and agents (collectively, "**Purchaser's Agents**") are not a condition precedent to the Closing or Purchaser's obligation to close Escrow. Accordingly, Purchaser's execution of this Agreement shall automatically be deemed to constitute Purchaser's

7.4.3

(1) unconditional acceptance of the Property (subject to satisfaction or waiver of the Purchaser Conditions) and unconditional notice of election to proceed with the purchase and sale of the Property, in accordance with the terms of this Agreement; and (2) waiver of Purchaser's right to terminate this Agreement as to all those matters that were, or should have been, the subject of Purchaser's, Purchaser's Agents and/or Purchaser's Affiliates feasibility examinations, inspections, studies or investigations of the Property.

3.1.1. NHDS. Seller shall cause a qualified expert (the "**Expert**") to provide Purchaser with a Natural Hazard Disclosure Statement for the Property, or at Seller's election the Lincoln Crossing Project, in the form required by California Civil Code Section 1103.2(a), setting forth the Expert's determination of whether the Property is subject to Sections 8589.3, 8589.4 or 51183.5 of the California Government Code or Sections 2621.9, 2694 or 4136 of the California Public Resources Code, it being agreed that (i) Seller will rely solely and exclusively on the Expert to make such determination and (ii) the release set forth in **Section 3.2.2** below shall include any failure of Seller to provide the disclosure required by California Civil Code Section 1103 et seq. due to an error or omission of the Expert.

3.2. Release.

3.2.1. Upon the Close of Escrow, except to the extent caused by (i) a breach of a representation or warranty or covenant of Seller expressly set forth in this Agreement, (ii) Seller's, Seller's Affiliate's (defined below) or Seller's Agent's (defined below) or Seller's contractors, subcontractors of consultant's failure to perform Seller's Work in accordance with the requirements of this Agreement, or (iii) the negligent performance of Seller's Work, or the negligent performance of other construction by Seller, Seller's Affiliates or Seller's Agents or Seller's contractors, subcontractors or consultants, within or relating to the Lincoln Crossing Project, Purchaser on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges, Seller Indemnitees (hereinafter defined), from any and all demands, claims, legal or administrative proceedings, suits, losses, liabilities, damages, penalties, obligations, fines, liens, causes of action, judgments, settlements, injunctive relief, injury to persons, property (including without limitation claims for loss of property values) or natural resources, costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen (collectively, "**Claims and Damages**"), that may arise on account of or in any way be connected with the physical condition of the Property, the Special Disclosures, the presence of Hazardous Materials (hereinafter defined) in, on, under, or about the Property, any patent or latent condition affecting the Property, or any law or regulation applicable thereto, including, without limitation, any Hazardous Materials Laws (hereinafter defined). As used in this Agreement, the term "**Seller Indemnitees**" shall mean and include (i) Seller; (ii) Seller's members, and any entity controlling, controlled by, or in common control of Seller or Seller's members ("**Seller's Affiliates**"); (iii) Seller's managers, directors, officers, employees, representatives and agents ("**Seller's Agents**"); and (iv) all of their respective heirs, successors, personal representatives and assigns.

3.2.2. In connection with **Section 3.2.1** above, and elsewhere as expressly provided for in this Agreement, Purchaser hereby expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Purchaser's Initials _____

3.3. Hazardous Materials Indemnity.

3.3.1. Upon the Close of Escrow, unless to the extent caused by (i) a breach of a representation or warranty or covenant of Seller expressly set forth in this Agreement, (ii) Seller's, Seller's Affiliate's or Seller's Agent's or Seller's contractors, subcontractors or consultant's failure to perform Seller's Work in accordance with the requirements of this Agreement, or (iii) the negligent performance of Seller's Work, or the negligent performance of other construction by Seller, Seller's Affiliates or Seller's Agents or Seller's contractors, subcontractors or consultants, within or relating to the Lincoln Crossing Project, from and after the Close of Escrow, Purchaser hereby agrees to defend, protect, indemnify and hold Seller Indemnitees harmless from and against, and shall reimburse Seller Indemnitees for, any and all Claims and Damages incurred by or asserted against any of the Seller Indemnitees and arising directly or indirectly, in whole or in part, out of or in any way connected with the release, discharge, deposit, or alleged or suspected release, discharge or deposit of any Hazardous Materials at, on, within, under, about or from the Property, or in or adjacent to any part of the Property, or in the soil, groundwater or soil vapor on or under the Property, or elsewhere in connection with the transportation of Hazardous Materials to or from the Property in violation of any Hazardous Materials Laws, whether or not known to Purchaser or Seller, whether foreseeable or unforeseeable, by Purchaser, Purchaser's Affiliates and/or Purchaser's Agents. Without limiting the generality of the foregoing indemnity, such Claims and Damages shall include, without limitation, all costs reasonably incurred by Seller Indemnitees in connection with the following activities: (i) determining whether the Property is in compliance or the amount of money required to remediate any environmental contamination, and causing the Property to be or become in compliance with all applicable Hazardous Materials Laws, (ii) any removal or remediation of any kind and disposal of any Hazardous Materials present at, on, under or within the Property or released from the Property to the extent required by applicable Hazardous Materials Laws in effect at the time of such removal, remediation or disposal, and (iii) repair of any damage to the Property or any other property caused by any removal, remediation or disposal of Hazardous Materials.

3.3.2. As used in this Agreement, the term "**Hazardous Materials**" means and includes any flammable, explosive, or radioactive materials or hazardous, toxic or dangerous wastes, substances or related materials or any other chemicals, materials or substances, exposure to which is prohibited, limited or regulated by any applicable federal, state, county, regional or local authority or which, even if not so regulated, may or could pose a hazard to the health and safety of the occupants of the Property or of property adjacent to the Property, including, but not limited to, asbestos, PCBs, petroleum products and by-products, infectious substances or raw materials which include hazardous constituents, substances defined or listed as

"hazardous substances" or "toxic substances" or similarly identified in, pursuant to, or for purposes of, the California Solid Waste Management, Resource Recovery and Recycling Act (California Government Code Section 66700, et seq.), the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.), Section 25117 or Section 25316 of the California Health & Safety Code; and any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material; or any substances or mixture regulated under the Toxic Substance Control Act of 1976, as now or hereafter amended (15 U.S.C. Section 2601, et seq.); and any "toxic pollutant" under the Clean Water Act, as now or hereafter amended (33 U.S.C. Section 1251, et seq.); and any hazardous air pollutant under the Clean Air Act, as now or hereafter amended (42 U.S.C. Section 7401 et seq.). The term "**Hazardous Materials Laws**" means any applicable federal, state or local law, code, statute, ordinance, rule, regulation, rule of common law or guideline relating to Hazardous Materials now or hereafter enacted or promulgated (collectively, and including, without limitation, any such laws which require notice of the use, presence, storage, generation, disposal or release of any Hazardous Materials to be provided to any party).

3.4. Insurance. At all times before the Close of Escrow, Purchaser shall secure, maintain and provide evidence to Seller, of the following:

(a) Workers' compensation insurance for Purchaser's employees as required by law;

(b) the General Policy and the Umbrella Policy required pursuant to and as defined in **Section 15** hereof; and

(c) automobile liability insurance, including liability for all owned, hired and non-owned vehicles, with minimum limits of One Million Dollars ($1,000,000) for bodily injury per person, One Million Dollars ($1,000,000) property damage and One Million Dollars ($1,000,000) combined single limit per occurrence.

Seller and the Project Lenders (hereinafter defined) shall be named as additional insureds under the General Policy, which policy shall stipulate that the insurance afforded the additional insureds shall apply as primary insurance and that any other insurance carried by Seller will be excess only and will not contribute with this insurance. Purchaser's liability insurance shall not be on a "claims made" basis. All insurance policies required herein shall be issued by responsible insurance companies, maintaining an A.M. Best's Rating of A-VI or better and qualified to do business in California. All insurance policies shall contain provisions (which shall be designated on the certificate of insurance) that the coverage afforded thereunder shall not be canceled or reduced, nor shall restrictive modifications be added, without providing Seller with at least thirty (30) days' prior written notice thereof. The indemnification obligations of Purchaser as contained in **Section 3.5** hereof shall not be limited by the amounts or types of insurance (or the deductibles or self-insured retention amounts of such insurance) which

Purchaser is required to carry hereunder, and shall survive the Closing or any termination of this Agreement.

3.5. Indemnity. Notwithstanding anything provided herein to the contrary, any investigation of the Property and/or the Lincoln Crossing Project by Purchaser, Purchaser's Affiliates, and/or Purchaser's Agents shall be performed at the sole cost and expense of Purchaser, and Purchaser shall be solely and absolutely responsible for the acts of Purchaser, Purchaser's Affiliates and/or any of Purchaser's Agents. Furthermore, Purchaser hereby agrees to protect, indemnify, defend and hold Seller Indemnitees harmless from and against any and all Claims and Damages arising from, or as a result of, any act, omission or willful misconduct of the Purchaser, Purchaser's Affiliates and/or Purchaser's Agents at any time prior to Closing with respect to Purchaser's, Purchaser's Affiliates and/or Purchaser's Agents entry and inspections on the Lincoln Crossing Project pursuant to **Section 3.1**, which indemnification and agreement to defend and hold harmless shall survive the Closing or the termination of this Agreement, as the case may be, and remain binding upon the parties hereto (and their successors and assigns) until fully observed, kept or performed. Seller shall have the right to have one of its representatives accompany Purchaser, Purchaser's Affiliates and/or Purchaser's Agents on any on-site inspection. Purchaser, Purchaser's Affiliates and/or Purchaser's Agents shall not, in any unreasonable manner or fashion during the term of this Agreement, disrupt the operation and/or management of the Lincoln Crossing Project. If at any time prior to Closing, Purchaser, Purchaser's Affiliates and/or Purchaser's Agents cause any damage to the Lincoln Crossing Project, Purchaser shall, at its sole cost and expense, immediately restore the Lincoln Crossing Project, to the satisfaction of Seller, to the same condition as it existed immediately prior to the occurrence of such damage. This **Section 3.5** shall survive the Closing or termination of this Agreement for any reason, notwithstanding any other provisions herein to the contrary.

4. TITLE AND ESCROW

Escrow for this transaction ("**Escrow**") shall be with Fidelity National Title Insurance Company ("**Escrow Holder**"), which is located at 1300 Dove Street, Suite 310, Newport Beach, California 92660, Attn: Patty Beverly. Title for this transaction shall be with Chicago Title Company ("**Title Company**"), located at 105 Lake Forest Way, Suite A-1, Folsom, CA 95630, Attn: Ramon Veloz. Concurrent with the execution of this Agreement by both parties, the parties shall deposit with Escrow Holder a fully signed original, or counterpart originals, of this Agreement. Escrow shall open as of the date upon which Escrow Holder has received a fully signed original, or counterpart originals, of this Agreement. Escrow Holder is hereby authorized and instructed to act in accordance with the provisions of this Agreement, which Agreement, together with any separate escrow instructions submitted by a party, shall constitute Escrow Holder's escrow instructions, provided however, that if there is a conflict between a party's individual escrow instructions and this Agreement, this Agreement will control.

5. PERMITTED TITLE EXCEPTIONS

Purchaser hereby approves those covenants, conditions, restrictions, rights of way, easements, reservations, and other matters of record affecting the Property disclosed in the preliminary title report(s) for the Property issued by the Escrow Holder, attached hereto as **Exhibit C** (the "**Title Report**"), all of which exceptions shall be referred to herein as

"**Permitted Title Exceptions**"; provided, however, that, Permitted Title Exceptions shall not include, and Seller shall remove, at or before the Close of Escrow, and shall cause the Property to be delivered free and clear of any taxes and assessments, except those to be prorated as of the Closing Date in accordance with **Section 7.4.2** hereof, and deeds of trust, liens or other monetary encumbrances (other than the Collateral Assignment of Infrastructure Reimbursement Rights (hereinafter defined)) created or suffered by Seller ("**Monetary Liens**").

The Permitted Title Exceptions shall also include all the following exceptions to title:

5.1. Any additional exceptions set forth in any supplement to the Title Report that are not set forth in the Title Report and are not otherwise Permitted Title Exceptions as provided in this **Section 5**, provided such exceptions are not specifically disapproved by written notice from Purchaser to Seller given no later than five (5) days following the date of receipt by Purchaser of such supplement to the Title Report, together with copies of any such new title exception or title exceptions ("**Supplemental Title Defects**"), provided, however, that Purchaser shall not have the right to disapprove any such additional exception to title unless such exception would materially and adversely (a) impact the cost, risk, or timing of development of the Property, (b) impact the building envelope contemplated by Purchaser for the buildings to be constructed on the Property, or (c) impact the surface use of that portion of the Property where the buildings are to be constructed. However, in no event shall Purchaser have the right to disapprove a title exception created or caused to be created by Purchaser, Purchaser's Agents or Purchaser's Affiliates. If any Supplemental Title Defects are disapproved by Purchaser, then, unless Seller advises Purchaser within five (5) business days of receipt of Purchaser's notice that Seller will cause such title exception to be removed prior to the Closing Date, or Purchaser waives its disapproval within such period of time, this Agreement shall terminate and neither party shall have any further rights, duties or obligations under this Agreement or with respect to the Property, except as otherwise specifically set forth herein;

5.2. General and special real property taxes and bonds and assessments not delinquent at the Closing Date (subject to the prorations described in **Section 7.4** below);

5.3. Mechanic's liens, judgment liens or other encumbrances arising from work performed by or at the direction of Purchaser or any of Purchaser's Agents or Purchaser's Affiliates;

5.4. The Subdivision Improvement Agreement (hereinafter defined);

5.5. The Subordination and Attornment Agreement (hereinafter defined);

5.6. The Development Agreement by and between the City and Seller's predecessor in interest, CSY Lincoln Crossing, L. P., a California limited partnership ("**CSY**"), recorded January 28, 2000 as Instrument No. 2000-0005438, as amended pursuant to that certain First Amendment to Development Agreement by and between the City and CSY, recorded August 23, 2002 as Instrument No. 2002-0098593 as transferred to Seller pursuant to that certain Transfer Agreement entered into by and between Seller, CSY and the City and recorded June 20, 2002 as Document No. 20020071040, and as modified pursuant to the Second Amendment to

Development Agreement between the City and Seller, recorded _____, 2003 as Document No. _____ (the "**Development Agreement**");

5.7. The Transfer Agreement (hereinafter defined);

5.8. The School MOU;

5.9. The Construction and Access License and Easements Agreement, entered into by and between Seller and CSY, recorded June 20, 2002 as Document No. 20020071042;

5.10. The Drainage Easement Agreement entered into by and between Seller and CA Sun Holdings, Inc., recorded June 20, 2002 as Document No. 20020071043;

5.11. The Flyover Construction Easement Agreement, entered into by and between Seller and CA Sun Holdings, Inc., recorded June 20, 2002 as Document No. 20020071044;

5.12. The Declaration of Memorandum entered into by and between Seller and CSY, recorded on June 20, 2002 as Document No. 2002-0071045;

5.13. The Collateral Assignment of Sewer Capacity Rights and Security Agreement, entered into by and between Seller and CSY, and recorded on June 20, 2002 as Document No. 20020071048 (the "**Collateral Assignment of Sewer Capacity Rights**");

5.14. The Collateral Assignment of Infrastructure Fee Credits and Security Agreement, entered into by and between Seller and CSY, recorded June 20, 2002 as Document No. 20020071049 (the "**Collateral Assignment of Infrastructure Fee Credits**");

5.15. The Collateral Assignment of Infrastructure Reimbursement Rights and Security Agreement, entered into by and between Seller and CSY, recorded June 20, 2002 as Document No. 20020071050 (the "**Collateral Assignment of Infrastructure Reimbursement Rights**"); and

5.16. Such other easements and title exceptions as may be recorded at or prior to the Close of Escrow that are required or reasonably necessary to be obtained in connection with the development of the Lincoln Crossing Project or to allow completion of Seller's Work provided such easements or title exceptions have first been consented to in writing by Purchaser, which consent shall not be unreasonably withheld or delayed in accordance with the standards set forth in **Section 13.7** hereof.

6. CONDITIONS TO CLOSE OF ESCROW

6.1. Purchaser Conditions. Purchaser's obligation to acquire the Increment of the Property then being purchased, and the Close of Escrow thereof, shall be conditional and contingent upon the satisfaction, or waiver by Purchaser, as and when required below, of each of the following conditions (collectively, the "**Purchaser Conditions**"):

6.1.1. Infrastructure Improvements. At or prior to the Close of Escrow of the Increment then being purchased, Seller's Work set forth in **Section 12.1** hereof shall have been completed.

6.1.2. Lot Line Adjustment. At or before the Close of Escrow of the Phase I Increment, a lot line adjustment causing the Phase I Increment to constitute approximately 11.387 acres shall have been completed, and a certificate of compliance (or such other similar instrument) shall have been recorded evidencing the completion of such lot line adjustment.

6.1.3. Large Lot Map – Phase II Increment. At or prior to the Close of Escrow of the Phase II Increment, a large lot subdivision map creating the Phase II Increment as a separate parcel shall have been recorded.

6.1.4. Large Lot Map – Phase III Increment. At or prior to the Close of Escrow of the Phase III Increment, a large lot subdivision map creating the Phase III Increment as a separate parcel shall have been recorded.

6.1.5. Grading. At or prior to the Close of Escrow, the Increment of the Property then being purchased shall have been graded and delivered in accordance with the terms of **Section 12.4** hereof.

6.1.6. Representations and Warranties. As of the Close of Escrow, the representations and warranties of Seller set forth in **Section 8** below and expressly set forth elsewhere in this Agreement shall be true and correct in all material respects, except with respect to those matters waived or deemed waived by Purchaser pursuant to the provisions of **Section 8** below.

6.1.7. Title Insurance. Title Company shall be committed to issue to Purchaser, as of the Close of Escrow, a CLTA Owner's Policy of Title Insurance with liability limits equal to the Purchase Price for the Increment of the Property then being purchased, together with a 101.4 mechanic's lien title endorsement, insuring fee title to the Increment then being purchased as being vested in Purchaser, together with any easements appurtenant, subject only to the Permitted Title Exceptions (the "**Title Policy**"). Notwithstanding the foregoing, Purchaser shall have the right to obtain an ALTA Extended Owner's Policy of Title Insurance ("**ALTA Policy**") in lieu of the CLTA Owner's Policy of Title Insurance, provided Purchaser pays all excess costs in connection therewith, including, without limitation, the cost of obtaining an ALTA survey and any endorsements other than the 101.4 mechanic's lien endorsement, and further provided that Purchaser's decision to obtain an ALTA Policy and endorsements thereto shall not be deemed an Purchaser Condition and shall not affect in any way the date for the Close of Escrow set forth in this Agreement.

6.1.8. Development Agreement. At or prior to the Close of Escrow of the each Increment, Seller, Purchaser and the City shall have executed a transfer agreement for the applicable Increment, substantially in the form of **Exhibit D** hereto, or in such other form as the City may reasonably require (the "**Transfer Agreement**").

6.1.9. Approvals. At or prior to the Close of Escrow for the Increment then being purchased, Purchaser shall have received final written approval from the California Department of Education ("**CDE**") and the California Department of Toxic Substance Control ("**DTSC**") that the Increment then being purchased may be utilized for construction of a public school.

6.2. Seller Conditions. Seller's obligation to sell to Purchaser the Increment of the Property then being purchased, and the Close of Escrow thereof, shall be conditional and contingent upon the satisfaction, or written waiver by Seller in Seller's sole discretion, as and when required below, of each of the following conditions (collectively, the "**Seller Conditions**"):

6.2.1. Representations and Warranties. The representations and warranties of Purchaser expressly set forth in this Agreement shall be true and correct in all material respects.

6.2.2. Satisfaction of Purchaser's Delivery Obligations. Purchaser shall have timely satisfied all of its obligations under **Section 7.2** below.

6.2.3. Development Agreement. At or prior to the Close of Escrow of the Phase I Increment, Seller, Purchaser and the City shall have executed the Transfer Agreement.

6.3. Failure of Purchaser Conditions. Except as otherwise provided in **Section 18** herein, if any of the Purchaser Conditions for the Increment then being purchased have not been satisfied or waived by Purchaser prior to the applicable Closing Date, or if any of the Seller Conditions for the Increment then being purchased have not been satisfied or waived by Seller prior to the applicable Closing Date, as such Closing Date may be extended as provided in **Section 7.1** below, then this Agreement and the Escrow shall automatically terminate. Except as otherwise provided in **Section 18** herein, in the event of the termination of this Agreement by reason of the failure of any such Purchaser Condition or Seller Condition, each party shall pay one-half of any escrow and title cancellation charges, and neither party shall have any further rights, duties or obligations under this Agreement, except with respect to those obligations which are specified to survive the termination of this Agreement.

7. CLOSE OF ESCROW

7.1. Closing Date.

7.1.1. Phase I Increment. The close of Escrow (as to each Increment, the "**Closing**" or "**Close of Escrow**") for the Phase I Increment of the Property shall occur no later than five (5) business days after Seller's delivery of a Notice of Completion (hereinafter defined) to Purchaser, provided that the Purchaser Conditions for the Phase I Increment have been satisfied or waived or are in a position to be satisfied and are in fact satisfied within the five (5) business day period after Seller's delivery of the Notice of Completion, and provided further in the event the Purchaser Conditions for the Phase I Increment are not satisfied within the five (5) business day period after Seller's delivery of the Notice of Completion, the Closing Date for the Phase I Increment shall be extended until the Purchaser Conditions for the Phase I Increment are

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satisfied or waived in writing by Purchaser, provided that in no event shall the Closing of the Phase I Increment occur later than August 30, 2004 (the "**Phase I Increment Outside Closing Date**"). The date on which the Close of Escrow for each Increment occurs shall be referred to herein as the "**Closing Date**" for such Increment.

7.1.2. Phase II Increment. The Closing or the Close of Escrow for the Phase II Increment of the Property shall occur upon the earlier of (1) the date that is five (5) business days after Seller's delivery of a Notice of Completion (hereinafter defined) to Purchaser, provided that the Purchaser Conditions for the Phase II Increment have been satisfied or waived or are in a position to be satisfied and are in fact satisfied within the five (5) business day period after Seller's delivery of the Notice of Completion; or (2) the date that is selected in writing by Purchaser, provided that such written notice (i) is delivered to Seller and Escrow Holder no later than the date that is three hundred thirty (330) days after the Appraisal Date, and in any event prior to the date that is five (5) business days after Seller's delivery of a Notice of Completion; and (ii) subject to the terms and provisions of **Section 7.1.4**. hereof, may not provide for a Phase II Increment Closing Date that would occur after the Phase II Increment Outside Closing Date (defined below). In the event the Purchaser Conditions for the Phase II Increment are not satisfied within the five (5) business day period after Seller's delivery of the Notice of Completion, the Closing Date for the Phase II Increment shall be extended until the Purchaser Conditions for the Phase II Increment are satisfied or waived in writing by Purchaser, provided that, subject to the terms and provisions of **Section 7.1.4.** hereof, in no event shall the Closing of the Phase II Increment occur later than the date that is twelve (12) months after the Appraisal Date (the "**Phase II Increment Outside Closing Date**").

7.1.3. Phase III Increment. The Closing or the Close of Escrow for the Phase III Increment of the Property shall occur upon the earlier of (1) the date that is five (5) business days after Seller's delivery of a Notice of Completion (hereinafter defined) to Purchaser, provided that the Purchaser Conditions for the Phase III Increment have been satisfied or waived or are in a position to be satisfied and are in fact satisfied within the five (5) business day period after Seller's delivery of the Notice of Completion; or (2) the date that is selected in writing by Purchaser, provided that such written notice (i) is delivered to Seller and Escrow Holder no later than the date that is three hundred thirty (330) days after the Appraisal Date, and in any event prior to the date that is five (5) business days after Seller's delivery of a Notice of Completion; and (ii) subject to the terms and provisions of **Section 7.1.4**., may not provide for a Phase III Increment Closing Date that would occur after the Phase III Increment Outside Closing Date (defined below). In the event the Purchaser Conditions for the Phase III Increment are not satisfied within the five (5) business day period after Seller's delivery of the Notice of Completion, the Closing Date for the Phase III Increment shall be extended until the Purchaser Conditions for the Phase III Increment are satisfied or waived in writing by Purchaser, provided that, subject to the terms and provisions of **Section 7.1.4**, in no event shall the Closing of the Phase III Increment occur later than the date that is twelve (12) months after the Appraisal Date (the "**Phase III Increment Outside Closing Date**"). The Phase I Increment Outside Closing Date, Phase II Increment Outside Closing Date and the Phase III Increment Outside Closing Date, are sometimes referred to in this Agreement individually as the "**Outside Closing Date**".

7.1.4. Option to Extend Phase II Increment and Phase III Increment Closings. If the Close of Escrow for the Phase II Increment or Phase III Increment does not

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occur by the Outside Closing Date due to Purchaser's delivery of written notice to Seller pursuant to **Section 7.1.2** or **Section 7.1.3** above that specifies a Phase II Increment Closing Date or a Phase III Increment Closing Date that would occur after the applicable Outside Closing Date, then (1) the Close of Escrow for the Phase II Increment or Phase III Increment shall occur on such date as is specified in Purchaser's written notice delivered to Seller pursuant to **Section 7.1.2** or **Section 7.1.3** above, provided, however, that in no event shall such date be later than the second anniversary of the first Appraisal Date pursuant to **Section 2.1** hereof; and (2) the parties shall re-determine the Purchase Price for the Phase II Increment and Phase III Increment by obtaining new appraisals, pursuant to **Section 2.1** hereof, provided, however, in no event shall the Purchase Price for the Phase II Increment and Phase III Increment, as determined by the new appraisals, be less than the Purchase Price for the Phase II Increment and Phase III Increment, as determined by the appraisals obtained prior to the Outside Closing Date.

7.1.5. Close of Escrow Defined. For purposes of this Agreement, the defined term "**Closing**" or the "**Close of Escrow**" shall mean, for each Increment, the recordation of the Grant Deed (hereinafter defined in **Section 7.3**) and the receipt by Seller of the Purchase Price for the applicable Increment, to be disbursed to Seller as provided herein upon the recordation of such Grant Deed, subject, however, to the terms and provisions of this Agreement.

7.2. Purchaser's Obligations. In addition to any other obligations of Purchaser contained in this Agreement, on or before one (1) business day prior to the applicable Closing Date, Purchaser hereby covenants and agrees to deposit with Escrow Holder the following (each of the following items being deposited as to the applicable Increment):

7.2.1. The Closing Payment;

7.2.2. The insurance certificates for the insurance required to be maintained by Purchaser, as provided in **Section 15** below, for delivery to Seller at the Close of Escrow;

7.2.3. Executed counterpart originals of the General Assignment (hereinafter defined);

7.2.4. Executed originals of the Irrevocable Waiver of Right to Protest (hereinafter defined);

7.2.5. An executed and acknowledged counterpart of the Transfer Agreement; and

7.2.6. All other documents required hereunder or otherwise reasonably required by Escrow Holder or the Title Company to be deposited by Purchaser to carry out the Closing of the Escrow in accordance with this Agreement.

7.3. Seller's Obligations. Seller shall deposit all sums and documents and perform all other acts necessary on the part of Seller so that the Close of Escrow for the applicable Increment shall close by the date specified herein, including, without limitation, the following (each of the following items being deposited as to the applicable Increment):

7.3.1. A grant deed, duly executed by Seller and acknowledged, conveying the applicable Increment to Purchaser free and clear of all encumbrances except the Permitted Title Exceptions, in the form of the grant deed attached hereto as **Exhibit E** and incorporated herein by this reference (the "**Grant Deed**");

7.3.2. An affidavit or qualifying statement, which satisfies the requirements of Paragraph 1445 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, duly executed by Seller (the "**Certificate of Non Foreign Status**");

7.3.3. A California Franchise Tax Board Form CA 593-W to satisfy the requirements of California Revenue and Taxation Code Section 18662, duly executed by Seller (the "**Exemption Certificate**");

7.3.4. Executed counterpart originals of the General Assignment;

7.3.5. Seller's portion of the Escrow fees, prorations, and other charges related to the Closing, except that Seller may instruct Escrow Holder to deduct such closing costs and prorations from the Closing Payment;

7.3.6. An executed and acknowledged counterpart of the Transfer Agreement; and

7.3.7. All other documents required hereunder or otherwise reasonably required by Escrow Holder or the Title Company to be deposited by Seller to carry out the Closing of the Escrow under this Agreement.

7.4. Escrow Holder's Obligations. When all items and funds required to be deposited by Purchaser and Seller pursuant to this **Section 7** have been delivered into Escrow, Escrow Holder shall perform the following duties:

7.4.1. Escrow Holder shall (i) disburse to Seller the Purchase Price, (ii) record the Grant Deed and Transfer Agreement, all as to the applicable Increment, (iii) deliver the insurance certificates to Seller, (iv) deliver the original Certificate of Non-Foreign Status, the Exemption Certificate and the General Assignment to Purchaser, and (v) disburse all other funds and instruments to the party entitled thereto.

7.4.2. Escrow Holder shall prorate as of the Close of Escrow, on the basis of a thirty (30) day month and using the latest available tax bills, real property taxes for the current fiscal year and the annual installment of any bonded indebtedness or assessments.

7.4.3. Supplemental taxes for the period prior to the Close of Escrow shall be paid by Seller and supplemental taxes for the period from and after the Close of Escrow shall be paid by Purchaser.

7.4.4. Escrow Holder shall (i) charge Seller with the cost of the Title Policy, the cost of the 101.4 mechanic's lien endorsement, all County documentary transfer taxes and one-half (1/2) of the Escrow fee, and (ii) charge Purchaser the entire difference between the cost of the Title Policy and the ALTA Policy (if applicable), all title endorsements desired by

Purchaser (except for the 101.4 endorsement, which Seller shall pay for), all recording charges and one-half (1/2) of the Escrow fee. All other fees, including document preparation fees and similar costs not specifically allocated in this Agreement shall be divided according to the usual practices of the Escrow Holder in the area where the land is located.

7.4.5. Within fourteen (14) days after the Closing, Escrow Holder shall deliver the Title Policy (or ALTA Policy, as the case may be) to Purchaser, in accordance with **Section 6.1.7** hereof.

If there are any errors or omissions in the prorations of taxes, bonds, and assessments, or in the event any supplemental tax is levied following the Close of Escrow, then promptly upon the discovery of the error or omission, or upon issuance of the supplemental tax bill, and within ten (10) days of written demand, the parties shall make any adjustments and pay any funds as are required to comply with the provisions of this **Section 7.4** in order to correct such error or omission or to have the responsible party pay the applicable amount.

7.5. Escrow Holder's Reporting Obligations. For purposes of complying with Section 6045 of the Internal Revenue Code of 1986, as amended, Escrow Holder shall be deemed the "person responsible for closing the transaction," and shall be responsible for obtaining the information necessary to file with the Internal Revenue Service Form 1099-S, "Statement for Recipients of Proceeds From Real Estate, Broker and Barter Exchange Transaction". Escrow Holder shall also be responsible to prepare and deliver to Purchaser for execution appropriate "Change in Ownership" forms required by the County or the State of California in connection with the transactions contemplated hereby. Escrow Holder shall provided evidence to the parties of Escrow Holder's compliance with this **Section 7.5**.

7.6. Purchaser Documents. If this Agreement is terminated for any reason other than Seller's default, Purchaser shall deliver to Seller, without representation or warranty, and at no cost to Seller, copies of all studies, tests, surveys, applications, maps, agreements, plans and other documents related to the Property in Purchaser's possession or control (collectively, the "**Purchaser Documents**"), whether previously delivered to Purchaser by Seller or obtained by Purchaser in connection with its investigations of the Property during the Inspection Period or otherwise. Upon written request of Seller, Purchaser shall assign to Seller, without representation or warranty, all right, title and interest of Purchaser in and to all or any portion of such documents as specified by Seller; provided, however, that the Purchaser Documents shall not include (i) any plans, schematics, elevations or other drawings for the buildings Purchaser intends to construct on the Property; (ii) items that are Purchaser Documents but are protected by the attorney-client privilege or are attorney work-product; or (iii) other proprietary information of Purchaser. Seller shall use the Purchaser Documents only in connection with the processing and development of the Lincoln Crossing Project.

7.7. Escrow Cancellation Charges. If the Escrow shall fail to close by reason of the default of either party hereunder, the defaulting party shall be liable for all Escrow and title cancellation charges. If the Escrow shall fail to close for any other reason, including, without limitation, the failure of any condition precedent set forth herein, each party shall be liable for one-half (1/2) of all Escrow and title cancellation charges.

7.4.15

8. SELLER'S REPRESENTATIONS AND WARRANTIES.

Seller hereby represents and warrants to Purchaser as of the Effective Date, as follows, all of which representations and warranties shall survive (i) the Close of Escrow, and/or (ii) the delivery of the Grant Deed, in accordance with the terms and provisions of this **Section 8**:

8.1. Due Authorization. Seller is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, is qualified to transact business in the State of California, and has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by, this Agreement. The person or persons signing this Agreement and any documents and instruments in connection herewith on behalf of Seller have full power and authority to do so. This Agreement has been duly authorized and executed by Seller, and upon delivery to and execution by Purchaser shall be a valid and binding agreement of Seller.

8.2. No Conflict. The execution, delivery and performance by Seller of this Agreement and such other instruments and documents to be executed and delivered in connection therewith does not, and will not, result in any violation of or conflict with any provisions of any agreement of Seller or any mortgage, deed of trust, indenture, lease, security agreement, or other instrument, covenant, obligation or agreement to which Seller is subject.

8.3. No Condemnation or Litigation. To the actual knowledge of Seller, other than proceedings relating to the acquisition of rights of way or other property required for the development of the Lincoln Crossing Project, there are no pending eminent domain or condemnation proceedings or pending or threatened litigation applicable to the Property.

8.4. No Violations of Law. To the actual knowledge of Seller (a) Seller is not aware of any uncured notices that have been served by any governmental authority of violations of law, rules or regulations that would affect the Property or any portion thereof, and (b) there is no pending or threatened suit, action, or arbitration, or other governmental condemnation or assessment district proceeding that would affect the Property.

8.5. No Hazardous Materials. Seller has not introduced, or knowingly permitted any other party to introduce, any Hazardous Materials on or under the Property, nor has Seller installed or knowingly permitted any other party to install, underground storage tanks on or under the Property. To the actual knowledge of Seller, except as disclosed in writing to Purchaser, there are no Hazardous Materials located on or under the Property in violation of Hazardous Materials Laws.

8.6. Development Agreement. Seller represents and warrants that to the actual knowledge of Seller (i) the Development Agreement remains in full force and effect and (ii) the Landowner (as defined in the Development Agreement) under the Development Agreement is not in default under the Development Agreement as of the date of the last annual review of the Development Agreement.

8.7. Moratorium. To the actual knowledge of Seller, there is no general moratorium imposed by any governmental authority or utility supplier with jurisdiction that would prohibit the issuance of building permits or certificates of occupancy for the buildings to

be constructed on the Property, or would result in any utility supplier denying sanitary sewer, water, natural gas, electricity or telephone connections with respect to the buildings to be constructed on the Property.

As used in this **Section 8**, the term "actual knowledge of Seller" means and is limited to the actual knowledge of Marc Magstadt, Cindy Scanlan, Bill Myers and Stan Brown as of the Effective Date. The foregoing representations and warranties shall survive the Close of Escrow for the first Increment for a period of twelve (12) months following the Close of Escrow for the first Increment after which time such representations and warranties shall terminate and be of no further force or effect except with respect to claims made within such twelve (12) month period.

It is agreed that the obligation of Purchaser to acquire the Increment of the Property then being purchased is conditioned upon the accuracy, in all material respects, as of the Effective Date and the Closing Date, of all of Seller's warranties and representations. Notwithstanding the foregoing, any fact, condition or circumstance known by or disclosed to or available to Purchaser as of the Effective Date, and contradicting or rendering untrue (in whole or in part) any warranty or representation made by Seller under this Agreement, shall render such warranty or representation superseded and of no effect to the full extent of such contradiction or untruth. If at any time prior to Closing of the applicable Increment, Purchaser discovers a breach of any warranty or representation made in this Agreement by Seller (which breach existed as of the Effective Date), Purchaser shall within five (5) business days after discovery of such breach provide Seller with written notice thereof, and Seller shall use reasonable efforts to cure or remedy any such breach within thirty (30) days of its receipt of such notice, and the Closing Date (or Outside Closing Date, as the case may be) shall be extended if necessary, to enable Seller to cure or remedy such breach within such thirty (30) day period. If after having received written notice of such breach by Purchaser, Seller fails to cure any such breach of a warranty or representation first discovered by Purchaser prior to Closing, then Purchaser shall have the right, as Purchaser's sole remedy, to either (i) cancel and terminate this Agreement by written notice to Seller and Escrow Holder, in which event this Agreement shall terminate and Purchaser shall have the right to recover its actual out of pocket costs in entering into and performing the terms and conditions of this Agreement and in preparation for Purchaser's development of the applicable Increment, but in no event shall Purchaser be entitled to recover consequential or punitive damages arising out of such breach, or (ii) to proceed to close the Escrow otherwise in accordance with the terms of this Agreement without reduction of the Purchase Price, and in such event, Purchaser hereby agrees to waive any and all Claims and Damages, relating to or arising out of Seller's breach of a representation or warranty, the parties agreeing that the California Civil Code Section 1542 release set forth at **Section 3.2.2** hereof shall apply to such waiver and release.

9. PURCHASER'S REPRESENTATIONS AND WARRANTIES.

Purchaser hereby represents and warrants to Seller as of the Effective Date and the Closing Date, as follows, all of which representations and warranties shall survive (i) the termination of this Agreement, (ii) the Close of Escrow, and/or (iii) the delivery of the Grant Deed:

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9.1. Due Authorization. Purchaser has the full and legal power, right and authority to enter into and carry out the agreements contained in, and the transactions contemplated by, this Agreement. All requisite action has been taken by Purchaser in connection with entering into this Agreement, the instruments referenced herein, and the consummation of the transaction contemplated by this Agreement. The person or persons signing this Agreement and any documents and instruments in connection herewith on behalf of Purchaser have full legal power and authority to do so. This Agreement has been duly authorized and executed by Purchaser, and upon delivery to and execution by Seller shall be a valid and binding agreement of Purchaser.

9.2. Due Execution. The execution, delivery and performance by Purchaser of this Agreement and such other instruments and documents to be executed and delivered in connection herewith by Purchaser does not, and will not, result in any violation of or conflict with any provisions of any agreement of Purchaser or any bond, mortgage, deed of trust, indenture, lease, security agreement, or other instrument, covenant, obligation or agreement to which Purchaser is subject.

10. PROPERTY "AS-IS"

10.1. "As-Is" Sale. Unless to the extent caused by a breach of a representation or warranty of Seller expressly set forth in this Agreement, or except to the extent caused by the negligent performance of Seller's Work, or Seller' failure to perform Seller's Work as and when required hereunder, Purchaser acknowledges and agrees that, except as expressly set forth in this Agreement, neither Seller, nor any of Seller Indemnitees nor any person acting or purporting to act as agent or representative of Seller, has made any representation, warranty, promise or statement of any kind whatsoever, express or implied, to Purchaser or any of Purchaser's Affiliates or Purchaser's Agents, or upon which Purchaser or any of Purchaser's Agents or Purchaser's Affiliates have relied or will rely in any respect regarding this Agreement, the Lincoln Crossing Project, the Property, the condition of the Lincoln Crossing Project or the Property (including, without limitation, compliance with applicable zoning or building laws, codes or ordinances, or other laws, rules and regulations, including, without limitation, environmental and similar laws governing or relating to environmental hazards or hazardous materials, asbestos, radon gas, underground storage tanks, electromagnetic fields, or other substances or conditions which may affect the Property or its current or future uses, habitability, value or desirability), the zoning for the Property, the payment of any impact fees, the grading plans, the income, profit and/or development potential for the Property, any bonded indebtedness or assessment districts encumbering the Property, the soils condition or subsoils condition of the Lincoln Crossing Project or the Property, the presence or absence of any Hazardous Materials in, on, under or about the Lincoln Crossing Project or the Property, other neighborhood conditions, including, proximity and adequacy of law enforcement and fire protection, crime statistics, noise or odor from any sources, landfills, proposed future developments, or any other matter whatsoever with respect to the Lincoln Crossing Project or the Property.

ACCORDINGLY, PURCHASER EXPRESSLY ACKNOWLEDGES AND AGREES THAT, SUBJECT TO (A) SELLER'S OBLIGATION TO COMPLETE SELLER'S WORK IN ACCORDANCE WITH **SECTION 12** OF THIS AGREEMENT, AND (B) SELLER'S REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS

AGREEMENT, PURCHASER IS PURCHASING THE PROPERTY "AS IS", AND "WITH ALL FAULTS", AFTER SUCH INSPECTION, ANALYSIS, EXAMINATION AND INVESTIGATION AS IS CONDUCTED BY PURCHASER, AND EXPRESSLY WITHOUT SELLER'S COVENANT, WARRANTY OR REPRESENTATION AS TO PHYSICAL CONDITION, ENTITLEMENTS, UTILITIES, TITLE, LEASES, RENTS, REVENUES, INCOME, EXPENSES, OPERATION, ZONING OR OTHER REGULATION, COMPLIANCE WITH LAW, SUITABILITY OR FITNESS FOR PARTICULAR PURPOSES OR ANY OTHER MATTER WHATSOEVER. PURCHASER ACKNOWLEDGES AND AGREES THAT PURCHASER HAS EXPERIENCE IN THE ACQUISITION, INVESTIGATION AND DEVELOPMENT OF REAL PROPERTY SIMILAR TO THE PROPERTY. PURCHASER EXPRESSLY ACKNOWLEDGES THAT IT HAS BEEN AFFORDED AMPLE OPPORTUNITY TO INSPECT, ANALYZE AND INVESTIGATE ALL ASPECTS OF THE LINCOLN CROSSING PROJECT AND THE PROPERTY AND CONDITIONS RELEVANT THERETO, AND PURCHASER SHALL RELY ON PURCHASER'S OWN INVESTIGATION AND INSPECTION, AND ALL MATTERS RELATING THERETO. EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATION OR WARRANTY CONCERNING THE ACCURACY OR COMPLETENESS OF ANY PLANS, STUDIES, REPORTS OR OTHER DOCUMENTS DELIVERED TO PURCHASER BY SELLER OR BY ANY AGENTS AND AFFILIATES OF SELLER, AND PURCHASER HEREBY RELEASES AS OF THE CLOSE OF ESCROW, SELLER INDEMNITEES FROM ANY LIABILITY WHATSOEVER WITH RESPECT TO ANY SUCH PLANS, STUDIES, REPORTS OR OTHER DOCUMENTS INCLUDING, WITHOUT LIMITATION, ANY MATTERS SET FORTH IN SUCH PLANS, STUDIES, REPORTS OR OTHER DOCUMENTS, OR THE ACCURACY OR COMPLETENESS OF ANY SUCH PLANS, STUDIES, REPORTS OR OTHER DOCUMENTS.

11. GENERAL ASSIGNMENT

Seller agrees, concurrently with the Closing of the applicable Increment, to assign to Purchaser all of Seller's right, title and interest, if any, in and to all assignable warranties, guaranties, third party indemnities, licenses, permits, plans, maps, entitlements, and approvals relating to the Property, and any other documents and instruments pertaining to the Increment of the Property then being purchased, pursuant to and in accordance with the terms and provisions of the General Assignment in the form of **Exhibit F** attached hereto and incorporated herein by this reference (the "**General Assignment**"). Seller hereby covenants that it will, from time to time upon prior written request therefore, execute and deliver to Purchaser, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts (specifically excluding the commencement or maintenance of litigation or administrative proceedings, or the expenditure of more than incidental funds), which Purchaser, its nominees, successors and/or assigns, may reasonably request in order to fully transfer possession and control of the assets of Seller intended to be transferred and assigned via the General Assignment, to Purchaser, its nominees, successors and/or assigns. Notwithstanding the foregoing, the General Assignment shall not include an assignment (i) the Lincoln Crossing Project Fee Credits (hereinafter defined) not paid for by Purchaser at Closing pursuant to **Section 13.4** hereof; and (ii) the Infrastructure Reimbursement Rights (as defined in the Collateral Assignment of Infrastructure Reimbursement Rights).

12. SELLER'S WORK

Seller covenants and agrees to complete, at Seller's sole cost and expense, the following work at the times set forth in this **Section 12** (collectively, the "**Seller's Work**").

12.1. Seller's Work - Infrastructure Improvements. Consistent with Seller obtaining necessary governmental approvals and permits therefore, and except to the extent the completion or timing of completion of such infrastructure work is waived in writing by the City, prior to the Close of Escrow of the applicable Increment, Seller shall use commercially reasonable efforts to complete only the work shown on **Exhibit G** attached hereto that is required to be completed for the Increment then being purchased, subject to extensions by reason of the occurrence of Force Majeure Events.

12.2. Uncompleted Seller's Work. In the event any portion of Seller's Work required to be completed for the issuance of building permits and certificates of occupancy for the buildings to be constructed on the Increment of the Property then having been purchased is not timely completed, Purchaser's completion of the Closing shall not constitute a waiver of Purchaser's rights under this **Section 2.2**. In the event any portion of Seller's Work is not completed in accordance with the terms of **Section 12.1** above, and, as a result thereof, Purchaser is unable to obtain permits, certificates of occupancy, or is otherwise delayed in proceeding with the construction of Purchaser's In Tract Improvements (hereinafter defined) for the Increment then having been purchased, Purchaser shall have the right, exercisable on twenty (20) days' written notice to Seller and provision to Seller of evidence of insurance as required under **Section 15** hereof, to enter upon the Lincoln Crossing Project, or such portion thereof to which Purchaser requires access, to complete the portion of Seller's Work causing any such delay, and to receive reimbursement from Seller of the reasonable costs actually incurred by Purchaser to complete such portion of Seller's Work within thirty (30) days following Seller's receipt of Purchaser's written demand therefore, accompanied by reasonable evidence of the reasonable costs actually incurred by Purchaser to complete such portion of Seller's Work. Purchaser's right to enter upon the Lincoln Crossing Project to complete Seller's Work and receive reimbursement for the reasonable costs actually incurred by Purchaser as provided herein, shall constitute Purchaser's sole remedy and recourse for Seller's failure to complete Seller's Work required to be completed for the issuance of building permits and certificates of occupancy for the buildings to be constructed on the Increment of the Property then having been purchased, and in no event shall Purchaser be entitled to recover consequential or punitive damages arising out of Seller's failure to complete Seller's Work required to be completed for the issuance of building permits and certificates of occupancy for the buildings to be constructed on the Increment of the Property then having been purchased, unless Purchaser establishes that such breach was intentional, willful and in bad faith. Nothing in this **Section 12.2** shall constitute a waiver by Purchaser of the Purchaser Conditions.

12.3. Seller's Work – Lot Line Adjustment. Prior to the Phase I Increment Closing, Seller shall use commercially reasonable efforts (such efforts not to include the institution of litigation) to process to completion a lot line adjustment causing the Phase I Increment to constitute approximately 11.37 acres, and record a certificate of compliance (or such other similar instrument) evidencing the completion of such lot line adjustment.

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12.4. Seller's Work – Large Lot Map. Prior to the Phase II Increment Closing, Seller shall use commercially reasonable efforts (such efforts not to include the institution of litigation) to process and record a large lot subdivision map creating the Phase II Increment as a separate parcel. Prior to the Phase III Increment Closing, Seller shall use commercially reasonable efforts (such efforts not to include the institution of litigation) to process and record a large lot subdivision map creating the Phase III Increment as a separate parcel.

12.5. Seller's Work - Grading. On or before Closing of each Increment, Seller shall deliver the Increment of the Property then being purchased in a "**Super Pad**" condition. For purposes of this Agreement, the term "**Super Pad**" shall mean that the Increment then being purchased shall be graded substantially in accordance with the Rough Grading Plan for Phases I, II and III(A), prepared by MacKay and Somps, and dated June, 2003, as the same may be amended pursuant to the final improvement plans for the Property.

12.6. Notice of Completion. At least five (5) business days prior to the Close of Escrow of the Increment then being purchased, Seller shall have delivered to Purchaser a written notice of completion (the "**Notice of Completion**") upon satisfaction of that portion of Seller's Work required to be completed on the Increment then being purchased prior to the Closing thereof. The Notice of Completion shall be valid and effective for purposes of triggering the applicable Closing Date, notwithstanding the fact that all of Seller's Work that is required to be completed prior to the Closing has not been completed as of the date of delivery of the Notice of Completion, so long as such portion of Seller's Work is in a position to be satisfied within the five (5) business day period set forth above, and is in fact completed, prior to the applicable Closing Date.

13. COVENANTS

13.1. Property Improvements. Except for Seller's Work specifically set forth in **Section 12** hereof, Purchaser shall be solely responsible for the construction, posting and/or payment of, at Purchaser's sole cost and expense, all improvements and infrastructure within the boundaries of the Property, all bonds, guarantees, fees and all other items necessary to develop the Property and to construct buildings thereon, including without limitation, all storm drains, sanitary sewers, utilities, curbs, gutters, sidewalks, traffic signalization, roadway lighting and landscaping within the boundaries of the Property (the "**Property Improvements**"). Purchaser acknowledges and agrees that Purchaser shall be solely responsible for the payment of all fees and costs in connection with obtaining building and other permits necessary to develop the Property and construct buildings thereon. Except for any fees which Seller must pay in connection with Seller's Work, Purchaser shall be solely responsible for the payment of all fees and permits of every kind or nature that may be required in connection with the development of the Property and the construction of the Property Improvements and school buildings and related facilities on the Property.

13.1.1. Community and Street Names. To the extent not established by Seller, Purchaser agrees to consult with Seller with respect to establishing any proposed street names and names to be used in connection with the development of the Property and the improvements thereon, which obligation shall survive the Close of Escrow for all purposes.

13.1.2. Compliance with SWPPP. From and after the Closing of each Increment, Purchaser shall comply, at Purchaser's sole cost and expense, with all terms and conditions of the Storm Water Pollution Prevention Plan ("**SWPPP**") for the Project, as the same applies to the Increment(s) of the Property that Purchaser has acquired title to, including, without limitation, the maintenance of all temporary de-silting basins within the applicable Increment, if applicable. Purchaser covenants and agrees that from and after the Closing of the applicable Increment, Seller shall have the right to file a Notice of Termination form as to the applicable Increment(s) with the appropriate National Pollutant Discharge Elimination System ("**NPDES**") permitting authority, and Purchaser covenants not to oppose in any way the filing of such Notice of Termination.

13.1.3. Perimeter Fencing. Purchaser covenants and agrees to construct and install perimeter fencing along the entire border of that portion of any Increment that borders any open space areas, at Purchaser's sole cost and expense, pursuant to the specifications set forth on **Exhibit H** attached hereto and made a part hereof (the "**Perimeter Fencing**"). For each Increment that borders any open space areas, Purchaser shall construct and install that portion of the Perimeter Fencing to be installed along the border of such Increment and such open space areas, prior to the operation of the applicable Increment as a school, provided, however, if any portion of the Perimeter Fencing must be constructed in order for building permits or certificates of occupancy to issue for other lots or units within the Project, then Purchaser shall construct such required Perimeter Fencing within one hundred twenty (120) days after receipt of notice of such requirement. Purchaser shall construct and install the Perimeter Fencing in compliance with all applicable laws, permits and regulations, including, without limitation, the U.S. Army Corps of Engineers Permit No. 199100770 (the "**404 Permit**"), the Department of Fish and Game stream alteration permit with a Notification number of R2-2002-337 (the "**1603 Permit**"), the SWPPP and the Declaration of Restrictions recorded or to be recorded by Seller with respect to the Nature Preserve Area (as defined in the Declaration of Restrictions) and to implement the provisions of the 404 Permit requiring a binding covenant running with the land (the "**Declaration of Restrictions**").

13.2. Disclosures.

13.2.1. Purchaser shall make any and all disclosures and/or disclosure reports required by this Agreement or by law ("**Purchaser's Disclosures**").

13.2.2. Purchaser shall make an independent determination of the necessity of disclosing additional information concerning the use of adjacent and nearby property, including, without limitation, the fact that (i) a turkey ranch is located to the west of the Project; (ii) actively used railroad tracks are located on the eastern boundary of the Project; and (iii) an Indian casino is located south of the Project.

13.2.3. Purchaser acknowledges Seller's right to obtain the consent of all necessary governmental agencies to develop the real property within the Lincoln Crossing Project in whatever manner Seller shall choose (so long as such development is materially consistent with residential and commercial development for the Project), and Purchaser agrees that it shall not oppose Seller's plans for such development.

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13.3. Map Conditions.

13.3.1. On October 26, 1993, the City Council of the City of Lincoln took action adopting Resolution 93-100 approving the Small Lot Tentative Subdivision Map for Lincoln Crossing (Phase 1, 734 Units) (the "**Small Lot Map**"), which Small Lot Map contains conditions which affect portions of the Lincoln Crossing Project that have not yet been developed, including the Property (the "**Small Lot Map Conditions**"). Additionally, on November 13, 2001, the City Council of the City of Lincoln took action adopting Resolution 2001-179 approving the modifications to Resolution No. 93-99, amending the conditions of approval for the Phase I Large Lot Tentative Subdivision Map for the Lincoln Crossings Specific Plan Area (the "**Phase I Large Lot Map**"), which Phase I Large Lot Map contains conditions which affect portions of the Lincoln Crossing Project that have not yet been developed, including the Property. On August 14, 2001, the City Council of the City of Lincoln took action adopting Resolution 2001-120 approving the Large Lot Tentative Map for the Revised Lincoln Crossings Specific Plan Area, which Large Lot Tentative Map contains conditions which affect portions of the Lincoln Crossing Project that have not yet been developed, including the Property (the "Large Lot Tentative Map Conditions", together with the Phase I Large Lot Map Conditions, and the Small Lot Map Conditions, are hereinafter collectively referred to as the "**Map Conditions**"). Purchaser shall perform those Map Conditions that relate to and are within the boundaries of the Increment of the Property then being purchased, and Seller shall be obligated to perform only those Map Conditions that are outside the boundaries of the Property, which are required to obtain building permits for buildings to be constructed on the applicable Increment.

13.3.2. Purchaser acknowledges that the Map Conditions may require Purchaser to enter into a Subdivision Improvement Agreement (the "**Subdivision Improvement Agreement**") with the City whereby Purchaser agrees to perform the Map Conditions referred to in **Section 13.3.1** above, complete the Property Improvements, and post bonds therefore. Purchaser shall execute and acknowledge such documents, agreements, amendments, revisions, refinements, modifications or other instruments and shall take such other actions in connection with the Subdivision Improvement Agreement or under California Government Code Section 65864, et seq., as the City may require.

13.3.3. If the Subdivision Improvement Agreement proposed by the City would require Seller to perform work not required by the Map Conditions, Seller shall have the right prior to the Closing to cancel and terminate this Agreement in the event Purchaser does not notify Seller in writing of Purchaser's agreement to perform such work at Purchaser's sole cost and expense within ten (10) days following receipt of written notification from Seller of its election to terminate the Agreement. Upon such termination the parties shall have no rights or liabilities against the other except as otherwise expressly set forth in this Agreement.

13.4. Capital Facilities Fee Credits.

13.4.1. Capital Facilities Purchaser acknowledges that pursuant to the Development Agreement and the Map Conditions, Seller has constructed, is obligated to construct, or is obligated to contribute to the cost of constructing certain capital facilities (the "**Capital Facilities**") that serve the Lincoln Crossing Project. The Capital Facilities include, without limitation, construction of infrastructure improvements for the Lincoln Crossing Project,

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payment of roadway fees, certain traffic mitigation fees, and certain park fees, all as set forth in the Development Agreement and/or the Map Conditions. Purchaser further acknowledges that the Capital Facilities will benefit the Property as part of the Lincoln Crossing Project.

13.4.2. Fee Credits. Purchaser acknowledges that Seller and its affiliates have either accrued fee credits or will in the future accrue fee credits pursuant to the Development Agreement, the City of Lincoln Community Facilities District 2003-1 and certain other fee credit agreements, or as a result of certain work already performed or to be performed in relation to the Lincoln Crossing Project by Seller and its affiliates (the "**Fee Credits**"), which Fee Credits may be applied against otherwise applicable fees relating to the development of the Property (the "**Property Fees**"). Purchaser's payment, and the timing therefore, of the Fee Credits shall be as set forth in this **Section 13.4.2**.

13.4.2.1. Payment of Fee Credits at Closing. At Closing (1) Seller shall have the right, but not the obligation, to transfer and assign Fee Credits to Purchaser, in an amount not to exceed the Property Fees that Purchaser will be required to pay in connection with the development of the Property; and (2) Purchaser shall pay to Seller, in immediately available funds, and in addition to the Purchase Price, the amount of all such Fee Credits that Seller has then earned or accrued to date, and which are applicable against Property Fees that Purchaser will be required to pay in connection with the development of the Property. The assignment of Fee Credits pursuant to this **Section 13.4** et seq. shall be pursuant to the Fee Credit Certification and Assignment Form attached hereto as **Exhibit I**.

13.4.2.2. Payment of Fee Credits after Closing. Following Closing, at least fifteen (15) days prior to the payment of any Property Fees in connection with the Property, Purchaser shall give Seller written notice of Purchaser's intent to pay such Property Fees and the amount thereof (the "**Property Fee Amount**"). Within fifteen (15) days after receipt of such written notice from Purchaser, Seller shall have the right, but not the obligation, to transfer to Purchaser Fee Credits in an amount up to the Property Fee Amount. Seller shall deliver to Purchaser such documents as are reasonably necessary to effect the assignment to Purchaser of Fee Credits paid for by Seller. Concurrently with the transfer by Seller to Purchaser of any Fee Credits pursuant to this **Section 13.4.2.2**, Purchaser shall pay to Seller the dollar value of such transferred Property Fee Credits in immediately available funds. If Seller transfers to Purchaser Fee Credits in an amount less than the Property Fee Amount, Purchaser shall pay to the City or other governmental entity collecting the Property Fee the difference between the amount of such transferred Fee Credits and the Property Fee Amount.

13.5. Right of Access. Purchaser acknowledges that Seller will be obligated to maintain certain street and other improvements following completion of the Seller's Work until such time as the City accepts such maintenance responsibilities. Purchaser further acknowledges that as of the date hereof, the City has not accepted the maintenance responsibilities of such street improvements. Accordingly, as of the Close of Escrow, Seller grants to Purchaser, its agents, employees and invitees, a right of access (the "**Right of Access**"), so long as Purchaser is not in default under this Agreement, to enter from time to time onto such portions of the streets located on the Lincoln Crossing Project other than the Property as Purchaser shall reasonably require in order to permit Purchaser to construct buildings on the Increment which Purchaser has just purchased, all on the following terms and conditions:

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13.5.1. The Right of Access shall terminate upon the acceptance by the City of the maintenance responsibilities for the street improvements located on the Lincoln Crossing Project.

13.5.2. In the event of any damage to the street improvements or to any other right of way either completed or under construction by Seller caused by the activities of Purchaser or of any contractor, employee, subcontractor, consultant or invitee of Purchaser (collectively, "**Purchaser's Associates**") in connection with Purchaser's construction of buildings on the Property, following notice of such damage and a reasonable review (except in the event of emergency) to repair such damage, Purchaser shall, upon Purchaser's failure to repair and upon Seller's demand, reimburse Seller for expenses incurred to repair such damage.

13.5.3. Notwithstanding anything to the contrary contained herein, Purchaser, to the maximum extent permitted by law, shall be solely responsible for, and shall indemnify, hold harmless and defend Seller and Seller Indemnitees from and against any and all Claims and Damages arising out of, or resulting from or claimed to arise out of or result from, in whole or in part, or are in any way connected with any act, omission or willful misconduct of Purchaser's Associates, anyone directly or indirectly employed by any of them, anyone for whose acts any of them may be liable, in connection with the use of the Right of Access by any of Purchaser's Associates.

13.5.4. Purchaser shall cause to be purchased and, at all times prior to the termination of the Right of Access, maintain in effect the insurance coverages set forth in **Section 3.4** above.

13.6. Subdivision Bonds. In the future, Purchaser may be required to provide certain subdivision bonds to the City to satisfy Purchaser's obligations relating to the development of the Property (the "**Subdivision Bonds**"). Seller shall have no obligation to provide or maintain Subdivision Bonds for the development of the Property, except as may be required in the performance of Seller's Work.

13.7. Easements.

13.7.1. Grant of Easements to Purchaser. Seller hereby agrees to grant to Purchaser, for no consideration other than actual third party expenditures incurred in connection therewith, concurrently with the Close of Escrow, such non-exclusive easements for access, construction access and/or utilities on, over and through portions of the Lincoln Crossing Project, as may be reasonably necessary for the development and use of the Property. The necessary easements for the Property shall be determined by Seller and Purchaser in good faith. If any easements are necessary in connection with the use and development of the Property, Seller and Purchaser agree to cooperate with each other and negotiate in good faith the terms of an easement agreement providing for the grant from Seller to Purchaser of such necessary easements (the "**Easement Agreement**"). In connection with the Close of Escrow, Seller and Purchaser agree to execute and acknowledge the Easement Agreement, if any, and deliver it to Escrow for recordation at the Close of Escrow.

13.7.2. Easements for Benefit of Seller. Purchaser hereby agrees to grant to Seller for no consideration other than actual third party expenditures incurred in connection therewith, such non-exclusive easements for construction access and for construction and use of roadway improvements and utilities on, over and through portions of the Property acquired by Purchaser or to be acquired by Purchaser as may be reasonably necessary for the performance of the Seller's Work or for the development and use of portions of the Lincoln Crossing Project not acquired by Purchaser. The necessary easements for the benefit of Seller shall be determined by Seller and Purchaser in good faith. If any easements are necessary in connection with the performance of the Seller's Work or for the use or development of portions of the Lincoln Crossing Project not being acquired by Purchaser, Seller and Purchaser agree to cooperate with each other and negotiate in good faith the terms of an easement agreement (which shall be recorded at the Closing) or, reservations in the Grant Deed providing for such necessary easements to Seller.

13.7.3. Easements for Benefit of City. Purchaser hereby agrees to grant to the City such easements with respect to the Property as may be required under the Development Agreement, on the terms and conditions set forth therein, so long as such easements do not materially and adversely impact the timing, cost, or risk of developing the Property.

13.7.4. Lot Line Adjustments. Purchaser agrees to cooperate with Seller in the making of minor lot line adjustments on and to the Property as may be reasonably requested by Seller, such cooperation to include, without limitation (i) executing any lot line adjustment applications, grant deeds and other ancillary documents as may be reasonably requested by Seller or the City in connection with said lot line adjustment; and (ii) allowing surveyors and other personnel a right of entry onto the Property to conduct any required survey work in connection with said lot line adjustments.

13.8. Approvals. From and after the Effective Date, Purchaser covenants to use diligent efforts to obtain final written approval from the CDE and DTSC that the Increment then being purchased may be utilized for construction of a public school, all at Purchaser's sole cost and expense. Additionally, Purchaser covenants and agrees to execute from time to time such certificates, statements and other documents as Seller or the City may reasonably request, to confirm Seller's compliance with the School MOU, or to confirm Purchaser's acquisition of the Property.

13.9. Survival. The obligations of the parties pursuant to this **Section 13** shall survive the Closing of each Increment of the Property hereunder.

14. INDEMNITY

Purchaser shall indemnify, defend and hold Seller Indemnitees (specifically excluding Seller's contractors, subcontractors and consultants) harmless from and against all Claims and Damages, that any of Seller Indemnitees may suffer or incur with respect to third party claims resulting or arising from Purchaser's development of the applicable Increment, or any portion thereof, including any design, construction, engineering or other work performed by Purchaser, Purchaser's Agents and/or Purchaser's Affiliates, and the design, construction, engineering or sale or other conveyance of buildings or any other improvements upon the Property by

Purchaser, Purchaser's Agents and/or Purchaser's Affiliates, excluding any work performed by Seller, Seller's Affiliates and/or Seller's Agents or Seller's contractors, subcontractors or consultants, but including, without limitation, the following:

14.1. any design, engineering, construction, maintenance or other activities performed by Purchaser, Purchaser's Agents and/or Purchaser's Affiliates with respect to the applicable Increment;

14.2. any claim asserting alleged defects in the design, construction or engineering of any structures or other improvements made by Purchaser, Purchaser's Agents and/or Purchaser's Affiliates on the applicable Increment;

14.3. any claim made by any successor-in-interest to the applicable Increment or any portion thereof arising out of any failure by Purchaser, Purchaser's Agents and/or Purchaser's Affiliates to make any or all disclosures that Purchaser, Purchaser's Agents and/or Purchaser's Affiliates were legally required to make regarding the applicable Increment, the improvements and/or the structures located thereon to an applicable successor-in-interest;

14.4. any claim related to any accident, casualty or personal or bodily injury ("**Injury**") occurring on the applicable Increment caused by the negligence or willful misconduct of Purchaser, Purchaser's Agents and/or Purchaser's Affiliates (1) after the Close of Escrow, or (2) if such Injury occurred prior to the Close of Escrow, then to the extent such Injury was caused by any design, construction, engineering or other work or activities with respect to the applicable Increment performed by Purchaser, Purchaser's Agents and/or Purchaser's Affiliates;

14.5. any violation by Purchaser, Purchaser's Agents or Purchaser's Affiliates of any law now or hereinafter enacted;

14.6. the negligence or willful misconduct of Purchaser, Purchaser's Agents, Purchaser's Affiliates, and/or Purchaser's invitees and licensees in connection with the development, construction, grading, maintenance or other work performed on or about the applicable Increment (excluding, as noted above, any Claims and Damages to the extent they arise from Seller's Work); and/or

This Section shall in no event be construed to require indemnification by Purchaser to a greater extent than permitted by the laws and the public policy of the State of California.

Specifically excluded from the foregoing indemnity are any Claims and Damages to the extent arising from or caused by (i) a breach by Seller of any representation, warranty or covenant expressly set forth in this Agreement, (ii) the negligent performance by Seller, Seller's Affiliates and/or Seller's Agents of the Seller's Work, pursuant to this Agreement.

With respect to any Claims and Damages for which Purchaser indemnifies Seller Indemnitees as provided above (the "**Indemnified Claim**"), Seller shall assign to Purchaser any rights, claims and causes of action relating to the Indemnified Claim that such party may have against any person or entity including without limitation subcontractors, engineers or consultants who performed any work or services in connection with the claim which is the subject of that indemnification.

15. INSURANCE

On or before the Close of Escrow, Purchaser shall obtain commercial general liability insurance, on an occurrence basis form, inclusive of products and completed operations coverage, from a carrier with a Best Rating of "A-VI" or better, evidencing the existence of liability coverage in an amount not less than One Million Dollars ($1,000,000) combined single limit insuring against any and all liability or damage that might arise out of or be related to any work done by Purchaser or at Purchaser's request on or relating to all or any portion of the Property (the "**General Policy**"), and to provide to Seller, through Escrow, a certificate of insurance evidencing the existence of such coverage. In addition to the foregoing, to the extent that the General Policy is for coverage of less than Three Million Dollars ($3,000,000), Purchaser shall also obtain prior to the Close of Escrow, an umbrella policy, on an occurrence basis form, including broad form completed operations insurance coverage that, with the General Policy, will increase the total coverage to an amount not less than Three Million Dollars ($3,000,000) (the "**Umbrella Policy**"), and to provide to Seller, through Escrow, a certificate of insurance evidencing the existence of such coverage. The General Policy and the Umbrella Policy shall be required to be maintained on a year-to-year basis until Purchaser's receipt of certificates of occupancy for all of the buildings constructed on the Property. Seller and the Project Lenders shall be named as additional insureds on both the General Policy and the Umbrella Policy and each such policy shall contain an endorsement to the effect that such insurance policy will not be canceled or materially modified until after thirty (30) days prior written notice of cancellation or material modification has been given to such additional insureds.

16. SUBORDINATION AND LENDER RECOGNITION

Purchaser acknowledges that Seller has encumbered the Lincoln Crossing Project with a junior acquisition and development loan (the "**Junior A&D Loan**") and an acquisition and development loan (the "**A&D Loan**") in connection with the acquisition and development of the Lincoln Crossing Project and the performance of Seller's obligations under this Agreement. The Junior A&D Loan and the A&D Loan are sometimes referred to collectively in this Agreement as the "**Project Loans**" and the lender of the Junior A&D Loan (the "**Junior Lender**") and the lender of the A&D Loan (the "**A&D Lender**") are sometimes referred to collectively in this Agreement as the "**Project Lenders**". If required by Seller or either of the Project Lenders, Seller agrees to use its commercially reasonable efforts to obtain for the applicable Increment a Subordination, Specific Assignment, Non-Disturbance and Attornment Agreement from the Project Lenders in the form attached hereto as **Exhibit J** (the "**Subordination and Attornment Agreement** "). Purchaser agrees that Purchaser shall not unreasonably withhold or delay its approval of any form of Subordination and Attornment Agreement requested by the Project Lenders. Purchaser further agrees that the Subordination and Attornment Agreement in the form of **Exhibit J** attached hereto and incorporated herein by this reference is reasonable and is acceptable to Purchaser. Seller and Purchaser each agree to execute, acknowledge and deliver to Escrow Holder the Subordination and Attornment Agreement for the applicable Increment within five (5) business days of submission thereof for execution.

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17. TERMINATION WITHOUT DEFAULT

If this Agreement is terminated prior to Closing pursuant to this **Section 17** (1) such termination shall not be construed as a default of either party, and (2) Purchaser and Seller hereby waive any and all other remedies, including without limitation, consequential, incidental and special damages and specific performance. This Agreement shall terminate without default upon the occurrence of any of the following events:

(a) If Seller or Purchaser elects to terminate the Agreement in accordance with **Section 19**; or

(b) Purchaser elects to terminate the Agreement pursuant to and in accordance with **Section 5** or **Section 8**.

18. DEFAULT

18.1. Seller Default. If the sale of an Increment fails to close as a result of a default of Seller, and provided such default remains uncured for a period of fifteen (15) days after Seller's receipt of written notice from Purchaser of such default (except that in the event Seller commences to cure such default within such fifteen (15) day period and diligently proceeds to cure such default thereafter, Seller shall not be in default hereunder, so long as Seller is proceeding diligently to effect such cure and such cure is effected within sixty (60) days after Seller's receipt of such notice of default), Purchaser may, as its sole and exclusive remedy, elect to either: (a) enforce the terms of this Agreement by action for specific performance, but with no reduction in the Purchase Price; provided, however, that no action for specific performance shall compel Seller to commence litigation or cure or deal with any matters outside of its reasonable control or expend more than commercially reasonable funds as to such matters; or (b) cancel and terminate this Agreement by written notice to Seller and Escrow Holder in which event this Agreement shall terminate and the parties shall be released from all further obligations and liability under this Agreement except as otherwise specifically provided in this Agreement, and Purchaser shall have the right to recover its actual out of pocket costs in entering into and performing the terms and conditions of this Agreement, but in no event shall Purchaser have any right to seek or recover consequential, special or punitive damages from Seller if the sale of an Increment fails to close as a result of a default of Seller.

18.2. Purchaser Default. If the sale of an Increment fails to close as a result of a default by Purchaser, upon delivery of written notice to Purchaser and Purchaser's failure to cure within five (5) business days of the receipt thereof, Seller shall have all remedies available at law or equity, including, without limitation, specific performance.

18.3. Rights of Project Lenders to Cure. Purchaser acknowledges and agrees that each of the Project Lenders shall have the right to cure any failure of Seller to perform its duties and obligations under this Agreement, in accordance with the terms and provisions of the Subordination and Attornment Agreement, or of any other agreement between Seller and such Project Lender.

18.4. Recoverable Damages. The provisions of **Section 18.2** hereof shall not operate to limit the remedies available to Seller or the damages recoverable by Seller against

Purchaser due to (i) any breach or default by Purchaser of any post-Closing covenant or agreement of Purchaser set forth herein; and/or (ii) Purchaser's obligation to indemnify, defend and hold harmless Seller, as more particularly set forth in this Agreement. Except where this Agreement specifies a particular remedy as being Purchaser's sole remedy for a particular event or circumstance, the provisions of **Section 18.1** hereof shall not operate to limit the remedies available to Purchaser or the damages recoverable by Purchaser against Seller due to any breach or default by Seller of any post-Closing covenant or agreement of Seller set forth herein. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, neither Seller nor Purchaser shall bear any liability to the other under this Agreement for loss of production, loss of business or any other indirect, punitive, special or consequential damages, even if such party has been advised of the possibility of such damages.

19. CONDEMNATION.

If, at any time after the execution of this Agreement and prior to Closing, a competent condemning authority files any condemnation action seeking to condemn (i) any interest, in all or any portion of the Property, which would substantially impair Purchaser's proposed development of the Property, then Purchaser may terminate this Agreement; or (ii) any interest in all or any portion of the Lincoln Crossing Project, which would materially and adversely affect Seller's ability to develop the Lincoln Crossing Project as a whole, then Seller may terminate this Agreement. Purchaser's or Seller's termination shall be exercised by delivery to the other party of written notice, to be delivered no later than fifteen (15) days following receipt by Purchaser of notice from Seller of the commencement of such condemnation action. Upon such termination, all rights of Purchaser in the Property shall be extinguished, and Seller shall have the exclusive right to any condemnation award for the taking and for severance damages derived from such condemnation. If the right to terminate is not timely exercised by Purchaser or Seller, or if the condemnation would not (a) substantially impair Purchaser's proposed development of the Property; or (b) materially and adversely affect Seller's ability to develop the Lincoln Crossing Project as a whole, then the transaction contemplated by this Agreement shall continue regardless of such condemnation, without any reduction in the Purchase Price, but Purchaser shall have the exclusive right to any condemnation award and severance damages paid as compensation by the condemning authority for the taking of the Property so condemned and Seller shall have the exclusive right to any condemnation award and severance damages paid as compensation by the condemning authority for the taking of that portion of the Lincoln Crossing Project (except the Property) so condemned. In such case, Purchaser (or Seller, as the case may be) shall be solely responsible for dealing, at its own risk, cost and expense, with the condemning authority with respect to the amount of the award and/or severance damages derived from the condemnation of the Property (or the Project, as the case may be). If this Agreement is timely terminated pursuant to the terms of this **Section 19**, then neither Purchaser nor Seller shall have any further cost, obligation or liability to each other, except as otherwise expressly provided in this Agreement, and, except as otherwise provided herein, the Title Company shall return to the respective parties all documents which have been deposited by such parties into Escrow.

20. MISCELLANEOUS PROVISIONS

20.1. Time is of the Essence. Time is of the essence of this Agreement for all provisions of which time is a factor, including, without limitation, the Closing of the applicable Increment.

20.2. Governing Law. This Agreement has been entered into and executed in the State of California and shall be interpreted in accordance with the laws of said state, excluding, however, the choice of law provisions in regard to conflicts.

20.3. Integration. This Agreement, the Exhibits attached hereto, and the School MOU, to the extent incorporated herein, upon acceptance by the parties hereto, constitutes the sole and only agreement between the parties hereto as to the subject matter hereof, and is intended by each to constitute the final written memorandum of all of their agreements and understandings in this transaction. In the event of any conflict between the terms and provisions of this Agreement and the School MOU, this Agreement shall prevail.

20.4. Survival of Covenants and Warranties. Except as otherwise set forth in **Section 8** hereof, all warranties, covenants, conditions, representations, and other obligations of Seller and Purchaser, including those intended herein to be performed subsequent to the Close of Escrow shall survive the Close of Escrow and delivery of the Grant Deed with respect to the applicable Increment, in accordance with the terms and conditions of this Agreement.

20.5. Computation of Periods. All periods of time referred to in this Agreement shall include all Saturdays, Sundays, and state or national holidays, unless the period of time specifies business days, provided that if the date to perform any act or give any notice with respect to this Agreement shall fall on a Saturday, Sunday, or state or banking or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday, or state or banking or national holiday.

20.6. Effectiveness of Agreement and Amendments. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall not be effective or binding on any party until fully executed by all parties hereto, but shall be interpreted as an offer under control of the offeror prior to such acceptance.

20.7. Assignment. Purchaser may not assign this Agreement except with the prior written approval of Seller, which approval shall not be unreasonably withheld or delayed. Purchaser agrees that it shall be reasonable for Seller to withhold its approval of any assignment of the Agreement by Purchaser to a third person or entity whose purpose is to "flip" the Property or take advantage of any increase in the market value of the Property by selling or assigning all or any portion of Purchaser's right, title and interest in, to and under the Property for profit.

20.8. Special Remedy for Insolvency of Purchaser. If Purchaser is adjudged to be bankrupt, or if it commences a case in bankruptcy, or makes a general assignment for the benefit of creditors, or a receiver is appointed on account of its insolvency and such receiver is not dismissed within ninety (90) days after appointment, Purchaser's rights under this Agreement shall automatically terminate without notice to Purchaser.

20.9. Notices. All notices required or permitted by this Agreement shall be in writing and may be delivered in person to either party or may be sent by registered or certified mail, with postage prepaid, return receipt requested, or delivered by Express Mail of the U.S. Postal Service, charges prepaid, or by Federal Express or any other nationally recognized courier service guaranteeing overnight delivery, or by telefax, provided such transmission is acknowledged as a good transmission, addressed as follows:

If to Seller at:

LB/L-SUNCAL LINCOLN CROSSING LLC
c/o SunCal Companies
2392 Morse Avenue
Irvine, CA 92614
Attn: Marc Magstadt
Telephone No.: (949) 777-4000
Telefax No.: (949) 777-4050

With a copy to:

Hoge, Fenton, Jones & Appel
60 S. Market Street, Suite 1400
San Jose, CA 95113
Attn: Joseph Karnes, Esq.
Telephone No.: (408) 947-2413
Telefax No.: (408) 287-2583

If to Purchaser at:

Jay M. Stewart
Assistant Superintendent
Business and Support Services
Western Placer Unified School District
810 J Street
Lincoln, CA 95648
Telephone No.: _____
Telefax No: _____

With a copy to:

Roger Yohe
Superintendent
Western Placer Unified School District
810 J Street
Lincoln, CA 95648
Telephone No. _____
Telefax No. _____

If to Escrow Holder at:

Fidelity National Title Insurance Company
1300 Dove Street, Suite 310
Newport Beach, CA 92660
Attn: Patty Beverly
Telephone No.: (949) 622-4911
Telefax No.: (949) 477-6835

If to Title Company at:

Chicago Title Company
105 Lake Forest Way, Suite A-1
Folsom, CA 95630
Attn: Ramon Veloz
Telephone No.: (916) 985-0300
Telefax No.: (916) 353-2380

Any such notice sent by registered or certified mail, return receipt requested, shall be deemed to have been duly given and received seventy-two (72) hours after the same is so addressed and mailed with postage prepaid. Notices delivered by overnight service shall be deemed to have been given twenty-four (24) hours after delivery of the same, to the U.S. Postal Service, charges prepaid, or to the private courier; provided, however, that notices given by Federal Express or other private courier shall be deemed given upon actual receipt thereof if received earlier than twenty-four (24) hours after delivery to Federal Express or such courier. Notices given by telefax shall be effective upon acknowledgment of good transmission. Any notice or other document sent by any other manner shall be effective only upon actual receipt thereof. Refusal to accept notice shall be deemed to be delivery thereof. Any party may change its address for purposes of this Section by giving notice to the other party and to Escrow Holder and the Title Company as herein provided.

20.10. Force Majeure. Performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war, invasion, insurrection, strikes, walk-outs, labor disputes, lockouts, riots, mob violence, civil commotion, acts of a public enemy, sabotage, acts of terrorism, adverse weather conditions (including, without limitation, floods, hurricanes, tornadoes), rain, mudslides, earthquakes, fires, casualties, acts of God, shortages, unavailability of or inability to procure labor, materials, equipment or supplies, unusual transportation delays, governmental laws, orders, restrictions and restrictions imposed or mandated by governmental entities which conflict with the terms of this Agreement, inability or delay in obtaining permits or approvals despite the commercially reasonable efforts of Seller, actions of Purchaser, or any other matter beyond the reasonable control of the party whose performance is thus prevented or delayed (the "**Force Majeure Events**"); provided, however, that in no event shall Purchaser's deposit of the Closing Payment one (1) business day prior to Closing of the applicable Increment be extended by reason of any Force Majeure Events.

20.11. Attorneys' Fees. In the event of any action or proceeding brought by either party against the other under this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and all fees, costs and expenses incurred for prosecution, defense, consultation, or advice in such action or proceeding. In addition to the foregoing, the prevailing party shall be entitled to its actual attorneys' fees and all fees, costs and expenses incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

20.12. Successors and Assigns. Subject to the provisions of **Section 20.7** above, this Agreement, and all the provisions, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

20.13. Severability. If any paragraph, section, sentence, clause or phrase contained in this Agreement shall become illegal, null or void, against public policy, or otherwise unenforceable, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void, against public policy, or otherwise unenforceable, the remaining paragraphs, sections, sentences, clauses or phrases contained in this Agreement shall not be affected thereby.

20.14. Waiver. The waiver of any breach of any provision hereunder by Seller or Purchaser shall not be deemed to be a waiver of any preceding or subsequent breach hereunder. No failure or delay of any party in the exercise of any right given hereunder shall constitute a waiver thereof nor shall any partial exercise of any right preclude further exercise thereof.

20.15. Further Assurances. Purchaser and Seller each agree to do such further acts and things and to execute and deliver such additional agreements and instruments as the other may reasonably require to consummate, evidence or confirm the sale or any other agreement contained herein in the manner contemplated hereby.

20.16. Capitalized Terms. All capitalized terms used but not defined in the Exhibits hereto shall have the same meanings as set forth in this Agreement.

20.17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

20.18. Negotiated Transaction. The provisions of this Agreement were negotiated by all parties with the advice of counsel and this Agreement shall be deemed to have been drafted by all the parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SELLER:

LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company

By: SCC Master, LLC, a Delaware limited liability company, Its Member

By: _____
Name: Bruce Elieff
Title: Managing Member

By: LBREP Lakeside Lincoln Crossing LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Title: _____

PURCHASER:

WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California

By: _____
Name: _____
Its: _____

AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

(THE "AGREEMENT")

BY AND BETWEEN

LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY,

AND

WESTERN PLACER UNIFIED SCHOOL DISTRICT, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA

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PURCHASE AND SALE AGREEMENT
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TO AGREEMENT FOR THE PURCHASE AND
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LEGAL DESCRIPTION OF LINCOLN CROSSING PROJECT

EXHIBIT B
TO
AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

DEPICTION OF PHASE I INCREMENT, PHASE II INCREMENT AND PHASE III INCREMENT

7.4.42

EXHIBIT C
TO
AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

TITLE REPORT

EXHIBIT D
TO
AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

TRANSFER AGREEMENT

7.4.44

Recording Requested by and
When Recorded Mail to:
Hoge, Fenton, Jones & Appel, Inc.
60 South Market, Suite 1500
San Jose, CA 95113-2396
Attn: Joseph M. Karnes, Esq.

(Space above this line for Recorder's use)

TRANSFER AGREEMENT
Tract No. _____

THIS TRANSFER AGREEMENT (herein, this "**Transfer Agreement**") is entered into as of _____, 2003, by and between LBL/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company (herein "**Developer**") and WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California ("**Buyer**").

RECITALS

A. Developer is the Master Developer of that certain real property commonly known as "**Lincoln Crossing**", consisting of approximately 1,069 acres and located in the City of Lincoln ("**Lincoln**"), County of Placer ("**County**"), State of California (the "**Project**").

B. City and Developer have entered into a statutory Development Agreement, dated December 14, 1999, recorded by the Placer County Recorder as Doc-2000-0005438, and amended by the First Amendment of Development Agreement by and Between the City of Lincoln and CSY Lincoln Crossing, L.P., dated August 23, 2002 and Second Amendment of Development Agreement by and Between the City of Lincoln and CSY Lincoln Crossing, L.P., dated August 12, 2003 (collectively the "**Development Agreement**").

C. The Development Agreement identifies land use entitlements that the City has approved for the Project and provides Developer with the vested right to develop the Project in accordance with the terms and conditions of the Development Agreement.

D. Developer and Buyer entered into that certain Purchase and Sale Agreement dated as of _____ (the "**Purchase Agreement**"), whereby Developer agreed to sell and Buyer agreed to purchase certain real properties situated in the City of Lincoln, County of Placer, State of California (the "**School Land Increments**" and individually referred to as the "**Phase __ Increment**") which are more particularly described in Exhibit A attached hereto and incorporated herein. As of the date of this Transfer Agreement, Buyer intends to purchase the School Land Increments from Developer pursuant to the terms of the Purchase Agreement.

E. The School Land Increments are part of the Project described in the Development Agreement.

F. In connection with Buyer's acquisition of the School Land Increments, it is the desire of Developer to assign, transfer and convey to Buyer all of Developer's rights and obligations under the Development Agreement related solely to the School Land Increments. Buyer desires to accept the assignment from Developer and to assume from Developer all of Developer's rights and obligations under the Development Agreement related solely to the School Land Increment being purchased.

G. Developer and Buyer are executing and recording this Transfer Agreement pursuant to Sections 1.10 and 1.10.1 of the Development Agreement.

AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and Buyer agree as follows:

a. This Transfer Agreement is effective upon occurrence of all of the following: (a) Buyer's receipt of title to the property comprising the Phase __ Increment; and (b) replacement of the subdivision improvement bond(s) for the Phase __ Increment that had been posted by Developer by Buyer, if any (the "**Effective Date**").

b. Except as otherwise provided, all defined terms used in this Transfer Agreement shall correspond to the defined terms in the Development Agreement.

c. Developer hereby assigns to Buyer all of Developer's rights and obligations under those portions of the Development Agreement and related entitlements and approvals that pertain to the Phase __ Increment (collectively, the portions of the Development Agreement and such entitlements and approvals applicable solely to the Phase __ Increment are hereinafter referred to as the "**Phase __ Increment Land Entitlements**"). Buyer, its successors and assigns, hereby expressly and unconditionally assume all such rights and obligations under the Phase __ Increment Land Entitlements, release Developer from its obligations relating to the Phase __ Increment Land Entitlements, and agrees to be subject to all of the conditions and restrictions, mitigation measures to which Developer, as master developer of the Phase __ Increment Land under the Phase __ Increment Land Entitlements, is subject, it being the express intentions of both Developer, and Buyer that, upon the execution of this Agreement, Buyer shall become substituted for Developer as the developer or builder under the Phase __ Increment Land Entitlements. The preceding sentence shall not serve to release Developer from any of its obligations under Section 13 of the Purchase Agreement.

d. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, successors and assigns.

e. In the event of any litigation between the parties with respect to this Transfer Agreement, the losing party shall pay all costs and expenses incurred by the prevailing party in connection with such litigation including, without limitation, reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Transfer Agreement shall be recoverable

separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Transfer Agreement and to survive and not be merged into any such judgment.

f. This Transfer Agreement may be executed in one or more counterparts. All counterparts so executed shall constitute one agreement, binding on all parties, even though all parties are not signatory to the same counterpart.

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

DEVELOPER:
LBL/L SUNCAL LINCOLN CROSSING LLC a Delaware limited liability company

By: SCC Master LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Its: _____

By: LBREP Lakeside Lincoln Crossing LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Its: _____

BUYER:
WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California

By: _____
Name: _____
Its: _____

CONSENT

The City of Lincoln hereby joins in this Transfer Agreement solely for the purposes of (i) providing its prior written consent and approval of this Transfer Agreement to Buyer pursuant to Section 1.10.1 of the Development Agreement, as amended, and (ii) affirming that Developer is not in default of the Development Agreement and that the Development Agreement is in full force and effect.

As City Manager for the City of Lincoln, I have consulted with the City Attorney prior to providing this consent.

CITY OF LINCOLN
By: _____
Name: _____
Its: _____

7.4.48

State of California)
) ss.
County of)

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

Witness my hand and official seal. (Seal)

_____

State of California)
) ss.
County of)

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

Witness my hand and official seal. (Seal)

_____

State of California)
) ss.
County of)

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

Witness my hand and official seal. (Seal)

_____

State of California)
) ss.
County of)

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

Witness my hand and official seal. (Seal)

_____

EXHIBIT E
TO
AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

GRANT DEED

7.4.50

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

MAIL TAX STATEMENTS TO:

----------Space Above This Line For Recorder's Use----------

GRANT DEED

The undersigned grantor declares:

NO DOCUMENTARY TRANSFER TAX IS DUE PURSUANT TO REVENUE AND TAXATION CODE SECTION 11922. A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA IS ACQUIRING TITLE.

FOR A VALUABLE CONSIDERATION, receipt of which is acknowledged,

LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company ("**Grantor**") hereby GRANTS to WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California ("**Grantee**") the following described real property in the City of Lincoln, County of Placer, California:

> For legal description see **Exhibit A** attached hereto and incorporated herein by this reference.

IN WITNESS WHEREOF the undersigned has executed this GRANT DEED this __ day of _____, 20__.

GRANTOR:

LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company

By: SCC Master, LLC, a Delaware limited liability company, Its Member

By: _____
Name: Bruce Elieff
Title: Managing Member

By: LBREP Lakeside Lincoln Crossing LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Title: _____

EXHIBIT A

TO

GRANT DEED

LEGAL DESCRIPTION

7.4.52

State of California)
County of _____)
On _____, ____ before me, the undersigned Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

State of California)
County of _____)
On _____, ____ before me, the undersigned Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT F
TO
AGREEMENT FOR THE PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

GENERAL ASSIGNMENT

GENERAL ASSIGNMENT

Reference is hereby made to that certain real property located in the City of Lincoln, County of Placer, California and described in more detail on Schedule 1 attached hereto and made a part hereof and the improvements located thereon and the rights, privileges and entitlements incident thereto (the "**Property**"). For good and valuable consideration, receipt of which is hereby acknowledged, the undersigned, LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company ("**Seller**"), does hereby give, grant, bargain, sell, transfer, assign, convey and deliver to WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California ("**Buyer**"), without representations or warranty, express or implied, all of Seller's right, title and interest in and to all assets, rights, materials and/or claims used, owned or held in connection with the use, management, development and enjoyment of the Property, including, without limitation: (i) all entitlements, subdivision agreements and other agreements relating to the development of the Property, if any; (ii) all plans, specifications, maps, drawings and other renderings relating to the Property, if any; (iii) all warranties, claims and any similar rights relating to and benefiting the Property or the assets transferred hereby, including, without limitation, a non-exclusive right to enforce all warranties related to the grading of the Property, and other work (if any) performed by or on behalf of Seller on the Property; (iv) all intangible rights, goodwill, and similar rights relating to the Property, if any; (v) all development rights relating to the Property; (vi) a non-exclusive right to enforce any indemnities, if any, expressly set forth in any written contract between Seller and any contractor, limited only to that work performed by said contractors on the Property, and then only to the extent such contract permits such assignment; and (vii) all other rights, claims or awards relating to the Property, if any. Nothing herein shall constitute an assignment of the Lincoln Crossing Project Fee Credits (as defined in that certain agreement entitled Agreement for the Purchase and Sale of Real Property and Escrow Instructions dated _____, 200_, by and between Seller and Buyer), or the Infrastructure Reimbursement Rights (as defined in the Collateral Assignment of Infrastructure Reimbursement Rights).

Seller hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to Buyer, its nominees, successors and/or assigns, any new or confirmatory instruments and perform any other acts which Buyer, its nominees, successors and/or assigns, may reasonably request in order to fully transfer possession and control of and protect the rights of Buyer, its nominees, successors and or assigns, in, all the assets of Seller intended to be transferred and assigned hereby. This General Assignment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one valid agreement.

Dated: _____, 20__

[Signatures Follow on Next Page]

"**SELLER**"

LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company

By: SCC Master, LLC, a Delaware limited liability company, Its Member

By: _____
Name: Bruce Elieff
Title: Managing Member

By: LBREP Lakeside Lincoln Crossing LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Title: _____

"**BUYER**"

WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California

By: _____
Name: _____
Title: _____
Address: _____

7.4.56

EXHIBIT G
TO
AGREEMENT FOR THE PURCHASE AND

SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

SELLER'S WORK - INFRASTRUCTURE IMPROVEMENTS

EXHIBIT H
TO
AGREEMENT FOR THE PURCHASE AND

SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

PERIMETER FENCING

7.4.58

EXHIBIT I
TO
AGREEMENT FOR THE PURCHASE AND

SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

FEE CREDIT ASSIGNMENT AGREEMENT FORM

7.4.59

FEE CREDIT CERTIFICATION AND ASSIGNMENT

FOR LINCOLN CROSSING, INCREMENT __

This document is intended to be used as a means of certifying the availability of Fee Credits earned by LB/L-SunCal Lincoln Crossing LLC ("Developer") in developing the Lincoln Crossing Project pursuant to the Lincoln Crossing Development Agreement and the agreement between the City of Lincoln Crossing and Developer titled "Agreement for the Allocation and Accounting of Fee Credits for the Lincoln Crossing Project. This document is also intended to memorialize the assignment of such certified Fee Credits and Sewer EDUs to the Western Placer Unified School District (the "District").

In order to receive credit against otherwise applicable PFE fees, the District shall submit this form, fully executed, to the City along with Building Permit applications.

I. Certification of Pooled Fee Credits

The City of Lincoln hereby recognizes that LB/L-SunCal Lincoln Crossing LLC ("Developer") desires to assign Pooled Fee Credits earned pursuant to the Lincoln Crossing Development Agreement (§4.1), exclusive of sewer-related improvements, in the amount of $_____ and ___ Sewer EDUs to the District and further certifies that Developer has such Pooled Fee Credits and Sewer EDUs available for assignment.

City of Lincoln

By: _____
Name: _____
Title: _____

II. Certification of Un-Pooled Fee Credits

The City of Lincoln hereby recognizes that LB/L-SunCal Lincoln Crossing LLC ("Developer") desires to assign Un-Pooled Fee Credits earned pursuant to the Lincoln Crossing Development Agreement (§4.1) in the amounts set forth below to District and further certifies that Developer has such Un-Pooled Fee Credits available for assignment.

Parks: $_____

Fire: $_____

Police: $_____

Library: $_____

Administration: $_____

Solid Waste Facilities $_____

City of Lincoln

By: _____
Name: _____
Title: _____
Date: _____

III. Assignment of Fee Credits

For good and valuable consideration, receipt of which is hereby acknowledged, Developer does hereby assign and transfer to the District, and the District hereby accepts from Developer the assignment and transfer of the Fee Credits in the amounts set forth below for use in offsetting otherwise applicable PFE Fees, exclusive of PFE Critical Fees as defined in the Lincoln Crossing Development Agreement, and Sewer EDUs, without representation or warranty of any kind, express or implied.

Sewer EDUs #_____

Pooled Fee Credits $_____

(other than sewer)

Parks: $_____

Fire: $_____

Police: $_____

Library: $_____

Administration: $_____

Solid Waste Facilities $_____

DEVELOPER:

LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company

By: SCC Master, LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Title: _____
Date: _____

By: LBREP Lakeside Lincoln Crossing LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Title: _____
Date: _____

WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California

By: _____
Name: _____
Title: _____
Address: _____

7.4.62

EXHIBIT J
TO
AGREEMENT FOR THE PURCHASE AND

SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS

SUBORDINATION AND ATTORNMENT AGREEMENT

7.4.63

WHEN RECORDED MAIL TO:

Bank Midwest, N.A.
1100 Main Street
Kansas City, Missouri 64105
Attention: John Baxter, Vice President

(Space above this line for recorder's use only)

SUBORDINATION, ASSIGNMENT, RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This SUBORDINATION, ASSIGNMENT, RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("**Agreement**") is entered into as of _____, 2003, by and among LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company, 5109 East La Palma Avenue, Suite D, Anaheim, California 92807, Facsimile No. (714) 693-6731 ("**Borrower**"), BANK MIDWEST, N.A., 1100 Main Street, Kansas City, Missouri 64105, Facsimile No. (816) 472-5668 (together with its successors and assigns called "**Lender**"), and WESTERN PLACER UNIFIED SCHOOL DISTRICT, 810 J Street, Lincoln, CA 95648, Attn: Jay Stewart; Telephone No. _____, Telefax No. _____ (together with permitted successors and assigns called "**Purchaser**").

RECITALS

A. Prior to the delivery and recordation of this Agreement, Borrower acquired title to that certain real property located in the City of Lincoln, County of Placer ("**County**"), State of California as legally described and depicted on **Exhibit "A"** attached hereto and incorporated herein by this reference and commonly known as the "**Lincoln Crossing Project**".

B. Borrower and Purchaser have entered into that certain agreement entitled Agreement for the Purchase and Sale of Real Property and Escrow Instructions, dated _____ ___, 200_ (the "**Purchase Agreement**"), pursuant to which Purchaser is obligated to acquire a certain portion of the Lincoln Crossing Project, as legally described and depicted on **Exhibit "B"** attached hereto and incorporated herein by this reference (the "**Property**"), upon the terms and conditions contained therein.

C. Lender has agreed to make a loan to Borrower in the amount of Thirty Nine Million Six Hundred Eighty Three Thousand Six Hundred Sixteen and 00/100 Dollars ($39,683,616.00) ("**Loan**"), evidenced by a Promissory Note in the amount of the Loan executed by Borrower in favor of Lender (as amended, renewed, extended, replaced or otherwise modified from time to time, the "**Note**"). The Note is secured by, among other things, that certain Deed of Trust, Assignment of Leases and Rents and Security Agreement (Including Fixture Filing) dated as of October 30, 2002, executed by Borrower in favor of

7.4.64

Lender (as amended or otherwise modified from time to time, the "**Deed of Trust**"), and recorded on November 8, 2002 as Instrument No. 2002-0140512. The Deed of Trust and other security agreements and instruments securing the Loan, except for this Agreement, are collectively referred to herein as the "**Security Documents**." All of the documents evidencing or relating to the Loan collectively shall be referred to as the "**Loan Documents**."

D. Lender desires to assure that the lien of the Security Documents is paramount and senior to the Purchase Agreement. Purchaser desires to assure that it has the opportunity to receive all of its rights, title and interest under the Purchase Agreement in the event there is an "Event of Default" (as defined in the Loan Documents) in connection with the Loan. Borrower, Purchaser and Lender desire to set forth their agreement with respect to the Purchase Agreement and the subordination thereof to the lien of the Security Documents as provided herein. All parties agree that they will benefit from the execution and recordation of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of their mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

SUBORDINATION. SUBJECT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, THE PURCHASE AGREEMENT, AND THE INTEREST IN THE PROPERTY CREATED THEREBY AND ALL OF THE PURCHASER'S RIGHTS THEREUNDER, SHALL BE SUBJECT, SUBORDINATE AND JUNIOR IN PRIORITY TO THE SECURITY DOCUMENTS AND TO ANY AND ALL RENEWALS, MODIFICATIONS, CONSOLIDATIONS, REPLACEMENTS AND EXTENSIONS THEREOF AND ALL RIGHTS OF LENDER UNDER EACH OF THE FOREGOING (EXCEPT THAT ANY "MATERIAL AMENDMENT" AS DEFINED BELOW, SHALL REQUIRE THE PRIOR WRITTEN APPROVAL OF PURCHASER, WHICH APPROVAL SHALL NOT BE UNREASONABLY WITHHELD OR DELAYED). WITHOUT LIMITING THE FOREGOING, ANY AND ALL OBLIGATORY AND NONOBLIGATORY ADDITIONAL ADVANCES MADE BY LENDER THAT ARE SECURED BY THE DEED OF TRUST SHALL UNCONDITIONALLY BE AND REMAIN AT ALL TIMES A LIEN ON THE PROPERTY PRIOR AND SUPERIOR TO THE PURCHASE AGREEMENT AND THE RIGHTS AND OBLIGATIONS CREATED THEREBY, SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN. THE FOREGOING SUBORDINATION SHALL BE EFFECTIVE, NOTWITHSTANDING THAT ALL OR ANY PORTION OF LENDER'S SECURITY INTEREST IN ALL OR ANY PORTION OF THE PROPERTY SHALL NOT HAVE BEEN PERFECTED. FOR PURPOSES OF THIS AGREEMENT, "MATERIAL AMENDMENT" SHALL MEAN ANY AMENDMENT, SUPPLEMENT OR ADDITION TO, OR MODIFICATION OF, ANY LOAN DOCUMENT WHICH: (A) PERMITS THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN, WHEN ADDED TO THE PRINCIPAL AMOUNT OF ALL OTHER EXISTING LOANS RELATING TO THE DEVELOPMENT OF THE LINCOLN CROSSING PROJECT, TO EXCEED AN AGGREGATE OF DOLLARS

7.4.65

($) (EXCLUDING PROTECTIVE ADVANCES PERMITTED UNDER THE LOAN DOCUMENTS); (B) ADDS PROVISIONS TO THE LOAN THAT MAKE AN EVENT OF DEFAULT CIRCUMSTANCES OR EVENTS RELATING TO PROPERTY OTHER THAN THE LINCOLN CROSSING PROJECT OR LOANS OTHER THAN THE LOAN (I.E., CROSS-DEFAULTING THE LOAN WITH OTHER LOANS OR AGREEMENTS), OR (C) ADDS OTHER OBLIGATIONS RELATING TO PROPERTY OTHER THAN THE LINCOLN CROSSING PROJECT OR LOANS OTHER THAN THE LOAN TO THE OBLIGATIONS SECURED BY THE DEED OF TRUST.

ASSIGNMENT. WITHOUT LIMITING ANY PROVISION OF THE EXISTING LOAN DOCUMENTS (AS MODIFIED) OR THE EFFECT THEREOF, AS SECURITY FOR THE DUE AND PUNCTUAL PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS NOW OR HEREAFTER DUE FROM BORROWER TO LENDER UNDER THE LOAN DOCUMENTS, BORROWER HEREBY SPECIFICALLY ASSIGNS AND TRANSFERS, AND PURCHASER HEREBY CONSENTS TO SUCH ASSIGNMENT AND TRANSFER, TO LENDER ALL OF BORROWER'S RIGHT, TITLE AND INTEREST, AND HEREBY GRANTS LENDER A SECURITY INTEREST IN AND TO THE PURCHASE AGREEMENT, ALL SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN. THE ASSIGNMENT MADE PURSUANT TO THIS SECTION IS AN ABSOLUTE ASSIGNMENT, BUT LENDER SHALL NOT HAVE THE RIGHT TO ENFORCE OR ENJOY ANY RIGHTS UNDER THE PURCHASE AGREEMENT UNTIL THE LENDER HAS TERMINATED THE "BORROWER'S LICENSE" (AS DEFINED BELOW) AS PROVIDED BELOW:

a. So long as there exists no "Event of Default" under the Loan Documents after giving effect to any applicable notice or cure provisions, Borrower shall have a license ("Borrower's License") to exercise and enjoy all rights and benefits of Borrower under the Purchase Agreement. Borrower's License shall be revoked immediately upon the occurrence of an Event of Default and Lender's exercise of its right to revoke Borrower's License pursuant to Section 2.b., below.

b. During the continuance of an Event of Default, Lender may, by written notice to Purchaser and Borrower, revoke Borrower's License, and immediately begin and continue to exercise and enjoy all of the rights of Borrower under the Purchase Agreement. Lender's rights shall include, without limitation, the right to receive any money due to Borrower under the Purchase Agreement (after full funding of all holdback and escrow accounts described in the Purchase Agreement if any, but including, without limitation, the "Escrow," as defined in the Purchase Agreement), the right to apply any such sums received to amounts owing under the Loan in the order of priority set forth in the Loan Documents, and the right to give such consents and approvals which Borrower is entitled to give under the Purchase Agreement. Lender may, at any time by written notice to Purchaser and Borrower, reinstate Borrower's License. Lender shall promptly reinstate Borrower's License hereunder by giving such written notice to Purchaser and Borrower at such time as the Event of Default that gave rise to the revocation of Borrower's License is no longer continuing and provided that no other uncured Event of Default has occurred and remains in existence following the expiration of any applicable cure period provided for under the Loan Documents. Borrower hereby irrevocably authorizes and directs Purchaser and/or the "Escrow Holder" serving as such under the Purchase Agreement, upon receipt of a written notice from Lender stating that an Event of Default exists, to pay to Lender (or to Escrow, for Lender's benefit) the

7.4.65

amounts due and owing under the Purchase Agreement. Purchaser and Escrow Holder shall be entitled to rely upon any such notice from Lender and shall be entitled to pay such amounts (subject to the terms and conditions in the Purchase Agreement) without any obligation or right to inquire or investigate as to whether such Event of Default exists and notwithstanding any notice from or claim from Borrower to the contrary. Borrower shall have no right or claim against Purchaser or Escrow Holder for any such amounts paid by Purchaser or Escrow Holder to Lender in accordance with the Lender's instructions, as provided above. Borrower hereby consents to all actions taken by Purchaser and/or Escrow Holder pursuant to or in reliance upon any such notice of an Event of Default.

ACKNOWLEDGMENT AND AGREEMENT BY PURCHASER. PURCHASER ACKNOWLEDGES AND AGREES THAT:

a. Lender, in making any disbursements to Borrower, is under no obligation or duty to oversee or direct the application of the proceeds of such disbursements;

b. In the event that Lender notifies Purchaser and Escrow Holder of the termination of the Borrower's License as provided in Section 2.b. and demands that Purchaser make its purchase price payments for portions of the Property and/or that Purchaser and Escrow Holder make all other payments or sums due under or in connection with the Purchase Agreement to Lender, Purchaser and Escrow Holder shall honor such demands and: (i) Purchaser shall make all purchase payments and pay all other sums due under the Purchase Agreement, if any, to Escrow Holder for the benefit of Lender, all subject to the terms and conditions set forth in the Purchase Agreement and herein; and (ii) Escrow Holder shall pay to Lender all sums due and owing to Borrower under the Purchase Agreement pursuant to such notice;

c. Purchaser shall not enter into any amendment or modification of the Purchase Agreement without the prior written consent of Lender, which consent may be granted or withheld in Lender's sole and absolute discretion, and any purported amendment or modification without Lender's consent shall not be effective as against Lender; and

d. This Agreement is the whole and only agreement between Lender and Purchaser with regard to the subordination of the Purchase Agreement and the interest in the Property created thereby, and no other agreement exists between Lender and Purchaser with respect to the subordination of the Purchase Agreement to the Security Documents.

FORECLOSURE AND SALE. IN THE EVENT THAT THROUGH OR IN LIEU OF THE EXERCISE BY LENDER OF ANY OF ITS REMEDIES PURSUANT TO THE LOAN DOCUMENTS ("REMEDIES"), OR IN ANY OTHER MANNER PERMITTED UNDER THE LOAN DOCUMENTS AND/OR APPLICABLE LAW, LENDER OR ANY OTHER PERSON ("SUCCESSOR OWNER") SHALL BECOME A SUCCESSOR IN INTEREST TO BORROWER AS OWNER OF THE PROPERTY, LENDER AND PURCHASER AGREE THAT, NOTWITHSTANDING THE PROVISIONS OF SECTION 1 ABOVE, UNLESS THE PURCHASE AGREEMENT HAS PREVIOUSLY BEEN TERMINATED PURSUANT TO THE TERMS THEREOF, AND PROVIDED PURCHASER IS NOT IN DEFAULT UNDER THE PURCHASE AGREEMENT BEYOND ANY APPLICABLE GRACE OR CURE PERIOD THEREIN:

7.4.06

a. Lender or any Successor Owner shall, subject to the terms and provisions of this Agreement, succeed to the interest of Borrower under the Purchase Agreement, whether or not the Purchase Agreement and/or the rights relating to the Purchase Agreement assigned to Lender under this Agreement have been specifically included in any foreclosure of the Lincoln Crossing Project or any other pursuit by Lender of its Remedies;

b. Although Lender may join Purchaser in any such summary or foreclosure proceedings with respect to the Property, Lender and any Successor Owner shall recognize and not disturb Purchaser's rights under the terms of the Purchase Agreement as long as Purchaser shall not be in default in the performance or observance of any term, covenant or condition of this Agreement or the Purchase Agreement beyond any applicable grace or cure period therein;

c. Notwithstanding Lender's exercise of any of its Remedies, the rights of Purchaser under the Purchase Agreement shall remain in full force and effect and shall not be terminated or disturbed except in accordance with the terms of this Agreement and/or the Purchase Agreement, and Purchaser hereby waives the provisions of any statute or rule of law now or hereafter in effect which may give or purport to give Purchaser any right or election to terminate or otherwise adversely affect the Purchase Agreement and the obligations of Purchaser thereunder by reason of the exercise of such Remedies; provided, however, that nothing in this Agreement shall limit, modify, or waive any right Purchaser may have to terminate the Purchase Agreement in accordance with the terms and conditions therein;

d. Subject to the terms and provisions of this Agreement and unless the Purchase Agreement has been terminated pursuant to the terms thereof, Purchaser agrees that it shall and hereby does attorn to Lender and to any Successor Owner, and their successors and assigns, and shall perform, and be bound under, all of the terms, covenants and conditions of the Purchase Agreement, and shall recognize Lender and such Successor Owner as succeeding to the rights of Borrower under the Purchase Agreement. Purchaser agrees to execute and deliver to Lender and such Successor Owner such further assurance and other documents confirming the foregoing as Lender or such Successor Owner may reasonably request;

e. From and after the date that Lender or such Successor Owner shall become the owner of the Property through or in lieu of the exercise of the Remedies or otherwise ("Transfer Date"), all claims, demands or causes of action for money damages accruing prior to the Transfer Date which Purchaser may have against Borrower under any provisions of, or with respect to, the Purchase Agreement, or on account of any matter, condition or circumstance occurring prior to the Transfer Date, shall be enforceable solely against Borrower personally, and neither Lender nor such Successor Owner, nor their respective successors and assigns, nor the Property, shall be subject to any such claim, demand or cause of action; provided, however, that nothing herein shall be deemed to limit Purchaser's termination rights that are expressly provided for in the Purchase Agreement, regardless of when the event or circumstance occurred or existed that gave rise to the termination right;

f. If Lender or a Successor Owner affirmatively elects (in its sole and absolute discretion) to perform obligations of Borrower relating to the Purchase Agreement, the time periods set forth in the Purchase Agreement for such performance by Borrower shall be extended as necessary for Lender or any Successor Owner to cure any matters Borrower has failed to perform, so

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long as Lender or such Successor Owner acts with reasonable diligence and continuity in pursuing such cure to completion; provided, however, that if Purchaser has already commenced exercising its cure or self-help remedies under the Purchase Agreement, Purchaser may to continue to do so unless and until Lender or a Successor Owner affirmatively elects (in its sole and absolute discretion) to perform the applicable obligation;

g. None of the representations and warranties of Borrower described in the Purchase Agreement shall apply to the Lender or such Successor Owner, except to the extent that they relate to actions or omissions of the Lender or such Successor Owner following the Transfer Date and following an affirmative election by Lender or such Successor Owner to perform obligations of Borrower relating to the Purchase Agreement; and

h. None of the indemnification obligations of Borrower described in the Purchase Agreement shall apply to Lender or such Successor Owner, except to the extent that they relate to acts and/or omissions of Lender or such Successor Owner following the Transfer Date and following an affirmative election by Lender or such Successor Owner to perform obligations of Borrower relating to the Purchase Agreement.

ADDITIONAL PURCHASER AGREEMENTS. IF LENDER SHALL SUCCEED TO THE RIGHTS OF BORROWER UNDER THE PURCHASE AGREEMENT, LENDER SHALL BE BOUND BY ALL OF THE TERMS AND CONDITIONS THEREOF (EXCEPT AS EXPRESSLY SET FORTH HEREIN) INCLUDING TO CONVEY THE PROPERTY TO PURCHASER UPON THE TERMS AND CONDITIONS IN THE PURCHASE AGREEMENT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LENDER SHALL NOT BE:

a. Liable for any act or omission of any prior owner (including Borrower);

b. Bound by any advance which Purchaser might have paid for any portion of the Property not yet acquired or otherwise, or obligated to return such advance, except for Purchaser's rights to have the Option Consideration (as defined in the Purchase Agreement) credited against the Purchase Price (as defined in the Purchase Agreement). Purchaser agrees that unless the Option Consideration remains in the Escrow (in which event Lender's obligation to repay the same shall be limited to consenting to and/or directing Escrow Holder to disburse the amount of the Option Consideration remaining in Escrow to Purchaser) or is actually received by Lender from Escrow after the exercise of Lender's Remedies, Lender shall have no obligation to repay or refund any portion of the Option Consideration and that any such repayment or refund obligation shall be enforceable solely against Borrower and shall be subordinate to Borrower's obligations under the Note and Security Documents; or

c. Bound by any agreement purporting to cancel, terminate, amend or modify the Purchase Agreement entered into without Lender's prior consent and written approval; provided, however, that nothing herein shall be deemed to limit any termination rights Purchaser may have that are expressly provided for in the Purchase Agreement.

AFFIRMATIVE ASSUMPTION OF OBLIGATIONS; MATTERS REQUIRING LENDER'S CONSENT. NOTWITHSTANDING ANY PROVISION OF THIS

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AGREEMENT, THE PURCHASE AGREEMENT, AND/OR ANY OTHER AGREEMENT RELATING TO THE PURCHASE AGREEMENT WHICH MIGHT OTHERWISE BE CONSTRUED TO THE CONTRARY:

a. Nothing in this Agreement and/or in the Purchase Agreement as affected by this Agreement shall:

i) impose upon Lender or any Successor Owner any obligation to perform any of Borrower's obligations under or in connection with the Purchase Agreement (including but not limited to the completion of rough grading relating to the Property and/or any of Seller's Work (as defined in the Purchase Agreement), or to pay for any of the foregoing other than through advances under the Loan made in compliance with all applicable provisions of the Loan Documents), unless: (A) Lender or such Successor Owner has affirmatively elected in writing, in its sole and absolute discretion in each instance, to assume a specific obligation of performance, and (B) with respect to obligations assumed by Lender or any Successor Owner which is subject to regulation as a financial institution, Lender or such Successor Owner has determined in its sole and absolute discretion that it is permitted to assume and perform the specified obligation under the laws and regulations then affecting its business and operations;

ii) make Lender or any Successor Owner a guarantor of or surety for Borrower's performance of any obligation Borrower may owe to Purchaser, under the Purchase Agreement or otherwise; and/or

iii) except to the extent specifically provided for in this Agreement and subject to the fulfillment of all terms and conditions stated herein, modify, amend, or constitute a waiver of any provision of the Loan Documents as they currently exist and/or as Lender and Borrower may hereafter agree to modify them. If Lender or any Successor Owner has assumed specific obligations after making a determination that it is able to do so as provided in clause a) i) (A) above, and it thereafter receives notice from a bank examiner and/or other regulatory authority disputing its determination or directing it to cease the applicable activity, it shall have the right to cease performance of the assumed obligation until such time, if any, as such performance may be approved by all regulatory bodies having jurisdiction, without incurring any liability whatsoever to Borrower, Purchaser, or any other person by virtue of the existence of this Agreement; provided, however, that in such event Purchaser shall be entitled to seek all of its rights and remedies under this Agreement and the Purchase Agreement as if Lender had never assumed the obligations pursuant to clause a) i) (A) above.

b. Unless Lender or any Successor Owner agrees to the contrary in writing in its sole and absolute discretion in each instance:

i) No proceeds of the Loan shall be deposited in any holdback account; and

ii) Lender shall have no obligation to disburse any proceeds of the Loan to or for the benefit of any person other than Borrower;

iii) Except as contemplated in the Purchase Agreement or as permitted under this Agreement, Purchaser shall not conduct any construction or development activity on or in

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connection with any portion of the Lincoln Crossing Project remaining encumbered by the Security Documents and/or owned by Lender or a Successor Owner; and

iv) Nothing herein shall modify or waive the disbursement conditions and other terms and provisions of the Loan Documents affecting the use of Loan funds and/or Borrowers separate funds to pay costs of construction on the Property and/or other parts of the Lincoln Crossing Project, or any agreements between Borrower and Lender (and/or Lenders agents or designees) incident thereto (including but not limited to any of the foregoing relating to the order of construction of improvements and/or the allocation of funds to pay for specific costs).

c. To the extent that Purchaser's prior consent or approval is required under the Purchase Agreement or any related agreement for Borrower's expenditure or furnishing of funds in connection with construction of improvements on the Property and/or any other portion of the Lincoln Crossing Project, Purchaser agrees not to unreasonably withhold or delay any such consent; and

d. No provision of the Purchase Agreement or any other agreement relating thereto shall give Purchaser, any builder, or any other person any right to assume the Loan or take on Borrower's obligations relating thereto.

LIMITATIONS ON LIABILITY HEREUNDER. EXCEPT WITH RESPECT TO OBLIGATIONS UNDER THE PURCHASE AGREEMENT WHICH LENDER EXPRESSLY ASSUMES AND AGREES TO PERFORM, NEITHER LENDER NOR ANY OTHER PARTY WHO FROM TIME TO TIME SHALL BE INCLUDED IN THE DEFINITION OF LENDER HEREUNDER SHALL HAVE ANY LIABILITY OR RESPONSIBILITY UNDER OR PURSUANT TO THE TERMS OF THIS AGREEMENT FOR CLAIMS BASED ON FACTS OR CIRCUMSTANCES OCCURRING AFTER IT CEASES TO OWN A FEE INTEREST IN ANY OF THE PROPERTY OR THE OTHER PROPERTY.

DEFINITION OF LENDER. THE TERM "LENDER" SHALL BE DEEMED TO INCLUDE (A) BANK MIDWEST N.A.; (B) ANY AND ALL OF ITS SUCCESSORS AND ASSIGNS; AND (C) ANYONE WHO SHALL HAVE SUCCEEDED TO BORROWER'S INTEREST, WHETHER BY, THROUGH OR UNDER JUDICIAL OR NON-JUDICIAL FORECLOSURE OR OTHER PROCEEDINGS BROUGHT PURSUANT TO THE SECURITY DOCUMENTS, DEED IN LIEU OR IN ANY OTHER MANNER.

CERTIFICATIONS. BORROWER AND PURCHASER CERTIFY TO LENDER AS FOLLOWS:

a. The Purchase Agreement presently is in full force and effect and unmodified or changed (except as previously disclosed to Lender);

b. (i) Borrower represents and warrants that it has not transferred or assigned its interest in the Purchase Agreement to any party other than Lender and, to its actual knowledge, Purchaser has not done the same, and remains a party thereto and holds its interest thereunder free and clear of any lien, security interest, charge or encumbrance except in favor of Lender, and no other party (other than Lender or the junior security interests of any "Subordinate Lender" [as defined in the Loan Documents] approved by Lender) has any right or interest therein, (ii) Purchaser represents and

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warrants that it has not transferred or assigned its interest in the Purchase Agreement to any party and remains a party thereto and, to its actual knowledge, Borrower has not done the same (except in favor of Lender), and (iii) Borrower covenants and warrants that any assignment and security interest in the Purchase Agreement that may be granted by Borrower to any Subordinate Debt Holder is expressly subordinate to this Agreement and to the assignment and security interest granted to Lender hereunder, and that Borrower and each Subordinate Debt Holder shall confirm such subordination in writing reasonably acceptable to Lender;

c. To the best of Borrower's and Purchaser's knowledge, all conditions required under the Purchase Agreement that are required to be satisfied as of the date hereof have been met;

d. To the best of Borrower's and Purchaser's knowledge, no default exists under the Purchase Agreement;

e. To the best of Purchaser's knowledge, as of the date hereof, Purchaser has no charge, lien or claim of offset under the Purchase Agreement (except as disclosed to Lender or specifically provided for in the Purchase Agreement); and

f. The Purchase Agreement constitutes the entire agreement between Borrower and Purchaser with respect to the matters referenced therein.

For purposes of this Agreement, reference to the "best knowledge," "actual knowledge" or "knowledge" or words to that effect in connection with a certification, representation or warranty of Purchaser shall mean the current actual knowledge without any duty of inquiry or investigation of _____.

NOTICE AND CURE BY LENDER. IN THE EVENT BORROWER SHALL FAIL TO PERFORM OR OBSERVE ANY OF THE TERMS OR CONDITIONS IN THE PURCHASE AGREEMENT, PURCHASER SHALL GIVE WRITTEN NOTICE THEREOF TO LENDER (WHICH NOTICE MAY BE GIVEN CONCURRENTLY WITH ITS NOTICE TO BORROWER) AND LENDER SHALL HAVE THE RIGHT (BUT NOT THE OBLIGATION) TO CURE SUCH FAILURE, AND PURCHASER SHALL NOT TAKE ANY ACTION WITH RESPECT TO SUCH FAILURE UNDER THE PURCHASE AGREEMENT FOR A PERIOD OF THIRTY (30) DAYS AFTER RECEIPT OF SUCH WRITTEN NOTICE BY LENDER; PROVIDED, HOWEVER, THAT IN THE CASE OF ANY DEFAULT WHICH CANNOT WITH DILIGENCE BE CURED WITHIN SAID THIRTY (30) DAY PERIOD, IF LENDER NOTIFIES PURCHASER IN WRITING OF LENDER'S INTENTION TO CURE AND LENDER COMMENCES CURING SUCH FAILURE WITHIN SAID THIRTY (30) DAY PERIOD (INCLUDING, WITHOUT LIMITATION, COMMENCEMENT OF FORECLOSURE OR POSSESSORY PROCEEDINGS, IF NECESSARY, TO EFFECT SUCH CURE) AND THEREAFTER PROSECUTES THE CURE TO COMPLETION WITH DILIGENCE AND CONTINUITY, THE TIME WITHIN WHICH SUCH FAILURE MAY BE CURED SHALL BE EXTENDED FOR SUCH PERIOD AS MAY BE NECESSARY TO COMPLETE THE CURING OF SUCH FAILURE WITH DILIGENCE AND CONTINUITY AND, IN ANY SUCH EVENT, SUCH PURCHASE AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT WHILE SUCH CURE IS BEING DILIGENTLY PURSUED.

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NOTICE AND CURE BY PURCHASER. IN THE EVENT BORROWER SHALL FAIL TO PERFORM OR OBSERVE ANY OF THE TERMS OR CONDITIONS IN THE LOAN DOCUMENTS, LENDER SHALL GIVE WRITTEN NOTICE THEREOF TO PURCHASER AND PURCHASER SHALL HAVE THE RIGHT (BUT NOT THE OBLIGATION) TO CURE SUCH FAILURE, SUBJECT, HOWEVER, TO THE SATISFACTION OR WAIVER BY LENDER OF THE FOLLOWING CONDITIONS:

a. Lender and Purchaser shall have entered into an agreement within thirty (30) days of Purchaser's receipt of such notice of default from Lender as to the rights and obligations of Purchaser relating to such cure rights.

b. Lender and Purchaser agree to meet and negotiate in good faith an agreement between them relating to the rights of Purchaser to receive an offset against the Purchase Price (if the Close of Escrow, as defined in the Purchase Agreement, has not occurred) or other appropriate agreements (if the Close of Escrow has occurred) with respect to the costs of any cure Purchaser elects to undertake, except that neither Lender nor Purchaser shall have any liability to the other in the event of the failure to enter into any such agreement.

ACKNOWLEDGMENT AND AGREEMENT BY BORROWER. BORROWER, AS SELLER UNDER THE PURCHASE AGREEMENT AND TRUSTOR UNDER THE DEED OF TRUST, ACKNOWLEDGES AND AGREES, FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, THAT:

a. This Agreement does not:

i. constitute a waiver by Lender of any of its rights under the Loan Documents; or

ii. in any way release Borrower from its obligations to comply with the terms, provisions, conditions, covenants and agreements of the Loan Documents or the Purchase Agreement;

b. The provisions of the Loan Documents (as previously modified and as further modified concurrently with the execution of this Agreement) remain in full force and effect and must be complied with by Borrower;

c. In the event of an Event of Default under the Loan Documents, Purchaser will make all purchase payments and all other sums due under the Purchase Agreement to Lender or the Escrow Holder for the benefit of Lender as provided in this Agreement; and

d. Lender has no obligations nor shall Lender incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Purchase Agreement or otherwise, including, but not limited to, any warranties respecting use, compliance with zoning, Borrower's title, Borrower's authority, habitability, fitness for purpose or possession.

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LENDER AGREEMENTS.

a. Lender agrees to reconvey and release the lien of the Deed of Trust and other Security Documents, with respect to the Property, upon payment by Borrower or Purchaser of the Release Amount (as defined in the Note, as modified), subject to satisfaction (or waiver by Lender) of the conditions stated in Sections 5.20.3.2, 5.20.3.4, 5.20.3.6, and 5.20.3.7 of the Deed of Trust.

b. Notwithstanding anything to the contrary in this Agreement or the Loan Documents, neither Lender nor any Successor Owner shall have any right to a release of any funds held in any holdback, escrow or similar account, if any, established pursuant to the terms of the Purchase Agreement (collectively, the "Escrow Accounts") except to the extent Borrower (or Lender, acting as Borrower's successor) would be permitted to disbursement of the funds under the terms of the Purchase Agreement. Without limiting the generality of the foregoing, Lender and any Successor Owner shall not be entitled to collect or hold, or claim the right to collect or hold any funds held in the Escrow Accounts (regardless of the source of such funds) unless and until Borrower (or Lender, acting as Borrower's successor) would be entitled to receive such funds in accordance with the terms of the Purchase Agreement. Lender, for itself and any Successor Owner, acknowledges, covenants and agrees that it will not prevent, or take any action that would prevent, disbursement of funds from the Escrow Accounts to Purchaser or any other party in accordance with the terms of the Purchase Agreement.

BORROWER DEFAULTS UNDER THE PURCHASE AGREEMENT. THE PROVISIONS OF THIS SECTION 14 APPLY ONLY TO LENDER AND PURCHASER AND SPECIFICALLY DO NOT MODIFY OR AMEND THE PURCHASE AGREEMENT, PURCHASER'S RIGHTS AND REMEDIES THEREUNDER, OR BORROWER'S LIABILITIES AND OBLIGATIONS THEREUNDER.

a. Purchaser shall have the rights and remedies described in Section 14(b) below if Borrower fails to perform its obligations under the Purchase Agreement and Lender and/or any Successor Owner (as the case may be) do not take one of the following actions, when applicable (collective, the "Curative Actions"): (i) expressly assume and such obligations pursuant to Section 6 above, or (ii) elect in writing within thirty (30) days to exercise its cure rights pursuant to Section 10 above.

b. If Lender and/or any Successor Owner fails to take a Curative Action, then, notwithstanding anything to the contrary set forth in this Agreement, Purchaser shall be entitled to: (i) terminate the Purchase Agreement (in accordance with the terms thereof) if the Close of Escrow has not yet occurred; (ii) exercise Purchaser's cure or self-help rights under the Purchase Agreement, all in accordance with the terms and conditions in the Purchase Agreement; and/or (iii) seek to enforce all of Purchaser's other rights and remedies against Borrower under the Purchase Agreement.

NOTICES. ALL COMMUNICATIONS REQUIRED HEREUNDER OR IN THE LOAN DOCUMENTS SHALL BE GIVEN TO BORROWER, LENDER AND PURCHASER AT THEIR RESPECTIVE ADDRESSES SET FORTH IN THIS AGREEMENT, OR AT SUCH OTHER ADDRESSES AS EITHER PARTY MAY DESIGNATE BY NOTICE GIVEN IN ACCORDANCE WITH THE TERMS OF THIS SECTION. ALL COMMUNICATIONS REQUIRED OR PERMITTED PURSUANT TO THIS AGREEMENT SHALL BE LEGIBLE

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AND SHALL BE DEEMED TO HAVE BEEN PROPERLY GIVEN AND RECEIVED: A) IF SENT BY HAND DELIVERY, THEN UPON SUCH DELIVERY; B) IF SENT BY NATIONALLY KNOWN OVERNIGHT COURIER, THEN ON THE NEXT BUSINESS DAY AFTER DISPATCH; C) IF MAILED BY REGISTERED OR CERTIFIED U.S. MAIL, POSTAGE PREPAID AND RETURN RECEIPT REQUESTED, THEN 3 DAYS AFTER DEPOSIT IN THE MAIL; AND D) IF SENT VIA FACSIMILE PRIOR TO 5:00 P.M. KANSAS CITY LOCAL TIME ON A BUSINESS DAY (AS INDICATED ON THE CONFIRMATION SHEET PRINTED BY THE FACSIMILE MACHINE), THEN ON THE DATE SENT; OTHERWISE, ON THE NEXT SUCCEEDING BUSINESS DAY. THE WRITING SHALL BE DEEMED LEGIBLE UNLESS THE RECIPIENT OF THE NOTICE NOTIFIES THE SENDER TO THE CONTRARY WITHIN ONE BUSINESS DAY AFTER RECEIPT OF THE NOTICE.

MISCELLANEOUS.

a. This Agreement supersedes any inconsistent provision of the Purchase Agreement.

b. This Agreement shall not be canceled, modified or amended orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors or assigns.

c. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that in the event of the assignment or transfer of Lender's interest, all obligations and liabilities shall be the responsibility of Lender's successor in interest; provided, further, that Purchaser's interest under this Agreement may not be assigned or transferred without Lender's prior written consent in its sole discretion, except for any assignment permitted under the Purchase Agreement without Borrower's consent; it being understood that Lender is relying upon the particular reputation and expertise of Purchaser in entering into this Agreement.

d. If legal action is commenced to enforce or to declare the effect of any provision of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party, in addition to any other relief to which the prevailing party is entitled, reasonable attorneys' fees and other litigation costs. In addition to the foregoing award of attorneys' fees and other litigation costs to the prevailing party, the prevailing party in any lawsuit on this Agreement shall be entitled to its attorneys' fees and other litigation costs incurred in any post judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

e. This Agreement may be executed in any number of counterparts, all of which, together, shall constitute but one and the same agreement.

f. Headings are inserted into this Agreement for convenience only and shall not be considered in construing any provision.

g. The provisions of this Agreement are separable. If any judgment is hereafter entered holding that any provision of this Agreement to be invalid or unenforceable, then the remainder of

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this Agreement shall not be affected by such judgment, and the remaining terms of this Agreement shall be carried out as nearly as possible according to its original terms.

h. No inference in favor of, or against, any person shall be drawn from the fact that such person has drafted all or any portion of this Agreement or any other Loan Document.

i. The recitals listed above form an integral part of this Agreement.

j. The term "modified" and its derivatives means amended, changed, extended, renewed, altered, terminated, or canceled.

k. Lender's delay in or failure to exercise any right or remedy shall not be deemed a waiver of any obligation of Purchaser or right of Lender.

l. This Agreement constitutes the entire agreement between Lender and Purchaser with respect to the matters address herein.

m. Upon reasonable request, Lender, Purchaser, and Borrower each agrees to execute and deliver any additional documents or acknowledgments confirming their respective rights and obligations under this Agreement.

n. This Agreement may be executed in any number of duplicate counterparts, all of which shall constitute an original, but all of which together shall constitute one and the same instrument.

CHOICE OF LAW; VENUE.

This Agreement shall be governed by the laws of the State of California. Borrower, Lender and Purchaser agree that venue for any suit, action, or other legal proceedings arising out of this Agreement shall be in courts located in California whether local, state, or federal.

NO ORAL AGREEMENTS.

Without limiting or modifying the choice of law and venue provision in Section 17 above, the following notice is given to comply with § 432.045 of the Revised Statutes of Missouri:

Oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect you (borrower(s)) and us (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

As used in this Section, the term "this writing" is deemed to include this Agreement and all Loan Documents.

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WAIVER OF JURY TRIAL.

All persons who have signed this Agreement hereby irrevocably and severally: a) waive the right to a trial by jury in any action or proceeding brought by any person in connection with this Agreement; b) have made this waiver knowingly, intentionally, and voluntarily; c) acknowledge no reliance upon any oral or written statements made by any other person or by any person purporting to act on such person's behalf, either to induce this waiver of trial by jury or to modify or nullify its effect, other than those contained herein; d) acknowledge reading and understanding the meaning and ramifications of this waiver provision; and e) agree to take all such actions as may be required by applicable law to allow this waiver to be enforceable.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above set forth.

"PURCHASER"

WESTERN PLACER UNIFIED SCHOOL DISTRICT, a political subdivision of the State of California

By: _____
Name: _____
Title: _____
Address: _____

"BORROWER"

LB/L-SUNCAL LINCOLN CROSSING LLC, a Delaware limited liability company

By: SCC Master, LLC, a Delaware limited liability company, Its Member

By: _____
Name: Bruce Elieff
Title: Managing Member

By: LBREP Lakeside Lincoln Crossing LLC, a Delaware limited liability company, Its Member

By: _____
Name: _____
Title: _____

"LENDER"

BANK MIDWEST, N.A.

By: _____
John E. Baxter, Vice President

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EXHIBIT "A"

LEGAL DESCRIPTION

OF THE LINCOLN CROSSING PROJECT

(SEE ATTACHED)

7.4.78

EXHIBIT "B"

DEPICTION OF THE PROPERTY

(SEE ATTACHED)

7.9.79

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, 20__, before me, the undersigned, a notary public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____

Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, 20__, before me, the undersigned, a notary public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____

Notary Public

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STATE OF CALIFORNIA)
) ss.
COUNTY OF)

On _____, 2003, before me, the undersigned, a notary public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____

Notary Public

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CHICAGO TITLE INSURANCE COMPANY

Fidelity National Financial Group of Companies' Privacy Statement
July 1, 2001

We recognize and respect the privacy expectation of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

* From applications or other forms we receive from you or your authorized representative;
* From your transactions with, or from the services being performed by, us, our affiliates, or others;
* From our internet web sites;
* From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
* From consumer or other reporting agencies.

Our Policies Regarding The Protection Of The Confidentiality And Security Of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We may also disclose your Personal Information:

* to agents, brokers or representatives to provide you with services you have requested;
* to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
* to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right To Access Your Personal Information And Ability To Correct Errors Or Request Change Or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Fidelity National Financial, Inc.
601 Riverside Drive
Jacksonville, FL 32204

Multiple Products or Services:

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

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CHICAGO TITLE COMPANY

PRELIMINARY REPORT

FIRST AMENDED

Dated as of: December 2, 2003 at 7:30 AM

Reference: SCHOOL PARCELS - MATC 11900

Order No.: 1128208 - RV

Regarding: LINCOLN CROSSING SCHOOL LOTS
LINCOLN, CALIFORNIA

CHICAGO TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms are available upon request.

Please read the exceptions shown or referred to in Schedule B and the exceptions and exclusions set forth in the attached list of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

The form of policy of title insurance contemplated by this report is:

American Land Title Association Loan Policy (10-17-92)

Visit Us On The Web: www.westerndivision.ctt.com

Title Department:

CHICAGO TITLE COMPANY
105 LAKE FOREST WAY, SUITE A-1
FOLSOM, CALIFORNIA 95630
(916)985-0300 fax: (916)353-2380

Ramon Veloz
TITLE OFFICER

7.4.83

SCHEDULE A

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

A FEE

2. Title to said estate or interest at the date hereof is vested in:

LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY

3. The land referred to in this report is situated in the State of California, County of PLACER and is described as follows:

SEE ATTACHED DESCRIPTION

7.4.84

DESCRIPTION

CITY OF LINCOLN

PARCEL ONE:

LOT 300 AS SHOWN ON THAT CERTAIN MAP ENTITLED "LINCOLN CROSSING PHASE 1 - LARGE LOT SUBDIVISION", RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF PLACER COUNTY, CALIFORNIA APRIL 22, 2003, IN BOOK Y OF MAPS, MAP NO. 83

A PORTION OF ASSESSOR'S PARCEL NOS.:
021-273-096
021-330-022

PARCEL TWO:

FUTURE SCHOOL LOT 301 AS SHOWN ON THAT CERTAIN MAP ENTITLED "LINCOLN CROSSING PHASE 2", YET TO BE RECORDED BEING A SUBDIVISION OF THE FOLLOWING DESCRIBED PROPERTY:

LOT 4 AS SHOWN ON THAT CERTAIN MAP ENTITLED "LINCOLN CROSSING PHASE 1 - LARGE LOT SUBDIVISION", RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF PLACER COUNTY, CALIFORNIA APRIL 22, 2003, IN BOOK Y OF MAPS, MAP NO. 83

A PORTION OF ASSESSOR'S PARCEL NOS.:
021-330-023
021-340-015

PARCEL THREE:

FUTURE SCHOOL LOT 302 AS SHOWN ON THAT CERTAIN MAP ENTITLED "LINCOLN CROSSING PHASE 3A-LARGE LOT SUBDIVISION", YET TO BE RECORDED BEING A SUBDIVISION OF THE FOLLOWING DESCRIBED PROPERTY:

ALL THAT PORTION OF SECTIONS 21, 27, 28 AND 29 OF TOWNSHIP 12 NORTH, RANGE 6 EAST, M.D.M., WITHIN THE CITY OF LINCOLN, PLACER COUNTY, CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 21; THENCE FROM SAID POINT OF BEGINNING SOUTHERLY ALONG THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 21 SOUTH 00°05'43" EAST 406.02 FEET; THENCE SOUTH 40°48'16" EAST 3570.25 FEET; THENCE CURVING TO THE RIGHT ON ARC OF 5000.00 FOOT RADIUS CURVE, SAID ARC HAVING AN INTERIOR ANGLE OF 10°36'16", AN ARC LENGTH OF 925.41 FEET AND BEING SUBTENDED BY A CHORD BEARING SOUTH 35°30'08" EAST 924.09 FEET TO THE NORTHWESTERLY RIGHT-OF-WAY LINE OF THE SOUTHERN PACIFIC RAILROAD; THENCE ALONG SAID RIGHT-OF-WAY LINE SOUTH 17°57'22" WEST 2916.19 FEET TO THE SOUTH LINE OF THE NORTH ONE-HALF OF THE SOUTHEAST ONE QUARTER OF SAID SECTION 28; THENCE ALONG SAID SOUTH LINE AND THE SOUTH LINE OF THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 28 SOUTH 89°53'49" WEST 3281.67 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE NORTHERLY ALONG THE WEST LINE OF THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 28 NORTH 00°08'39 WEST 1322.55 FEET TO THE NORTHWEST CORNER THEREOF; THENCE ALONG THE SOUTH LINE OF THE NORTH ONE-HALF OF SAID SECTION 28 AND THE SOUTH LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 29 NORTH 89°59'14" WEST 2108.05 FEET TO THE SOUTHWEST CORNER OF THE EAST 47.5 ACRES OF THE NORTHEAST ONE-QUARTER OF SAID

7.4.85

DESCRIPTION

SECTION 29; THENCE ALONG THE WEST LINE OF SAID EAST 47.5 ACRES NORTH 00°05'00" WEST 2651.38 FEET TO THE NORTHWEST CORNER THEREOF; THENCE ALONG THE NORTH LINE OF SAID SECTION 29 NORTH 89°53'34" EAST 780.27 FEET TO THE NORTHEAST CORNER OF SAID SECTION 29; THENCE ALONG THE WEST LINE OF SAID SECTION 21 NORTH 00°11'06" EAST 34.00 FEET; THENCE EASTERLY ALONG A LINE PARALLEL TO THE SOUTH LINE OF SAID SECTION 21 NORTH 89°46'38" EAST 1340.60 FEET; THENCE ALONG A LINE PARALLEL TO THE WEST LINE OF SAID SECTION 21 SOUTH 00°11'06" WEST 34.00 FEET TO THE SOUTH LINE OF SAID SECTION 21; THENCE EASTERLY ALONG THE SOUTH LINE OF SAID SECTION 21 NORTH 89°46'38" EAST 1309.30 FEET TO THE SOUTHWEST CORNER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 21; THENCE ALONG THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 21 NORTH 00°05'43" WEST 1365.39 FEET; THENCE SOUTH 89°54'17" WEST 30.00 FEET; THENCE NORTHERLY ALONG A LINE PARALLEL TO AND 30.00 FEET WESTERLY OF, MEASURED AT RIGHT ANGLE TO, THE EAST LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 21 NORTH 00°05'43" WEST 120.00 FEET; THENCE SOUTH 89°54'17" WEST 10.00 FEET; THENCE ALONG A LINE PARALLEL TO AND 40.00 FEET WESTERLY OF, MEASURED AT RIGHT ANGLE TO, THE EAST LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 21 NORTH 00°05'43" WEST 1129.89 FEET TO A POINT LOCATED 40.00 FEET SOUTH OF, MEASURED AT RIGHT ANGLE TO, THE NORTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 21; THENCE ALONG A LINE PARALLEL TO AND 40.00 FEET SOUTH OF, MEASURED AT RIGHT ANGLE TO, THE NORTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 21 SOUTH 89°44'26" WEST 2597.11 FEET TO THE WEST LINE OF SAID SECTION 21; THENCE ALONG SAID WEST LINE NORTH 00°11'06" EAST 40.00 FEET TO THE WEST ONE-QUARTER CORNER OF SAID SECTION 21; THENCE ALONG THE NORTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 21 THE FOLLOWING TWO (2) COURSES: (1) NORTH 89°44'26" EAST 1757.94 FEET AND (2) NORTH 89°44'26" EAST 878.97 FEET TO THE POINT OF BEGINNING.

SAID DESCRIPTION IS REFERENCED AS RESULTANT PARCEL 3 OF LOT LINE ADJUSTMENT RECORDED JULY 19, 2001 AS SERIES NO. 2001-0072790

ASSESSOR'S PARCEL NUMBER: 021-280-099

7.4.86

SCHEDULE B

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this Report would be as follows:

AU 1. SUPPLEMENTAL TAXES:

AW Supplemental Tax Bill No. 990-156-607-000 ASSESSOR'S PARCEL NUMBER 021-340-015-000
First Installment : $11,881.03 PAID
Second Installment : $11,881.03 OPEN

Assessed Valuations:
Land : $2,979,335.00
Improvements : $0.00

A 2. The Lien of Supplemental Taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.

B 3. Any taxes, assessments or charges levied by the following agency. Amounts due, if any, may be ascertained by contacting the agency.
NEVADA IRRIGATION DISTRICT, 530-273-6185.

C 4. An easement for POLE LINE GRANTED TO PACIFIC GAS AND ELECTRIC COMPANY and incidental use over A PORTION OF PARCEL ONE, RECORDED JANUARY 27, 1930, BOOK 280, PAGE 447, OFFICIAL RECORDS as shown on the ALTA Survey dated June 18, 2002, prepared by MacKay & Somps as Survey No. 18202-AL.

AX THE ABOVEMENTIONED EASEMENT HAS BEEN RELOCATED BY DOCUMENT ENTITLED "EASEMENT RELOCATION AND MODIFICATION AGREEMENT" BY AND BETWEEN LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY AND PACIFIC GAS AND ELECTRIC COMPANY, A CALIFORNIA CORPORATION, RECORDED SEPTEMBER 19, 2003, Document No. 2003-0161768, OFFICIAL RECORDS.

E 5. Terms and provisions of a document entitled "DEVELOPMENT AGREEMENT" DATED DECEMBER 14, 1999, EXECUTED BY AND BETWEEN CITY OF LINCOLN AND CSY LINCOLN CROSSING, L.P., RECORDED JANUARY 28, 2000, INSTRUMENT NO. 2000-0005438, OFFICIAL RECORDS

RECORD REFERENCE IS HEREBY MADE FOR FULL PARTICULARS.

F The interest of CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP was assigned to LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY by TRANSFER AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071040, OFFICIAL RECORDS

G The interest of LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY was assigned to BANK MIDWEST N.A. by COLLATERAL ASSIGNMENT OF DEVELOPMENT RIGHTS RECORDED NOVEMBER 8, 2002, SERIES NO.

7.4.87

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

2002-0140515, OFFICIAL RECORDS.

H The interest of LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY was assigned to CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP by document COLLATERAL ASSIGNMENT OF DEVELOPMENT AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071047, OFFICIAL RECORDS .

I The interest of CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP was assigned to MAYBANK INTERNATIONAL (L) LIMITED by document ASSIGNMENT OF RIGHTS UNDER COLLATERAL ASSIGNMENT OF DEVELOPMENT AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071055, OFFICIAL RECORDS.

J The interest of LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY was assigned to CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP by document COLLATERAL ASSIGNMENT OF SEWER CAPACITY RIGHTS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071048, OFFICIAL RECORDS.

K The interest of CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP was assigned to MAYBANK INTERNATIONAL (L) LIMITED by document ASSIGNMENT OF RIGHTS UNDER COLLATERAL ASSIGNMENT OF SEWER CAPACITY RIGHTS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071056, OFFICIAL RECORDS.

L THE ABOVE MENTIONED DOCUMENT WAS RERECORDED ON AUGUST 16, 2002, SERIES NO. 2002-0095371, OFFICIAL RECORDS.

M The interest of LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY was assigned to CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP by document COLLATERAL ASSIGNMENT OF INFRASTRUCTURE FEE CREDITS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071049, OFFICIAL RECORDS.

N The interest of CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP was assigned to MAYBANK INTERNATIONAL (L) LIMITED by document ASSIGNMENT OF RIGHTS UNDER COLLATERAL ASSIGNMENT OF INFRASTRUCTURE FEE CREDITS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071057, OFFICIAL RECORDS.

O THE ABOVE MENTIONED DOCUMENT WAS RERECORDED ON AUGUST 16, 2002, SERIES NO. 2002-0095372, OFFICIAL RECORDS.

P The interest of LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY was assigned to CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP by document COLLATERAL ASSIGNMENT OF INFRASTRUCTURE REIMBURSEMENT RIGHTS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071050, OFFICIAL RECORDS.

Q The interest of CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED

7.4.88

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

PARTNERSHIP was assigned to MAYBANK INTERNATIONAL (L) LIMITED by document ASSIGNMENT OF RIGHTS UNDER COLLATERAL ASSIGNMENT OF INFRASTRUCTURE REIMBURSEMENT RIGHTS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071058, OFFICIAL RECORDS.

R The DEVELOPMENT AGREEMENT was modified by FIRST AMENDMENT OF DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LINCOLN AND CSY LINCOLN CROSSING, L.P. RECORDED AUGUST 23, 2002, SERIES NO. 2002-0098593, OFFICIAL RECORDS.

S Subordination Agreement RECORDED NOVEMBER 8, 2002, SERIES NO. 2002-0140514, OFFICIAL RECORDS reciting that the COLLATERAL ASSIGNMENT OF DEVELOPMENT AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071047, the COLLATERAL ASSIGNMENT OF SEWER CAPACITY RIGHTS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071048, the COLLATERAL ASSIGNMENT OF INFRASTRUCTURE FEE CREDITS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071049 and the COLLATERAL ASSIGNMENT OF INFRASTRUCUTRE REIMBURSEMENT RIGHTS AND SECURITY AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071050 were subordinated to the COLLATERAL ASSIGNMENT OF DEVELOPMENT RIGHTS RECORDED NOVEMBER 8, 2002, SERIES NO. 2002-0140515, OFFICIAL RECORDS.

BC The DEVELOPMENT AGREEMENT was modified by SECOND AMENDMENT OF DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LINCOLN AND CSY LINCOLN CROSSING, L.P. RECORDED NOVEMBER 21, 2003, AS DOCUMENT NO. 2003-0197185, OFFICIAL RECORDS.

T 6. Terms and provisions of a document entitled SCHOOL MITIGATION AGREEMENT, EXECUTED BY WESTERN PLACER UNIFIED SCHOOL DISTRICT AND CSY LINCOLN CROSSING, LP, RECORDED JANUARY 10, 2001, INSTRUMENT NO. 2001-0002427, OFFICIAL RECORDS.

U The interest of CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP was assigned to LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY by document ASSIGNMENT AND ASSUMPTION AGREEMENT RELATIVE TO SCHOOL MITIGATION AGREEMENT RECORDED JUNE 20, 2002, SERIES NO. 2002-0071041, OFFICIAL RECORDS.

V 7. Terms and provisions of a document entitled CONSTRUCTION AND ACCESS LICENSE AND EASEMENTS AGREEMENT, RECORDED JUNE 20, 2002, SERIES NO. 2002-0071042, OFFICIAL RECORDS.

W 8. Terms and provisions of a document entitled DRAINAGE EASEMENT AGREEMENT, RECORDED JUNE 20, 2002, SERIES NO. 2002-0071043, OFFICIAL RECORDS.

X 9. Terms and provisions of a document entitled FLYOVER CONSTRUCTION EASEMENT AGREEMENT, RECORDED JUNE 20, 2002, SERIES NO. 2002-0071044, OFFICIAL RECORDS.

Y AFFECTS PARCELS ONE AND TWO

7.4.89

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

Z 10. Terms and provisions of a document entitled DECLARATION AND MEMORANDUM, RECORDED JUNE 20, 2002, SERIES NO. 2002-0071045, OFFICIAL RECORDS.

AA 11. Deed of Trust to secure an indebtedness of $21,000,000.00

Dated	:	JUNE 14, 2002
Trustor	:	LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY
Trustee	:	FIDELITY NATIONAL TITLE COMPANY
Beneficiary	:	CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP
Recorded	:	JUNE 20, 2002, SERIES NO. 2002-0071046, OFFICIAL RECORDS

AB AFFECTS PARCEL THREE

AC The beneficial interest under the Deed of Trust was assigned to MALAYAN BANKING BERHAD, AS ADMINISTRATIVE/COLLATERAL AGENT FOR MAYBANK INTERNATIONAL (L) LIMITED by document RECORDED JUNE 20, 2002, SERIES NO. 2002-0071054, OFFICIAL RECORDS.

AD 12. Terms and provisions of a document entitled SUBORDINATION AND INTERCREDITOR AGREEMENT, RECORDED JUNE 20, 2002, SERIES NO. 2002-0071051, OFFICIAL RECORDS.

AE 13. A CONSTRUCTION Deed of Trust by LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY, trustor, to FIDELITY TITLE INSURANCE COMPANY, trustee, for the benefit of BANK MIDWEST N.A., beneficiary, to secure a note in the original amount of $39,683,616.00 and any other obligations secured thereby, RECORDED NOVEMBER 8, 2002, SERIES NO. 2002-0140512, OFFICIAL RECORDS

AFFECTS PARCELS ONE AND TWO.

AY The Deed of Trust was modified or amended by document entitled AMENDMENT TO DEED OF TRUST, RECORDED JULY 3, 2003, Document No. 2003-0110161, OFFICIAL RECORDS.

AF 14. Deed of Trust to secure an indebtedness of $20,400,000.00

Dated	:	JUNE 14, 2002
Trustor	:	LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY
Trustee	:	CHICAGO TITLE COMPANY, A CALIFORNIA CORPORATION
Beneficiary	:	LBREP LINCOLN CROSSING HOLDINGS LLC, A DELAWARE LIMITED LIABILITY COMPANY
Recorded	:	JUNE 20, 2002, SERIES NO. 2002-0071052, OFFICIAL RECORDS

7.4.90

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

AG Subordination Agreement RECORDED NOVEMBER, 2002, SERIES NO. 2002-00140513 reciting that the Deed of Trust was subordinated to the Deed of Trust RECORDED NOVEMBER 8, 2002, SERIES NO. 2002-0140512, OFFICIAL RECORDS.

AH 15. Easements over portions of the land as shown on the plat of LINCOLN CROSSING PHASE 1 - LARGE LOT SUBDIVISION, RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF PLACER COUNTY, CALIFORNIA APRIL 22, 2003, IN BOOK Y OF MAPS, MAP NO. 83, for the purposes shown thereon.

AI 16. Terms and provisions of a document entitled SUBDIVISION AGREEMENT FOR LINCOLN CROSSING PHASE 1 - LARGE LOT SUBDIVISION BY AND BETWEEN THE CITY OF LINCOLN AND LB/L-SUNCAL LINCOLN CROSSING LLC, RECORDED APRIL 22, 2003, SERIES NO. 2003-0061116, OFFICIAL RECORDS.

AJ 17. Possible future assessments of the WESTERN PLACER UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2 Assessment District, secured by instrument recorded MAY 20, 2003, Document No. 2003-0078912, OFFICIAL RECORDS.

AZ 18. Possible future assessments of the CITY OF LINCOLN COMMUNITY FACILITY DISTRICT 2003-1 Assessment District, secured by instrument recorded MAY 28, 2003, Document No. 2003-0083451, OFFICIAL RECORDS.

BA 19. Terms and provisions of a document entitled DRAINAGE EASEMENT AGREEMENT, BY AND BETWEEN THE WAYNE AND DUSTYE NADER FAMILY TRUST, U/T/A DATED APRIL 10, 200, STANLEY P. NADER, AN INDIVIDUAL AND THE LAURA JOAN NADER REVOCABLE 1992 TRUST DATED JUNE 25, 1992 AND LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY, RECORDED SEPTEMBER 22, 2003, Document No. 2003-0163025, OFFICIAL RECORDS.

AK END OF SCHEDULE B

STR/RWV

BB NOTE: THE LEGAL DESCRIPTION DESCRIBED IN THIS REPORT IS PREPARATORY TO THE ISSUANCE OF A SUBDIVISION GUARANTEE AND IS INTENDED SOLELY FOR THE USE OF THOSE PARTIES DIRECTLY INVOLVED IN THE PREPARATION AND CHECKING OF SAID MAP AND IS SUBJECT TO CHANGE AT ANY TIME.

AL TAX NOTE:

AM General and special taxes for the fiscal year 2003 - 2004.

1st Installment	:	$23,073.22 PAID
2nd Installment	:	$23,073.22 PAID
Parcel No.	:	021-273-096-000
Assessment No.	:	-
Code Area	:	003-009

Assessed Valuations:

7.4.91

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

	Land	:	$4,404,965.00
	Improvements	:	$71,400.00
	Exemption	:	$0.00
AN	General and special taxes for the fiscal year 2003 - 2004.		
	1st Installment	:	$100,199.87 PAID
	2nd Installment	:	$100,199.87 PAID
	Parcel No.	:	021-280-099-000
	Assessment No.	:	-
	Code Area	:	003-013
	Assessed Valuations:		
	Land	:	$19,355,790.00
	Improvements	:	$132,600.00
	Exemption	:	$0.00
AO	General and special taxes for the fiscal year 2003 - 2004.		
	1st Installment	:	$778,975.20 PAID
	2nd Installment	:	$778,975.20 PAID
	Parcel No.	:	021-330-022-000
	Assessment No.	:	-
	Code Area	:	003-013
	Assessed Valuations:		
	Land	:	$6,687,309.00
	Improvements	:	$0.00
	Exemption	:	$0.00
AP	General and special taxes for the fiscal year 2003 - 2004.		
	1st Installment	:	$7,606.53 PAID
	2nd Installment	:	$7,606.53 PAID
	Parcel No.	:	021-330-023-000
	Assessment No.	:	-
	Code Area	:	003-013
	Assessed Valuations:		
	Land	:	$1,479,530.00
	Improvements	:	$0.00
	Exemption	:	$0.00
AQ	General and special taxes for the fiscal year 2003 - 2004.		
	1st Installment	:	$15,660.11 PAID
	2nd Installment	:	$15,660.11 PAID
	Parcel No.	:	021-340-015-000
	Assessment No.	:	-
	Code Area	:	003-009

7.4.92

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

Assessed Valuations:

Land	:	$3,038,921.00
Improvements	:	$0.00
Exemption	:	$0.00

AR CHAIN OF TITLE REPORT

According to the public records, no Deeds conveying the property described in this report have been recorded within a period of 24 months prior to the date of this report, except as shown herein.

Grantor	:	CSY LINCOLN CROSSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP
Grantee	:	LB/L-SUNCAL LINCOLN CROSSING LLC, A DELAWARE LIMITED LIABILITY COMPANY
Recorded	:	JUNE 20, 2002, SERIES NO. 2002-0071039, OFFICIAL RECORDS

AS NOTE: If this Company is requested to disburse funds in connection with this transaction, Chapter 598, Statutes of 1989 mandates hold periods for checks deposited to escrow or sub-escrow accounts. The mandatory hold period for cashier's checks, certified checks and teller's checks is one business day after the day deposited. Other checks require a hold period from three to seven business days after the day deposited.

NOTE: If your order calls for a search of property that is identified by street address only, please verify that the description in this report covers the entire parcel or parcels that you intended. Your written approval of this preliminary report confirms that it includes all of the real property you requested.

7.4.93

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment, of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or government regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has ocurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or the estate of interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditor's rights laws.

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

7.4.94

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the exceptions in Schedule B, you are not insured against loss, costs, attorney's fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
   * land use
   * land division
   * improvements on the land
   * environmental protection

   This exclusion does not apply to the violations or the enforcement of these matters which appear in the public records at Policy Date.
   This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.
2. The right to take the land by condemning it, unless:
   * a notice of exercising the right appears in the public records on the Policy Date
   * the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
   * that are created, allowed, or agreed to by you
   * that are know to you, but not to us, on the Policy Date - unless they appeared in the public records
   * that result in no loss to you
   * that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
   * to any land outside the area specifically described and referred to in Item 3 of Schedule A, or
   * in streets, alleys, or waterways that touch your land

   This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions, you are not insured against loss, costs, attorney's fees and expenses resulting from:

1. Someone claiming an interest in your land by reason of:
   A. Easements not shown in the public records
   B. Boundary disputes not shown in the public records
   C. Improvements owned by your neighbor placed on your land
2. If, in addition to a single family residence, your existing structure consists of one or more Additional Dwelling Units, Item 12 of Covered Title Risks does not insure you against loss, costs, attorney's fees, and expenses resulting from:
   A. The forced removal of any Additional Dwelling Unit, or,
   B. The forced conversion of any Additional Dwelling Unit back to its original use, if said Additional Dwelling Unit was either constructed or converted to use as a dwelling unit in violation of any law or government regulation.

7.4.95

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment, of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or government regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting fom a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police power not excluded by (a) above, execpt to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has ocurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or the estate of interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any statute lien for services, labor or materials (or the claim or priority of any statutory lien for services, labor and materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditor's rights laws, that is based on:
   (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
   (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to purchaser for value or a judgment or lien creditor.

7.4.96

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
(Continued)

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
   Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interest or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown bythe public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

7.4.97

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment, of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or government regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting fom a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
   (b) Any governmental police powered not excluded by (a) above, execpt to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has ocurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
   (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
   (c) resulting in no loss or damage to the insured claimant;
   (d) attaching or created subsequent to date of Policy; or
   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or the estate of interest insured by this policy.
4. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditor's rights laws, that is based on:
   (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
   (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
   (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
      (a) to timely record the instrument of transfer; or
      (b) of such recordation to impart notice to purchaser for value or a judgment or lien creditor.

7.4.98

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
(Continued)

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
   Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interest or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown bythe public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown bythe public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98) EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:

   a. building
   b. zoning
   c. Land use
   d. improvements on Land
   e. Land division
   f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17, or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion doese not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.

3. The right to take the Land by condemning it, unless:
   a. notice of exercising the right appears in the Public Records at the Policy Date; or
   b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.

7.4.99

SCHEDULE B
(continued)

Order No: 1128208 RV Your Ref: SCHOOL PARCELS - MATC 11900

4. Risks:
   a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
   b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
   c. that result in no loss to You; or
   d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.

5. Failure to pay value for Your Title.

6. Lack of a right:
   a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
   b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

7.4.10

TITLE NOTE PAGE

Order No. 1128208 RV

THIS INFORMATION IS FOR YOUR OFFICE USE ONLY. IT IS NOT TO BE SENT TO YOUR CLIENT. THESE ITEMS MUST BE CONSIDERED PRIOR TO CLOSING.

7.4.101

CHICAGO TITLE COMPANY

Fax

Escrow No. 1128208 - RV Escrow Officer Ramon Veloz Date August 6, 2004

NOTICE OF TAX WITHHOLDING REQUIREMENTS

In accordance with Sections 18662 and 18668 of the California Revenue and Taxation Code, a buyer may be required to withhold an amount equal to THREE AND ONE-THIRD percent (3-1/3%) of the sales price in the case of a disposition of California real property interest by either:

1. A seller who is an individual or when the disbursement instructions authorize the proceeds be sent to a "financial intermediary" of the seller, OR

2. A corporate seller that has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold in an amount equal to the greater of Ten percent (10%) of the amount required to be withheld or five hundred dollars ($500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does NOT exceed one hundred thousand dollars ($100,000), OR

2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a corporation with a permanent place of business in California, OR

3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, of any of the following:

   A. That the California real property being conveyed is the Seller's principal residence (within the meaning of Section 121 of the Internal Revenue Code).

   B. That the California real property being conveyed is or will be exchanged for property of like kind (within the meaning of Section 1031 of the Internal Revenue Code), but only to the extent of the amount of gain not required to be recognized for California income tax purposes under Section 1031 of the Internal Revenue Code.

   C. That the California real property has been compulsorily or involuntarily converted (within the meaning of Section 1033 of the Internal Revenue Code) and that the seller intends to acquire property similar or related in service or use so as to be eligible for nonrecognition of gain for California income tax purposes under Section 1033 of the Internal Revenue Code.

   D. That the California real property transaction will result in a loss for California income tax purposes.

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis for corporations or other entities.

Additionally, under the federal "Foreign Investment in Real Property Tax Act" (FIRPTA) as amended and related laws, a buyer may be required to withhold, and could be liable for, an additional tax equal to TEN percent (10%) of the sales price of the real property being conveyed, in the case of a seller who may be classified as a "foreign person" under Section 1445 of the Internal Revenue Code of 1986.

The Federal statute referenced above includes provisions that authorize the IRS to grant reduced

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