

AMENDED AND RESTATED
LOAN AND GRANT AGREEMENT
(Dated as of August 31, 2005)

by and between the

REDEVELOPMENT AGENCY
OF THE CITY OF SEAL BEACH

and

LINC COMMUNITY DEVELOPMENT CORPORATION

Seal Beach Trailer Park Project

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- Exhibit B: [Reserved]**
- Exhibit C: Physical Needs Assessment**
- Exhibit D: Form of Residual Receipts Promissory Note**
- Exhibit E: Form of Loan and Grant Deed of Trust**
- Exhibit F: Schedule of Grant Advances**

AMENDED AND RESTATED
LOAN AND GRANT AGREEMENT

This AMENDED AND RESTATED LOAN AND GRANT AGREEMENT (this "Agreement") dated as of August 31, 2005, is entered into by and between the Redevelopment Agency of the City of Seal Beach, a public body, corporate and politic (the "Agency"), and LINC Community Development Corporation, a California nonprofit public benefit corporation (the "Borrower"). The Agency and Borrower are parties to that certain Loan and Grant Agreement (the "Original Loan and Grant Agreement") dated as of December 1, 2000, and Agency and Borrower desire to amend and restate said Original Loan and Grant Agreement in its entirety. Therefore, in consideration of the above premises, the mutual covenants herein contained, and for other good and valuable consideration, the parties hereto hereby amend and restate the Original Loan and Grant Agreement in its entirety as hereinafter set forth.

RECITALS

This Agreement is entered into with reference to the following facts:

A. The City Council of the City of Seal Beach adopted the Redevelopment Plan for the Riverfront Redevelopment Project (the "Redevelopment Plan") on March 3, 1969, by Ordinance No. 780. The Redevelopment Plan established the Seal Beach Redevelopment Project ("Redevelopment Project Area") and set forth goals, objectives, and proposed activities for redevelopment of the Project Area.

B. The Borrower is party to a purchase and sale agreement pursuant to which it intends to purchase certain improved real property described in the attached Exhibit A (the "Property"). The Property is improved as a one-hundred twenty-five (125) space mobile home park, including a clubhouse and other common area improvements, known as Seal Beach Trailer Park. The Property and the improvements thereon (not including individually owned mobile homes and related structures over, upon or adjacent to such mobile homes) will be referred to collectively in this Agreement as the "Park."

C. Through this Agreement and accompanying documents, the Agency is providing a loan to the Borrower in the amount of \$985,000 from the Agency's Low and Moderate Income Housing Fund (the "Residual Receipts Loan") to assist in the acquisition of the Park by the Borrower and a grant to Borrower in the amounts described herein from the Agency's Low and Moderate Income Housing Fund (or from other monies available to the Agency) (the "Grant") to assist in funding a rental assistance fund to be utilized to provide subsidies for eligible residents of the Park.

WITH REFERENCE TO THE FACTS RECITED ABOVE, the Agency and the Borrower agree as follows:

ARTICLE 1
DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply:

- (a) "Agency" means the Redevelopment Agency of the City of Seal Beach, a public body, corporate and politic, organized and existing pursuant to the Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.).
- (b) [Reserved.]
- (c) "Agency Loan and Grant Documents" means this Agreement, the Residual Receipts Promissory Note, the Loan and Grant Deed of Trust, and the Agency Loan and Grant Regulatory Agreement.
- (d) [Reserved.]
- (e) "Agency Loan and Grant Regulatory Agreement" means the regulatory agreement in a form to be provided by the Agency; to be signed by the Agency and the Borrower and recorded against the Property as a condition of the Agency funding of the Residual Receipts Loan and Grant.
- (f) "Agreement" means this Loan and Grant Agreement.
- (g) [Reserved.]
- (h) "Approved Financing" means the following loans and grants acquired by the Borrower and approved by the Agency for the purpose of financing the acquisition of the Park, in addition to the Residual Receipts Loan and Grant:
- (1) Loan of the proceeds of Redevelopment Agency of the City of Seal Beach Mobile Home Park Revenue Bonds, Series 2000 (the "Bonds") in the approximate amount of \$6,750,000 pursuant to the Senior Loan Agreement (the "Bond Loan");
 - (2) The State Loan; and
 - (3) A bridge loan in the amount of \$1,000,000 from the Agency to the Borrower, payable from the proceeds of the State Loan and Residual Receipts.
- (i) "Bond Documents" means the Indenture, the Senior Loan Agreement and the other documents associated with the bond issuance described in Section 1.1(h)(1) above.

- (j) "Borrower" means LINC Community Development Corporation, a California nonprofit public benefit corporation, and its permitted successors and assigns hereunder.
- (k) "City" means the City of Seal Beach, California, a municipal corporation, operating through its governing body and its various departments.
- (l) "Closing Date" means the closing date for the Bonds. .
- (m) "Close of Escrow" means the close of escrow on Borrower's acquisition of the Park from Seller.
- (n) "CPI" means the Consumer Price Index [All Urban Consumers] for the California CMSA in which the City of Seal Beach is located (base year 1982-84 = 100), published by the United States Department of Labor, Bureau of Labor Statistics (BLS). If the base is changed, the CPI used shall be converted according to the conversion factor provided by the BLS.
- (o) "Event of Default" has the meaning given in Section 6.1.
- (p) "Executive Director" means the Executive Director of the Agency, or his or her designee.
- (q) "Improvements" means the mobilehome park improvements located on the Property, and streets, and including any mobilehomes owned by the Borrower, but excluding individually-owned mobilehomes and related structures over, upon or adjacent to such mobile homes.
- (r) "Indenture" means the Indenture of Trust dated as of December 1, 2000, by and between the Agency and the Trustee.
- (s) "Loan and Grant Deed of Trust" means the deed of trust in the form attached hereto as Exhibit E, encumbering the Property and securing this Agreement and the Agency Loan and Grant Regulatory Agreement.
- (t) "Net Operating Revenues" has the meaning attributable to such term in the Senior Loan Agreement.
- (u) "Operating Reserve Fund" has the meaning attributable to such term in the Indenture.
- (v) "Operating Revenues" has the meaning attributable to such term in the Senior Loan Agreement.
- (w) "Operation and Maintenance Costs" has the meaning attributable to such term in the Senior Loan Agreement.

- (x) "Oversight Agent" has the meaning attributable to such term in the Indenture.
- (y) "Park" means the Property and the Improvements.
- (aa) "Party" or Parties" means the Agency and/or the Borrower, as appropriate.
- (bb) "Permitted Incumbrances" means those exceptions to Title to the Property described in that certain proforma Title policy of The Title Company dated December 18, 2000.
- (cc) "Property" means the property described in the attached Exhibit A, upon which the Seal Beach Trailer Park is located.
- (dd) "Purchase Agreement" means the Purchase and Sale Agreement dated as of November 21, 2000, between the Borrower and the Seller, pursuant to which the Borrower has a right to purchase the Park.
- (ee) "Rental Assistance Fund" means the fund of that name to be established pursuant to Section 5.23 of the Indenture.
- (ff) "Repair and Replacement Fund" means the fund of that name to be established pursuant to Section 5.3 of the Indenture.
- (gg) "Resident Services Fund" means the fund of that name established pursuant to Section 5.24 of the Indenture.
- (hh) "Residual Receipts" means Net Operating Revenues less required debt service on the Bond Loan and the State Loan.
- (ii) "Residual Receipts Promissory Note" means the promissory note in the form attached hereto as Exhibit D.
- (jj) "Seller" means Seal Beach Associates LLC, a California limited liability company.
- (kk) "Senior Loan Agreement" means the Loan Agreement dated as of December 1, 2000, by and among the Agency, the Trustee and the Borrower, providing for the Bond Loan.
- (ll) "Space" means any of the one hundred twenty five (125) mobile home spaces located on the Property.
- (mm) "State" means the State of California.

(nn) "State Loan" means the loan in the amount of \$1,000,000 from the State to the Borrower pursuant to Section 50662.2 of the Health and Safety Code.

(oo) "Term" has the meaning given in Section 2.12.

(pp) "Title Company" means Fidelity National Title Company.

(qq) "Transfer" has the meaning given in Section 4.14.

(rr) "Trustee" means Union Bank of California, N.A., or its successor, as trustee under the Indenture.

Section 1.2 Exhibits.

The following exhibits are attached to and incorporated into this Agreement:

Exhibit A: Legal Description of the Property

Exhibit B: [Reserved.]

Exhibit C: Physical Needs Assessment

Exhibit D: Form of Residual Receipts Promissory Note

Exhibit E: Form of Loan and Grant Deed of Trust

Exhibit F: Schedule of Grant Advances

**ARTICLE 2
LOAN AND GRANT PROVISIONS**

Section 2.1 General Introduction.

The Borrower and the Agency contemplate a financing structure for acquisition and rehabilitation of the Park which is principally described in the Senior Loan Agreement. Following satisfaction of the conditions of this Agreement, the Agency will make the Residual Receipts Loan to or for the benefit of Borrower for the purposes of paying certain costs which cannot be paid from proceeds of the Bonds.

Section 2.2 The Residual Receipts Loan.

(a) The Residual Receipts Loan shall be used by the Borrower for the purpose of financing the acquisition and rehabilitation of the Park and for paying such ancillary costs as are consistent with the provisions of the Indenture and the Senior Loan Agreement.

(b) The Residual Receipts Loan shall be evidenced by a promissory note, a specimen copy of which is set forth as Exhibit D hereto (the "Residual Receipts Promissory Note"). The Residual Receipts Promissory Note shall bear interest at the rate of 3% per annum and shall be paid from the Residual Receipts.

(c) The Residual Receipts Promissory Note shall be nonrecourse to the Borrower. As a consequence, no deficiency judgment may be obtained against the Borrower except for fraud, material misrepresentation and such other matters as are referred to in the Residual Receipts Promissory Note.

(d) The proceeds of the Residual Receipts Loan shall be made available by the Agency to the Borrower at the Close of Escrow.

(e) The Residual Receipts Promissory Note shall be secured by the Loan and Grant Deed of Trust. This Agreement shall be incorporated by reference into the Loan and Grant Deed of Trust but shall not be attached to the Loan and Grant Deed of Trust. Any breach of or misrepresentation by Borrower under this Agreement shall constitute an event of default under the Loan and Grant Deed of Trust. It is contemplated by the Agency and the Borrower that the Loan and Grant Deed of Trust shall be subordinate to the deed of trust securing the Bond Loan made pursuant to the provisions of the Senior Loan Agreement, and to the Regulatory Agreement and Declaration of Restrictive Covenants by and among the Agency, the Trustee and the Borrower executed and recorded pursuant to applicable provisions of the Senior Loan Agreement (the "Bond Regulatory Agreement") and to the deed of trust securing the State Loan.

Section 2.3 Nondiscrimination.

The Borrower agrees that it shall not discriminate on the basis of race, creed, color, sex or national origin in the lease, use or occupancy of the Park or the spaces therein or in connection with the employment or application for employment of persons for the rehabilitation, operation and management of the Park.

Section 2.4 Conditions Precedent to Disbursement of Proceeds of Residual Receipts Loan.

Subject to all of the terms, covenants and conditions set forth in the Senior Loan Agreement and in this Agreement, the Agency shall disburse to or on behalf of the Borrower proceeds of the Residual Receipts Loan, up to the total thereof, when the following conditions precedent are satisfied to the reasonable satisfaction of the Executive Director or the designated representative thereof:

(a) The Borrower shall have executed and delivered to the Agency the original of this Agreement, the original Residual Receipts Promissory Note and any other documents or instruments required under the terms of this Agreement to be executed and delivered by Borrower, including, but not limited to, the original of the Loan and Grant Deed of Trust, the Agency Loan and Grant Regulatory Agreement, and all documents which are to be

delivered in escrow to Fidelity National Title Company (the "Escrow") for recordation on behalf of or at the direction of the Agency.

(b) The Agency shall be satisfied that upon disbursement of proceeds of the Residual Receipts Loan and the Grant at Close of Escrow, the Borrower has good and marketable title to the Park and that there exists thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than the Permitted Incumbrances and the lien of any deed of trust or other instrument securing the Approved Financing and any other matters approved in this Agreement or specifically approved in writing by the Agency.

(c) Borrower shall have strictly complied with the provisions of this Agreement and shall not be in default under the Senior Loan Agreement, this Agreement or any other agreement between the Borrower and the Agency.

(d) Any other documentation reasonably requested by the Agency has been executed by Borrower.

Section 2.5 Subordination of Affordability Covenants and Encumbrances.

The Agency has found, concurrently with its approval of this Agreement and acceptance and execution of the Agency Loan and Grant Regulatory Agreement, that an economically feasible method of financing for the acquisition of and rehabilitation of the Park, without the subordination of the affordable housing covenants as may be set forth in this Agreement and in the Agency Loan and Grant Regulatory Agreement executed pursuant hereto in favor of the Agency, and the subordination of the Loan and Grant Deed of Trust securing obligations from the Borrower to the Agency, is not reasonably available. The Agency consequently agrees that the affordability covenants set forth in this Agreement, in the Agency Loan and Grant Regulatory Agreement, in the Loan and Grant Deed of Trust and any other security instruments in favor of the Agency shall be junior and subordinate to the deed of trust and all other security documents required in connection with the issuance of the Bonds and to the Bond Regulatory Agreement. The Executive Director or his or her designee is hereby authorized to execute such subordination agreements and/or other documents as may be reasonably necessary to evidence subordination, without further authorization from the Agency, provided that such subordination agreements contain written commitments which the Executive Director finds are reasonably designed to protect the Agency's investment in the Event of Default, such as any of the following: (i) the right of the Agency to cure default on the Bond Loan prior to foreclosure, (ii) the right of the Agency to negotiate with the holder of the Bond Loan after notice of default from such holder and prior to foreclosure; (iii) an agreement that if, prior to foreclosure on the Bond Loan, the Agency takes title to the Park and cures any default on the Bond Loan, the holder thereof will not exercise any right it may have to accelerate the Bond Loan by reason of the transfer of title to the Agency; and (iv) the right of the Agency to re-acquire the Park from the Borrower at any time after a material default under the Bond Loan.

Section 2.6 No Encumbrances.

Subject to the provisions of this Agreement, mortgages, deeds of trust, regulatory agreements, assignment agreements and memoranda of agreements are to be permitted with the Agency's prior written approval, which shall not be unreasonably withheld or delayed, but only for purposes consistent with the provisions of this Agreement. Nothing contained herein shall be deemed to limit or restrict liens and encumbrances created pursuant to applicable provisions of the Senior Loan Agreement.

Section 2.7 Right of Agency to Cure Mortgage or Deed of Trust Default.

In the event of a default and/or breach by Borrower in the Senior Loan Agreement, promissory note, mortgage or deed of trust executed by Borrower pursuant thereto, the Borrower shall immediately deliver to the Agency a copy of any default notice pertaining thereto. The Agency shall have the right, but not the obligation, to cure the default of such Senior Loan Agreement, promissory note, mortgage or deed of trust. In such event, the Agency shall be entitled to reimbursement from the Borrower of all reasonable expenses incurred by the Agency in curing such default.

Section 2.8 The Grant.

(a) On or before the Closing Date, the Agency shall grant to the Borrower the amount of \$294,531.58 from the Agency's Low and Moderate Income Housing Fund (or from other monies available to the Agency) (the "Initial Grant") and thereafter in such amounts not in excess of the amounts and at the times provided in the Schedule of Grant Advances attached hereto as Exhibit F, and as determined by the Agency to ensure that the Rental Assistance Fund is adequately funded following its review of the annual budget prepared by the Borrower pursuant to Section 5.7 of the Agency Loan and Grant Regulatory Agreement. The Grant funds shall be used to fund the Rental Assistance Fund pursuant to Section 5.16 of the Indenture. The Borrower shall not use the Grant funds for any other purpose without the prior written consent of the Agency.

(b) If an Event of Default occurs, all obligations of the Agency to advance Grant funds following the date thereof shall automatically terminate, and interest on the Grant shall begin to accrue as of the date of the Event of Default and continue until such time as the Grant funds are repaid in full or the Event of Default is cured, at the default rate of the lesser of 10%, compounded annually, or the highest rate permitted by law. In the event Agency accepts Borrower's cure following an Event of Default, the interest on the Grant after Borrower's cure shall be the same as the applicable rate of interest on the Grant prior to the Event of Default.

(c) [Reserved]

Section 2.9 Regulatory Agreement.

As a condition to disbursement of the Residual Receipts Loan and Grant, the Borrower shall execute the Agency Loan and Grant Regulatory Agreement in the form provided by the Agency and record it against the Park. The Agency Loan and Grant Regulatory Agreement shall impose affordability, operations and maintenance covenants on the Park, in compliance with California Health and Safety Code Sections 33334.2 and 33334.3. The Agency Loan and Grant Regulatory Agreement shall remain in full force and effect until December 20, 2055, regardless of any repayment of the Residual Receipts Loan or any repayment of the Grant following an Event of Default or otherwise.

Section 2.10 Security.

(a) The Borrower shall secure its obligation to repay the Residual Receipts Loan and to repay the Grant upon an Event of Default by executing the Loan and Grant Deed of Trust, and recording it as a lien against the Park, junior in lien priority to the deed of trust securing the Bond Loan and the State Loan.

(b) Provided that the Agency makes the finding required by Health and Safety Code Section 33334.14(e), the Agency Loan and Grant Regulatory Agreement shall be subordinated to the lien of the deed of trust securing the Bond Loan.

Section 2.11 Approval of Additional Financing.

The Borrower shall not utilize any additional financing for the Park or place any additional encumbrances on the Park other than the Approved Financing, without the prior written consent of the Agency, which consent shall not be withheld unreasonably.

Section 2.12 Term.

(a) The Residual Receipts Loan, the Grant, and this Agreement shall each have a term that commences on December 20, 2000 and expires on December 20, 2030 (the "Term"). The Agency Loan and Grant Regulatory Agreement shall have a term that commences on December 20, 2000 and expires on December 20, 2055.

(b) Principal and interest with respect to the Residual Receipts Loan shall be due and payable as set forth in the Residual Receipts Promissory Note attached hereto as Exhibit D.

(c) The Grant shall be repaid in full if an Event of Default occurs under the Agency Loan and Grant Documents during the Term.

Section 2.13 Conditions Precedent to Disbursement of Grant Proceeds.

The Agency shall disburse the entire amount of the Initial Grant to the Borrower upon Close of Escrow, provided that the conditions set forth in Section 2.4 are met prior to such disbursement.

ARTICLE 3
ACQUISITION AND REHABILITATION OF THE PARK

Section 3.1 Purchase of Park.

The Borrower shall purchase the Park no later than December 21, 2000 subject to extensions obtained under the Purchase and Sale Agreement and approved by the Agency.

Section 3.2 Rental Assistance Fund.

(a) Concurrently with the Close of Escrow and in accordance with the Indenture, the Trustee shall establish the Rental Assistance Fund and cause it to be funded in the manner provided in the Indenture. The Rental Assistance Fund shall be a trust account administered by the Oversight Agent or successor agent pursuant to subsection (d) below. Signature of the Oversight Agent or successor agent shall be required for withdrawal of any funds from the Rental Assistance Fund.

(b) Monies in the Rental Assistance Fund shall not be pledged to repayment of the Bonds and none of the Bondowners, the Trustee, or ACA (all as defined in the Bond Documents) or the Seller shall have any claim to such monies. If an event of default occurs under the Bond Documents or the Agency Loan And Grant Documents, the Oversight Agent shall remit all monies in the Rental Assistance Fund to the Agency or as directed by the Agency in writing.

(c) The Rental Assistance Fund shall be supplemented on an annual basis by the deposit of a portion of the Net Operating Revenues, pursuant to the Indenture.

(d) Withdrawals from the Rental Assistance Fund shall be administered by the Oversight Agent and shall be subject to the requirements of the Agency Loan and Grant Regulatory Agreement. In the event that the Oversight Agent ceases to operate as the Oversight Agent under the Bond Documents, or in the event the Agency is dissatisfied with the Oversight Agent's administration of the Rental Assistance Fund, the Agency shall select and appoint a substitute agent to administer the Rental Assistance Fund.

Section 3.3 Resident Services Fund.

(a) The Resident Services Fund shall be established by the Trustee pursuant to the Indenture and shall be utilized to fund services for the residents of the Park. Expenditures from the Resident Services Fund shall be proposed by the Borrower jointly with the Park residents and shall be subject to approval by the Agency. The Resident Services Fund shall be a trust account administered by the Oversight Agent or successor agent pursuant to subsection (c) below. Signature of the Oversight Agent or successor agent shall be required for withdrawal of any funds from the Resident Services Fund.

(b) The Resident Services Fund shall be supplemented on an annual basis by the deposit of a portion of the Net Operating Revenues, pursuant to the Indenture.

(c) Withdrawals from the Resident Services Fund shall be administered by the Oversight Agent and shall be subject to Agency approval of the expenditure, as set forth in subsection (a) above. In the event that the Oversight Agent ceases to operate as the Oversight Agent under the Bond Documents, or in the event the Agency is dissatisfied with the Oversight Agent's administration of the Resident Services Fund, the Agency shall select and appoint a substitute agent to administrator the Resident Services Fund.

Section 3.4 Relocation

The Agency and the Borrower intend that there shall be no displacement of any Park residents due to Borrower's acquisition of the Park, including economic displacement resulting from rent increases imposed in connection with such acquisition. If and to the extent that acquisition of the Park results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then Borrower shall comply with all applicable local, state, and federal statutes and regulations, (including without limitation California Government Code Section 7260 et seq. and accompanying regulations) with respect to relocation planning, advisory assistance, and payment of monetary benefits. Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws.

Section 3.5 Rehabilitation of the Park.

(a) No later than one year following the Close of Escrow, the Borrower shall perform and complete the repairs and improvements to the Park described in Exhibit C hereto.

(b) The Agency hereby approves in writing the utilization of Repair and Replacement Fund monies to perform the repairs and replacements required pursuant to this Section 3.5.

(c) The Borrower may propose to the Agency in writing revisions to the replacement and repair requirements and schedule, if such proposed revisions are first approved by the Board of Directors of the Seal Beach Trailer Park Residents Association. The Agency shall not unreasonably withhold its consent to such revisions.

Section 3.6 Rehabilitation Pursuant to Plans and Laws.

Borrower shall cause all rehabilitation work performed in connection with the Park to be performed in compliance with (i) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, including (without limitation and where applicable) the prevailing wage provisions of Sections 1770 et seq. of the California Labor Code and implementing rules and regulations, and (ii) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that

may be required by any governmental agency having jurisdiction, and Borrower shall be responsible for the procurement and maintenance thereof, as may be required of Borrower and all entities engaged in work on the Park.

Section 3.7 Equal Opportunity.

During the rehabilitation of the Park there shall be no discrimination on the basis of race, color, creed, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in the hiring, firing, promoting, or demoting of any person engaged in the rehabilitation work.

Section 3.8 Progress Reports.

Until such time as Borrower has completed all rehabilitation work required pursuant to Section 3.5 above, Borrower shall provide the Agency with quarterly progress reports regarding the status of the rehabilitation of the Park, including a certification of costs incurred and paid with Repair and Replacement Fund monies.

Section 3.9 Construction Responsibilities.

(a) It shall be the responsibility of Borrower to coordinate and schedule the work to be performed so that commencement and completion of rehabilitation will take place in accordance with this Agreement.

(b) Borrower shall be solely responsible for all aspects of Borrower conduct in connection with the Park, including (but not limited to) the quality and suitability of the plans and specifications, the supervision of rehabilitation work, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by the Agency with reference to the Park is solely for the purpose of determining whether Borrower is properly discharging its obligations to the Agency, and should not be relied upon by Borrower or by any third parties as a warranty or representation by the Agency as to the quality of the rehabilitation of the Park.

Section 3.10 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the Residual Receipts Loan or the Grant is served on the Agency or any other lender or other third party in connection with the Park, then Borrower shall, within 20 days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the Agency a surety bond in sufficient form and amount, or provide the Agency with other assurance satisfactory to the Agency that the claim of lien or stop notice will be paid or discharged.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the Agency may

(but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the Agency may require Borrower to immediately deposit with the Agency the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The Agency may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of rehabilitation on the Park for a continuous period of 30 days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes the Agency, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the Agency deems necessary or desirable to protect its interest in the Park.

ARTICLE 4 ADDITIONAL REQUIREMENTS

Section 4.1 Use, Maintenance, and Operation

(a) The Borrower shall operate and maintain the Park in compliance with the requirements of the Agency Loan and Grant Regulatory Agreement.

(b) The Borrower shall maintain its status throughout the Term as a nonprofit public benefit corporation under California law and shall maintain its 501(c)(3) federal tax exemption throughout the Term.

(c) The Borrower shall maintain the Park in good repair and in a neat, clean and orderly condition. If there arises a condition in contravention of this Section 4.1, and if the Borrower has not cured such condition within 30 days after receiving Agency notice of such a condition, or if the condition is not susceptible to cure within a 30 day period, the Borrower has not commenced to cure within the 30 day period and is diligently prosecuting such cure to completion within 90 days, then in addition to any other rights available to the Agency, the Agency shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Property to collect its costs of cure.

(d) If any portion of the Improvements is damaged or destroyed, then the Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement. Such work or repair shall be commenced within 120 days after the damage or loss occurs (or such longer period of time as is reasonably necessary as approved by the Agency) and shall be complete within 21 months thereafter. Any insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, then the Borrower shall make up the deficiency.

(e) The Borrower shall operate and maintain the Park in full compliance with all applicable local, state, and federal laws and regulations.

Section 4.2 Information.

Borrower shall provide any information reasonably requested by the Agency in connection with the Park, including (but not limited to) any information required by the State of California in connection with Borrower's use of the Residual Receipts Loan and Grant funds. Specific annual reporting requirements shall be included in the Agency Loan and Grant Regulatory Agreement.

Section 4.3 Changes.

The Borrower shall promptly notify the Agency in writing of any changes in the location of any place of business of the Borrower, and of any other change in fact or circumstance (including the Borrower's assets) that both (a) was represented or warranted at any time by the Borrower to the Agency, and (b) will materially adversely affect the Borrower's capacity to perform its obligations under this Agreement.

Section 4.4 Notification of Litigation.

The Borrower shall promptly notify the Agency in writing of (a) any litigation that (i) affects the Borrower or the Property and (ii) would materially adversely affect the Borrower's capacity to perform its obligations under this Agreement, and (b) any claims or disputes that involve a material risk of litigation that would materially adversely affect the Borrower's capacity to perform its obligations under this Agreement.

Section 4.5 Entry by the Agency.

After notice to the Borrower, the Borrower shall permit the Agency, through its officers, agents, or employees, at all reasonable times, both during and after rehabilitation of the Improvements, to enter onto the Property to inspect the Park for compliance with this Agreement. The Agency is under no obligation to supervise, inspect, or inform the Borrower of the progress of construction, and the Borrower shall not rely upon the Agency for any such activity. The Agency shall not unreasonably disturb any residential occupants in the course of any inspection conducted pursuant to this Section 4.5.

Section 4.6 Indemnity.

In consideration of the Agency's agreement to make the Residual Receipts Loan and the Grant pursuant to this Agreement, the Borrower agrees to indemnify, defend (with counsel reasonably chosen by the Agency at the Agency's option) and save harmless the Agency, City, their boardmembers, councilmembers, commissioners, officers, agents, and employees: (i) from any and all claims and losses accruing or resulting from the Borrower's purchase of the Park, or the operation, maintenance, or management of the Park by Borrower; (ii) from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers, and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement; and (iii) all claims which arise out of or in connection with the ownership, operation, or occupancy of the Park by the Borrower

or the Borrower's contractors, subcontractors, agents, employees, or tenants or shareholders. This indemnity shall not extend to any claim arising solely from the City's or Agency's gross negligence or the Agency's failure to perform its obligations under this Agreement. This Section 4.6 shall survive the termination of this Agreement.

Section 4.7 Insurance.

(a) The Borrower shall maintain the following minimum insurance coverage, issued by an insurer and in a form reasonably acceptable to the Agency:

(1) Workers Compensation insurance, including Employers Liability coverage, with limits not less than One Million Dollars (\$1,000,000) each accident.

(2) Comprehensive General Liability insurance with limits not less than Five Million Dollars (\$5,000,000) each occurrence combined single limit for Bodily Injury and Property Damage, including coverages for Contractual Liability, Personal Injury, Broadform Property Damage Parks and Completed Operations.

(3) Comprehensive Automobile Liability insurance with limits not less than the amount required by law per occurrence combined single limit for Bodily Injury and Property Damage, including coverages for owned, non-owned and hired vehicles, as applicable; provided, however, that if the Borrower and its contractors and agents do not own or lease vehicles for purposes of this Agreement, then no automobile insurance shall be required.

(4) Property insurance covering the Improvements covering all risks of loss, including flood (if the Property is located within a designated flood zone), for one hundred percent (100%) of the replacement value, with deductible, if any, acceptable to the Agency.

(b) The required insurance shall be provided under an occurrence form, and the Borrower shall maintain such coverage continuously throughout the Term. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above. Comprehensive General Liability, Comprehensive Automobile Liability and Property insurance policies shall be endorsed to name as additional insured the City, the Agency and their respective councilmembers, boardmembers, officers, agents, and employees. All policies and bonds shall be endorsed to provide thirty (30) days prior written notice of cancellation, reduction in coverage, or intent not to renew to the address established for notices to the Agency pursuant to Section 8.3 below. Upon the Agency's request at any time during the Term, the Borrower shall provide certificates of insurance, in a form and with insurers reasonably acceptable to the Agency, evidencing compliance with the requirements of this Section 4.7, and shall provide complete copies of such insurance policies, including a separate endorsement naming the Agency and the Agency as additional insureds (unless the Agency notifies the Borrower that a separate endorsement is not required for a particular form of insurance).

Section 4.8 Hazardous Materials.

(a) The Borrower shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of, any federal, state, or local laws, ordinances, or regulations relating to industrial hygiene or to the environmental conditions on or under the Property, including (but not limited to) soil and ground water conditions. The Borrower shall not use, generate, manufacture, store, or dispose of, on, under, or about the Property, or transport to or from the Property, any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including (without limitation) any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to as "Hazardous Materials") except such of the foregoing as may be customarily and lawfully kept and used in and about residential property.

(b) The Borrower shall immediately advise the Agency in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal, or other governmental or regulatory actions instituted, completed, or threatened against the Borrower or the Property pursuant to any applicable federal, state, or local laws, ordinances, or regulations relating to any Hazardous Materials ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against the Borrower or the Property relating to damage, contribution, cost recovery compensation, loss, or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are referred to as "Hazardous Materials Claims"); and (iii) the Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under California Health and Safety Code Sections 25220 et seq. or corresponding regulations, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability, or use of the Property under any Hazardous Materials Law.

(c) The Borrower shall permit the Agency to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials. The Borrower shall indemnify, defend (with counsel reasonably chosen by the Agency, at the Agency's option), and hold harmless the City and the Agency, and their respective councilmembers, boardmembers, officers, agents, and employees from and against any loss, damage, cost, expense, or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on or under the Property, including (without limitation): (i) all foreseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup, or detoxification of the Property and the preparation and implementation of any closure, remedial, or other required plans; and (iii) all reasonable costs and expenses incurred by the City or the Agency in connection with clauses (i) and (ii), including (but not limited to) reasonable attorneys fees. This paragraph shall survive termination of this Agreement.

(d) Without the Agency's prior written consent, which shall not be unreasonably withheld, the Borrower shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement,

consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action settlement, consent decree or compromise might, in the Agency's reasonable judgement, impair the value of the Agency's security hereunder; provided, however, that the Agency's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety, or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the Agency's consent before taking such action, provided that in such event the Borrower shall notify the Agency as soon as practicable of any action so taken. The Agency agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, (ii) the Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) the Borrower establishes to the reasonable satisfaction of the Agency that there is no reasonable alternative to such remedial action which would result in less impairment of the Agency's security hereunder; or (iv) the action has been agreed to by the Agency.

(e) The Borrower hereby acknowledges and agrees that (i) this Section 4.8 is intended as the Agency's written request for information (and the Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach or any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(f) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Agency's or the trustee's rights and remedies under the Loan and Grant Deed of Trust, the Agency may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Borrower to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Agency's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Borrower shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the Agency in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) or the maximum rate permitted by law, until paid, shall be added to the

indebtedness secured by the Loan and Grant Deed of Trust and shall be due and payable to the Agency upon its demand made at any time following the conclusion of such action.

Section 4.9 Non-Discrimination.

The Borrower covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Borrower or any person claiming under or through the Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.

Section 4.10 Mandatory Language in All Subsequent Deeds, Leases and Contracts.

All deeds, leases, or contracts entered into by the Borrower as to any portion of the Property shall contain the following language:

(a) In Deeds:

“Borrower herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property herein conveyed nor shall the Borrower or any person claiming under or through the Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the property herein conveyed. The foregoing covenant shall run with the land.”

(b) In Leases:

“The lessee herein covenants by and for the lessee and lessee’s heirs, personal representatives and assigns and all persons claiming under the lessee or through the lessee that his lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee or any person claiming under or through the lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased.”

(c) In Contracts:

“There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, creed, sex, sexual orientation, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the property nor shall the transferee or any person claiming under or through the transferee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the land.”

Section 4.11 Fees and Taxes.

The Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Park, and shall pay such charges prior to delinquency. However, the Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the Agency, the Borrower deposits with the Agency or other senior lienholder any funds or other forms of assurance that the Agency in good faith from time to time determines appropriate to protect the Agency from the consequences of the contest being unsuccessful.

Section 4.12 Records.

(a) The Borrower shall maintain complete, accurate, and current records pertaining to the Park for a period of five years after the creation of such records, and shall permit any duly authorized representative of the Agency to inspect and copy records, including records pertaining to income, household size and housing costs of residents of the Park, and purchase prices (to the extent known to Borrower) of mobilehomes in the Park. Such records shall include records regarding the occupancy and rent levels for spaces in the Park, as well as records that accurately and fully show the date, amount, purpose, and payee of all expenditures drawn from Residual Receipts Loan and Grant funds. Such records shall also include all invoices, receipts, and other documents related to expenditures from the Residual Receipts Loan and Grant funds. Records must be kept accurate and current.

(b) The Agency shall notify the Borrower of any records it deems insufficient. The Borrower shall have 15 calendar days after the receipt of such a notice to correct any deficiency in the records specified by the Agency in such notice, or if a period longer than 15 days is reasonably necessary to correct the deficiency, then the Borrower shall begin to correct the deficiency within 15 days and correct the deficiency as soon as reasonably possible.

Section 4.13 Audits.

Borrower shall make available for examination at reasonable intervals and during normal business hours to a nationally recognized accounting firm to be designated by the Borrower and the Agency (or if not so designated, by the Agency) all books, accounts, reports, files, and other

papers or property with respect to all matters covered by this Agreement, and shall permit such accounting firm, or the Agency, as appropriate, to audit, examine, and make excerpts or transcripts from such records. Such accounting firm or Agency (as appropriate) may make audits of any conditions relating to this Agreement. A certified copy of such audits performed by a designated accounting firm shall be provided promptly to the Agency at the sole cost and expense of the Borrower.

Section 4.14 Transfer.

(a) This Agreement is entered into solely for the purpose of operation of the Park and its subsequent use in accordance with the terms hereof. The Borrower recognizes that the qualifications and identity of the Borrower are of particular concern to the Agency, in view of: (i) importance of the Park to the general welfare of the community; (ii) the land acquisition assistance and other public aids that have been made available by law and by the Agency for the purpose of making acquisition of the Park possible; (iii) the reliance by the Agency upon the unique qualifications and ability of the Borrower to assure the quality of the affordability, use, operation, and maintenance of the Park deemed critical by the Agency; (iv) the fact that a change of ownership or control of the owner of the Park, or of a substantial part thereof, or any other act or transaction involving or resulting in a significant change in ownership or with respect to the identity of the parties in control of the Borrower or the degree thereof is for practical purposes a Transfer or disposition of the Park; (v) the fact that the Park is not to be acquired or used for speculation, but only for operation by the Borrower in accordance with the Agency Loan and Grant Documents; and (vi) the importance to the Agency and the community of the standards of use, operation and maintenance of the Park. The Borrower further recognizes that it is because of such qualifications and identity that the Agency is entering into this Agreement with the Borrower and that limited Transfers are permitted only as provided in this Agreement.

(b) For purposes of this Agreement, "Transfer" shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of: (i) any rights and/or duties under this Agreement; (ii) any interest in the Park, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Park is transferred and Borrower retains title; or (iii) any interest in the Borrower, including general and limited partnership interests. The term "Transfer" shall exclude the leasing of any space in the Park to mobilehome owners in compliance with the Regulatory Agreement or the leasing of a space and a mobile home in compliance with the Regulatory Agreement.

(c) No Transfer shall be permitted during the Term without the Agency's prior written consent, which consent shall be granted by the Agency upon the Agency's receipt of evidence reasonably satisfactory to Agency and its counsel (i) of the unqualified assumption by the transferee of all of Borrower's obligations under the Agency Loan and Grant Documents and the bridge loan referenced in Section 1.1(h)(3) hereof, (ii) of the satisfaction of the conditions set forth in Section 6.32 of the Senior Loan Agreement, (iii) that the board of directors of the Borrower shall contain at least 2 members which are residents of the Park, (iv) that the proposed transferee is a single purpose entity, (v) that the proposed transferee is a tax-exempt nonprofit public benefit corporation, (vi) that the proposed transferee has sufficient financial resources to

own and operate a 125 space mobile home park, (vii) that the proposed transferee has no record of substantiated discrimination violations or housing code violations in other properties owned or managed by the proposed transferee, (viii) that such Transfer will not adversely affect the continued affordability of the Park, (ix) that any such Transfer shall otherwise comply with all requirements with respect thereto contained in the Bond Documents, and (x) that any transferee shall affirmatively assume the Agency Loan and Grant Documents. The Agency Loan and Grant Regulatory Agreement shall remain in effect for the Term, regardless of any Transfer.

An unauthorized Transfer shall constitute an Event of Default.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 5.1 Representations and Warranties

Borrower hereby represents, warrants and covenants to the Agency as follows:

(a) Organization Borrower is duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Borrower: Borrower has full power and authority to execute and deliver this Agreement and to make and accept the grant contemplated hereunder, to execute and deliver the Agency Loan and Grant Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Agency Loan and Grant Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Agency Loan and Grant Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and the Agency Loan and Grant Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement and the Agency Loan and Grant Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement,

nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Borrower, or any provision of the organizational documents of Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant hereto.

(f) Compliance With Laws, Consents and Approvals. The acquisition of the Park will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency.

(g) Pending Proceedings. Borrower is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower or the Park, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower's ability to repay the Residual Receipts Loan or the Grant or impair the security to be given to the Agency pursuant hereto.

(h) Title to Land. At the time of recordation of the Loan and Grant Deed of Trust, Borrower will have good and marketable fee title to the Park and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than the Permitted Encumbrances or those liens approved by the Agency under Section 2.11 of this Agreement.

(i) Financial Statements. The financial statements of Borrower and other financial data and information furnished by Borrower to the Agency fairly present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of Borrower from that shown by such financial statements and other data and information.

(j) Sufficient Funds. Borrower holds sufficient funds and/or binding commitments for sufficient funds to complete the acquisition of the Park.

(k) Payments to Borrower. Borrower and its affiliated entities and the officers, directors, employees, and agents of Borrower have not and shall not receive, directly or indirectly, any form of compensation with respect to the Park or from Seller or Seller's constituent entities or affiliates or from any other source, with respect to the Park or the sale of the Park by Seller, except for a property management fee not to exceed 5% of Operating Revenues and an asset management fee not to exceed 2% of Operating Revenues (each to be determined and paid on a monthly basis). This subsection (k) shall not operate to prohibit Borrower, its affiliated entities and the officers, directors, employees and agents of the Borrower from receiving compensation in the future related to management or operation of the Park, provided the services to be provided by such entity or person and the compensation to be

received are first disclosed to the Agency and Agency consent is obtained, which consent shall not be unreasonably withheld. Receipt of compensation in connection with the Park by Borrower, or any of its affiliates, or any officers, directors, employees or agents of Borrower in excess of the amounts described in this Section, and subject to the disclosure and Agency consent provisions of the immediately preceding sentence, shall constitute an Event of Default hereunder.

ARTICLE 6 DEFAULTS AND REMEDIES

Section 6.1 Events of Default.

Each of the following shall constitute an "Event of Default" by Borrower under this Agreement:

(a) Failure to Acquire Park. A failure by the Borrower to acquire the Park within the time set forth in Section 3.1.

(b) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Agency Loan and Grant Documents, and such failure having continued uncured for 30 days after receipt of written notice thereof from the Agency to the Borrower, or if such failure is of a nature not susceptible to cure within 30 days, Borrower has failed to commence to cure within 30 days and diligently prosecuted such cure to completion within 90 days after receipt of written notice from the Agency.

(c) Unauthorized Transfer. Any Transfer other than as permitted by Section 4.14.

(d) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the Agency in connection with any of the Agency Loan and Grant Documents, proving to have been incorrect in any material respect when made, including without limitation the representation, warranty, and covenant concerning compensation included in Section 5.1.(k) above.

(e) Default Under Other Financing. Failure to make any payment or perform any of Borrower's covenants, agreements, or obligations under the documents evidencing and securing the Approved Financing, following expiration of all applicable notice and cure periods.

(f) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging Borrower to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of Borrower or seeking any arrangement for Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties, or (iv) directing the winding up or

liquidation of Borrower, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of thirty (30) days; or Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of default in this paragraph shall cause the Residual Receipts Loan and the Grant to be immediately due and payable, without the need for any action by the Agency.

(g) Assignment; Attachment. Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within 30 days after such event or prior to sooner sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall cause the Residual Receipts Loan and the Grant to be immediately due and payable, without the need for any action by the Agency.

(h) Suspension. Borrower shall have voluntarily suspended its business.

(i) Liens. There shall be filed any claim of lien (other than liens approved in writing by the Agency) against the Park or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Residual Receipts Loan or the Grant and the continued maintenance of said claim of lien or notices to withhold for a period of 20 days without discharge or satisfaction thereof or provision therefore satisfactory to the Agency.

(j) Condemnation. The condemnation, seizure, or appropriation of all or, in the opinion of the Agency, a substantial part of the Park.

Section 6.2 Remedies.

The occurrence of any Event of Default shall give the Agency the right to proceed with any and all remedies set forth in this Agreement and the Agency Loan and Grant Documents, including but not limited to the following:

(a) Repayment of Residual Receipts Loan and Grant. The Agency shall have the right to require immediate repayment of the Residual Receipts Loan and Grant, together with any accrued default interest. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. Subject to the nonrecourse provisions of Section 6.6, the Agency may proceed to enforce repayment of the Residual Receipts Loan and Grant and to exercise any or all rights afforded to the Agency as a creditor and secured party under the law including the Uniform Commercial Code, including seizure of the Rental Assistance Fund and foreclosure under the Loan and Grant Deed of Trust. The Borrower shall be liable to pay the Agency on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the Agency in connection with the collection of the Residual Receipts Loan and Grant and the preservation, maintenance, protection, sale, or other disposition of the security given for the Residual Receipts Loan and Grant. The Agency

Loan and Grant Regulatory Agreement shall remain in full force and effect for the entire Term regardless of any repayment of the Residual Receipts Loan and Grant and default interest pursuant to this Section 6.2(a).

(b) Specific Performance. The Agency shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the Agency Loan and Grant Documents or to enjoin acts on things which may be unlawful or in violation of the provisions of the Agency Loan and Grant Documents.

(c) Right to Cure at Borrower's Expense. The Agency shall have the right (but not the obligation) to cure any monetary default by Borrower under a loan secured by the Park. The Borrower agrees to reimburse the Agency for any funds advanced by the Agency to cure a monetary default by Borrower upon demand therefore, together with interest thereon at the lesser of 10% per annum or the maximum rate permitted by law, from the date of expenditure until the date of reimbursement.

Section 6.3 Right of Contest

Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute an Event of Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the Agency or the rights of the Agency hereunder.

Section 6.4 Remedies Cumulative

No right, power, or remedy given to a Party by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the Party. Neither the failure nor any delay on the part of a Party to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by a Party of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

Section 6.5 Waiver of Terms and Conditions

A Party may at its discretion waive in writing any of the terms and conditions of this Agreement, without completing an amendment to this Agreement. No waiver of any default or breach shall be implied from any omission by the non-breaching Party to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver, and such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition. The consent or approval by a Party to or of any act by the other Party requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act. The exercise of any right, power, or remedy shall in no event constitute a cure or a waiver of any default under this Agreement, nor shall it invalidate

any act done pursuant to notice of default, or prejudice the exercising Party in the exercise of any right, power, or remedy hereunder.

Section 6.6 Non-Recourse.

Except as provided below, if an Event of Default occurs hereunder for which the Agency exercises its right to require repayment of the Residual Receipts Loan and the Grant, neither the Borrower nor any officer, member of its Board of Directors, staff member, agent, attorney, or employee of the Borrower shall be individually or personally liable for the payment of any obligation or for any liability created or arising out of the transactions contemplated by this Agreement and shall not have any direct or indirect personal liability for payment of the amount, or interest on, the Residual Receipts Loan or the Grant or the performance of the covenants of the Borrower under the Loan and Grant Deed of Trust. The sole recourse of the Agency with respect to the amount of, or interest and penalties on, the Residual Receipts Loan and the Grant and defaults by Borrower in the performance of its covenants under the Loan and Grant Deed of Trust with respect thereto shall be to the property described in the Loan and Grant Deed of Trust; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the Residual Receipts Loan and the Grant of all the rights and remedies of the Agency thereunder, or (b) be deemed in any way to impair the right of the Agency to assert the unpaid principal amount of the Grant as demand for money within the meaning of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the Residual Receipts Loan and the Grant, and payment of interest and penalties on the Residual Receipts Loan and the Grant upon an Event of Default and the performance of the Borrower's obligations under the Loan and Grant Deed of Trust, except as hereafter set forth; nothing contained herein is intended to relieve the Borrower of its obligation to indemnify the Agency under Sections 4.6 and 4.8 of this Agreement, or liability for (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the Property that are payable or applicable prior to any foreclosure under the Loan and Grant Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the fair market value of any personal property or fixtures removed or disposed of by Borrower other than in accordance with the Loan and Grant Deed of Trust; and (iv) the misappropriation of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Property.

ARTICLE 7
GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

Nothing contained in this Agreement or any other Agency Loan and Grant Document shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the Agency and the Borrower or its agents, employees or contractors, and

the Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement and the Agency Loan and Grant Regulatory Agreement for the acquisition and operation of the Park. The Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the acquisition and operation of the Park, the Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. The Borrower shall be solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the Agency or the City by any person that the Borrower may have employed or with whom the Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the purchase of the Park, or the operation of the Park, and the Borrower shall include similar requirements in any contracts entered into for the such purposes.

Section 7.3 Notices, Demands and Communications.

Formal notices, demands, and communications between the Agency and the Borrower shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, return receipt requested, or delivered by an express delivery service with a receipt showing date of delivery, or hand delivered with a receipt showing date of delivery, to the principal offices of the Parties as follows:

Agency: Redevelopment Agency
 of the City of Seal Beach
 211 8th Street
 Seal Beach, CA 90740
 Attn: Executive Director

Borrower: LINC Community Development Corporation
 110 Pine Avenue, Suite 525
 Long Beach, CA 90802
 Attn: President

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

Section 7.4 Non-Liability of Officials, Employees and Agents.

No member, official, employee or agent of the City or the Agency shall be personally liable to the Borrower, or any successor in interest, in the event of any default or breach by the Agency or for any amount which may become due to the Borrower or any successor or on any obligation under the terms of this Agreement.

Section 7.5 Enforced Delay.

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; lack of transportation; or court order, or any other similar causes (other than lack of funds of the Borrower or the Borrower's inability to finance the acquisition of the Park) beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other within 10 days from the commencement of the cause and such extension of time is not rejected in writing by the other Party within 10 days of receipt of the notice. In no event shall the Agency be required to agree to cumulative delays in excess of 60 days.

Section 7.6 Inspection of Books and Records

The Agency has the right at all reasonable times to inspect on a confidential basis the books, records, and all other documentation of the Borrower pertaining to its obligations under this Agreement. The Borrower also has the right at all reasonable times to inspect the books, records, and all other documentation of the Agency pertaining to its obligations under this Agreement.

Section 7.7 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of its provision.

Section 7.8 Applicable Law.

This Agreement shall be interpreted under and pursuant to the laws of the State of California.

Section 7.9 Severability.

If any term, provision, covenant or condition of this Agreement is held in a final disposition by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.10 Legal Actions.

In the event any legal action is commenced to interpret or to enforce the terms of this Agreement or to collect damages as a result of any breach thereof, the Party prevailing in any such action shall be entitled to recover against the Party not prevailing all reasonable attorneys fees and costs incurred in such action (and any subsequent action or proceeding to enforce any judgment entered pursuant to an action on this Agreement).

Section 7.11 Binding Upon Successors.

This Agreement shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors, and assigns of each of the Parties. However, there shall be no Transfer except pursuant to the terms of this Agreement. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any successor, heir, administrator, executor, or assign of such Party who has acquired an interest in compliance with the terms of this Agreement, or under law.

Section 7.12 Entire Understanding of the Parties.

This Agreement constitutes the entire understanding and agreement of the Parties.

Section 7.13 Approval.

Whenever this Agreement calls for Agency approval, consent, or waiver, the approval, consent, or waiver of the Executive Director shall constitute the approval, consent, or waiver of the Agency, without further authorization required from the Agency Board. The Agency hereby authorizes the Executive Director of his or her designee to deliver such approvals or consents as are required by this Agreement, to extend time deadlines, or to waive requirements under this Agreement, on behalf of the Agency, and to take such actions and execute such documents on behalf of the Agency as may be necessary to carry out this Agreement. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made, except where it is specifically provided that a sole discretion standard applies. Except as expressly provided, nothing in this Agreement limits the discretion of the Agency in granting or withholding any approval in connection with acquisition or operation of the Park.

Section 7.14 Counterparts, Multiple Originals.

This Agreement may be executed in counterparts. This Agreement may be executed in multiple originals, each of which is deemed to be an original.

Section 7.15 Amendment and Restatement; Entire Agreement, Waivers and Amendments.

This Agreement amends, restates and supersedes the Original Loan and Grant Agreement in its entirety. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the Parties with respect to the subject matter contained

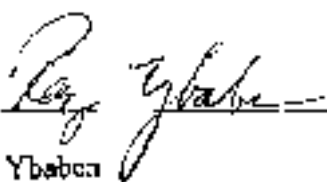
herein. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof. Any waiver or modification of any provision of this Agreement must be in writing and signed by the Party to be charged.

Section 7.16 Amendments.

The Parties can amend this Agreement, including any deadlines provided in this Agreement, only by means of a writing signed by both Parties.

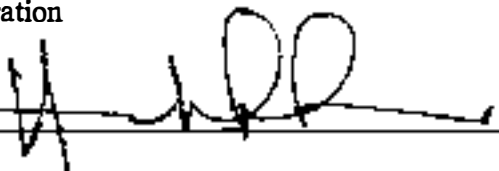
BY SIGNING BELOW, the Parties agree to this Agreement as of the date first written above.

REDEVELOPMENT AGENCY OF THE CITY OF SEAL BEACH

By:  _____
Name: Ray Ybabe

Its: Chairman

LINC COMMUNITY DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation

By:  _____
Name: Hester L. Johnson

Its: President

EXHIBIT A**Legal Description of the Property**

A PORTION OF THAT PARCEL OF LAND GRANTED TO THE CITY OF SEAL BEACH BY THAT CERTAIN FINAL ORDER OF CONDEMNATION, SUPERIOR COURT OF LOS ANGELES COUNTY, CASE NO. C-78004, PARCEL 4, A CERTIFIED COPY OF WHICH WAS RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 195 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA; AND A PORTION OF TIDE LAND LOCATION NO. 137 "SURVEY NO. 106", AS PATENTED BY THE STATE OF CALIFORNIA ON FEBRUARY 12, 1901 AND RECORDED APRIL 27, 1901 IN BOOK 9, PAGE 105 OF PATENTS, RECORDS OF LOS ANGELES COUNTY, AND RECORDED SEPTEMBER 5, 1905 IN BOOK 1, PAGE 231 OF PATENTS, RECORDS ORANGE COUNTY; SAID ABOVE PORTIONS OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF TRACT NO. 9783, AS SHOWN ON MAP FILED IN BOOK 437, PAGES 32 TO 36 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY; SAID CORNER BEING A POINT IN THE SOUTHEASTERLY LINE OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT LAND DESCRIBED AS PARCEL 8 IN SUPERIOR COURT CASE NO. 231287, IN AND FOR THE COUNTY OF LOS ANGELES, IN BOOK 2383, PAGE 42, RECORDS OF ORANGE COUNTY, SAID SOUTHEASTERLY LINE BEING A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 2000.00 FEET, A RADIAL LINE FROM SAID POINT BEARS SOUTH 35° 57' 55" EAST; THENCE NORTHEASTERLY ALONG SAID CURVE AND SOUTHEASTERLY LINE, AN ARC DISTANCE OF 356.05 FEET; THENCE TANGENT TO SAID CURVE AND CONTINUING ALONG SAID SOUTHEASTERLY LINE, NORTH 54° 02' 05" EAST 239.79 FEET TO THE NORTHEASTERLY LINE OF THAT 200.00 FOOT WIDE STRIP OF LAND DESCRIBED IN THE QUITCLAIM DEED TO THE PACIFIC ELECTRIC RAILWAY COMPANY, RECORDED FEBRUARY 21, 1926 IN BOOK 514, PAGE 44 OF DEEDS, RECORDS OF ORANGE COUNTY; THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE, SOUTH 42° 15' 32" EAST 492.08 FEET TO THE NORTHWESTERLY LINE OF FIRST STREET, AS IT NOW EXISTS, SAID LAST MENTIONED NORTHWESTERLY LINE BEING A LINE PARALLEL WITH AND DISTANT NORTHWESTERLY 110.00 FEET, MEASURED AT RIGHT ANGLES FROM THE BOUNDARY LINE OF THE RANCHO LOS ALAMITOS, PER MAP RECORDED IN BOOK 1, PAGES 460, 461 AND 462 OF PATENTS OF LOS ANGELES COUNTY, CALIFORNIA, AND AS SHOWN ON RECORD OF SURVEY RECORDED IN RECORD OF SURVEY BOOK 90, PAGES 23 TO 30, AND AS MORE PARTICULARLY ESTABLISHED BY SEAL BEACH BOUNDARY LINE AGREEMENT NO. 2 DATED FEBRUARY 5, 1968 AND RECORDED APRIL 8, 1968 IN BOOK 8565, PAGE 1 OF OFFICIAL RECORDS OF ORANGE COUNTY; THENCE SOUTHWESTERLY ALONG SAID LAST MENTIONED PARALLEL LINE, AND THE NORTHWESTERLY LINE OF FIRST STREET, SOUTH 54° 48' 38" WEST 606.81 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY, AND HAVING A RADIUS OF 610.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 6.79 FEET TO THE MOST EASTERLY BOUNDARY

CORNER OF SAID TRACT NO. 9783; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY BOUNDARY LINE OF SAID TRACT NO. 9783, THE FOLLOWING COURSES:

NORTH 42° 17' 11" WEST 203.39 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 15.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 21.79 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 112.50 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 10.24 FEET TO THE INTERSECTION OF A NON-TANGENT LINE BEARING NORTH 43° 58' 37" WEST, A LINE FROM SAID POINT OF INTERSECTION BEARS NORTH 54° 15' 24" WEST; THENCE NORTH 43° 58' 37" WEST 230.28 FEET TO THE MOST NORTHERLY CORNER OF SAID TRACT NO. 9783 AND THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL OF LAND IS SHOWN AS "NOT A PART" ON THE MAP OF TRACT NO. 9783, FILED IN BOOK 437, PAGES 32 TO 36, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPT FROM THE ABOVE DESCRIBED PROPERTY, THAT PORTION OF THE SUBSURFACE THEREOF LYING ONE HUNDRED (100) FEET OR MORE BELOW THE SURFACE OF SAID PROPERTY, BUT WITHOUT ANY RIGHT OF ENTRY UPON THE SURFACE THEREOF, AS SET FORTH IN MEMORANDUM OF LEASE, RECORDED JANUARY 30, 1980 IN BOOK 13484, PAGE 1969 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

ALSO EXCEPT THEREFROM ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS AND OTHER HYDROCARBON SUBSTANCES BY WHATEVER NAME KNOWN, TOGETHER WITH APPURTENANT RIGHTS THERETO, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS EXCEPTED OR RESERVED IN INSTRUMENTS OF RECORD.

SOME MATTERS AFFECTING SPECIFIC MOBILE HOME SITES ONLY ARE NOT COVERED HEREIN.

EXHIBIT B

[Reserved]

EXHIBIT C

Physical Needs Assessment

DESCRIPTION**Sites:**

1.	Improved street lighting (12 locations)	\$ 9,500.00
2.	Asphalt re-surfacing & petromat (pump hse)	\$ 47,000.00
3.	Electrical preventative maintenance	\$ 8,000.00
4.	playground re-mediations	\$ 3,500.00
5.	Repair trash gates (woodwork)	\$ 2,300.00
6.	Vehicular barricade protection (hydrants)	\$ 2,200.00

Buildings:

7.	Clubhouse french doors, sash (plexiglass)	\$ 5,750.00
8.	Spa equipment, desks plumbing & heating	\$ 5,800.00
9.	Restroom interior improvements	\$ 6,150.00
10.	Repainting all interiors (clubhouse, office)	\$ 5,000.00
11.	Laundry building water heater repairs	\$ 1,200.00
12.	Repainting both exterior buildings	\$ 4,500.00

TOTAL ESTIMATED COST	\$100,900.00
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EXHIBIT D

RESIDUAL RECEIPTS PROMISSORY NOTE

\$985,000

December 21, 2000

LINC COMMUNITY DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation (the "Borrower"), hereby promises to pay to the order of the REDEVELOPMENT AGENCY OF THE CITY OF SEAL BEACH, a public body, corporate and politic (the "Agency"), on or before December 20, 2030, solely from Residual Receipts (as defined in the Loan and Grant Agreement hereinafter mentioned), the principal sum of \$985,000 together with interest from and after December 21, 2000 on any unpaid principal balance owing hereunder at the rate of 3% per annum. This Note is issued, executed and delivered pursuant to that certain Loan and Grant Agreement, dated as of December 1, 2000 (as the same may be hereafter amended, the "Loan and Grant Agreement"), by and between the Agency and the Borrower. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Loan and Grant Agreement.

The principal of and interest on this Note shall be payable in installments as set forth in the attached schedule, provided that such principal and interest shall be payable only to the extent of Residual Receipts available for such payment.

In the event that the Residual Receipts are not sufficient to pay the amount due and payable on any date as provided in the attached schedule (each a "Payment Date"), such amount shall be deferred for payment on the following Payment Date.

All payments on this Note shall be made in lawful money of the United States of America at the office of the Agency Treasurer. All sums paid hereon shall be applied first to the satisfaction of interest due and the balance to the unpaid principal owing hereunder, and shall be applied in accordance with the terms of the Loan and Grant Agreement.

The Borrower, at its option, may prepay this Note, in whole or in part on any date without penalty.

Provided that no Event of Default shall have occurred and then be continuing, the principal of and interest on this Note shall be automatically forgiven by the Agency in the amounts specified for payment (or as otherwise payable under this Note) on the Payment Dates set forth in the attached schedule.

If default is made in the payment of any installment of principal or interest on this Note and the same is placed in the hands of an attorney for collection, or if suit is filed hereon, or proceedings are had in bankruptcy, probate, receivership, reorganization, arrangement or other judicial proceedings for the establishment or collection of any amount called for hereunder, or any amount payable or to be payable hereunder is collected through any such proceedings, the

Borrower agrees to pay to the holder hereof all reasonable costs of collection, including reasonable attorneys fees.

The Borrower expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, bringing of suit, and diligence in taking any action to collect any amounts called for hereunder and in the handling of properties, rights or collateral at any time existing in connection herewith.

No previous waiver and no failure or delay by Issuer in acting with respect to the terms of this Note shall constitute a waiver of any breach, default, or failure of condition under this Note, or the obligations secured thereby. A waiver of any term of this Note or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver. In the event of any inconsistencies between the terms of this Note and the terms of any other document related to the loan evidenced by this Note, the terms of this Note shall prevail.

This Note has been issued pursuant to the Loan and Grant Agreement, and is secured by the Loan and Grant Deed of Trust, and is entitled to the benefit and security thereof. Reference is hereby made to the Loan and Grant Agreement for provisions relating to the acceleration of the indebtedness evidenced hereby upon the occurrence of certain events stated therein, and for all other relevant purposes. Time is of the essence of each and every provision hereof. This Note has been issued, executed and delivered in the State of California and shall be governed by and construed in accordance with the laws of the State of California, except to the extent that the laws of the United States of America may prevail.

Neither the Borrower's Board of Directors, staff members, officers, employees and agents, nor any of its other affiliates, has or is intended to have any liabilities, except for any liability arising as the result of fraud or misappropriation of funds (with intent to deceive), under or in respect of this Note, the Loan and Grant Agreement or any other document or transaction contemplated by the foregoing.

LINC COMMUNITY DEVELOPMENT
CORPORATION, a California non-profit
public benefit corporation

By: _____
President

PAYMENT SCHEDULE

	Date	Payment	Interest	Principal	Balance
Loan	12/20/2005				985,000.00
2005	1 12/20/2005	53,498.78	147,750.00	53,498.78	931,501.22
Totals		53,498.78	147,750.00	53,498.78	
2006	2 12/20/2006	53,498.78	27,945.04	25,553.74	905,947.48
Totals		53,498.78	27,945.04	25,553.74	
2007	3 12/20/2007	53,498.78	27,178.42	26,320.36	879,627.12
Totals		53,498.78	27,178.42	26,320.36	
2008	4 12/20/2008	53,498.78	26,388.81	27,109.97	852,517.15
Totals		53,498.78	26,388.81	27,109.97	
2009	5 12/20/2009	53,498.78	25,575.51	27,923.27	824,593.88
Totals		53,498.78	25,575.51	27,923.27	
2010	6 12/20/2010	53,498.78	24,737.82	28,760.96	795,832.92
Totals		53,498.78	24,737.82	28,760.96	
2011	7 12/20/2011	53,498.78	23,874.99	29,623.79	766,209.13
Totals		53,498.78	23,874.99	29,623.79	
2012	8 12/20/2012	53,498.78	22,986.27	30,512.51	735,696.62
Totals		53,498.78	22,986.27	30,512.51	
2013	9 12/20/2013	53,498.78	22,070.90	31,427.88	704,268.74
Totals		53,498.78	22,070.90	31,427.88	
2014	10 12/20/2014	53,498.78	21,128.06	32,370.72	671,898.02
Totals		53,498.78	21,128.06	32,370.72	
2015	11 12/20/2015	53,498.78	20,156.94	33,341.84	638,556.18
Totals		53,498.78	20,156.94	33,341.84	
2016	12 12/20/2016	53,498.78	19,156.69	34,342.09	604,214.09
Totals		53,498.78	19,156.69	34,342.09	
2017	13 12/20/2017	53,498.78	18,126.42	35,372.36	568,841.73
Totals		53,498.78	18,126.42	35,372.36	

	14	12/20/2018	53,498.78	17,065.25	36,433.53	532,408.20
2018			53,498.78	17,065.25	36,433.53	
Totals						
	15	12/20/2019	53,498.78	15,972.25	37,526.53	494,881.67
2019			53,498.78	15,972.25	37,526.53	
Totals						
	16	12/20/2020	53,498.78	14,846.45	38,652.33	456,229.34
2020			53,498.78	14,846.45	38,652.33	
Totals						
	17	12/20/2021	53,498.78	13,686.88	39,811.90	416,417.44
2021			53,498.78	13,686.88	39,811.90	
Totals						
	18	12/20/2022	53,498.78	12,492.52	41,006.26	375,411.18
2022			53,498.78	12,492.52	41,006.26	
Totals						
	19	12/20/2023	53,498.78	11,262.34	42,236.44	333,174.74
2023			53,498.78	11,262.34	42,236.44	
Totals						
	20	12/20/2024	53,498.78	9,995.24	43,503.54	289,671.20
2024			53,498.78	9,995.24	43,503.54	
Totals						
	21	12/20/2025	53,498.78	8,690.14	44,808.64	244,862.56
2025			53,498.78	8,690.14	44,808.64	
Totals						
	22	12/20/2026	53,498.78	7,345.88	46,152.90	198,709.66
2026			53,498.78	7,345.88	46,152.90	
Totals						
	23	12/20/2027	53,498.78	5,961.29	47,537.49	151,172.17
2027			53,498.78	5,961.29	47,537.49	
Totals						
	24	12/20/2028	53,498.78	4,535.17	48,963.61	102,208.56
2028			53,498.78	4,535.17	48,963.61	
Totals						
	25	12/20/2029	53,498.78	3,066.26	50,432.52	51,776.04
2029			53,498.78	3,066.26	50,432.52	
Totals						
	26	12/20/2030	53,329.32	1,553.28	51,776.04	0.00
2030			53,329.32	1,553.28	51,776.04	
Totals						
Grand			1,538,548.82	553,548.82	985,000.00	
Totals						

EXHIBIT E
(Form of Loan and Grant Deed of Trust)

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Redevelopment Agency
of the City of Seal Beach
211 8th Street
Seal Beach, CA 90740
Attn: Executive Director

No fee for recording pursuant to
Government Code Section 27383

**DEED OF TRUST WITH ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT**

(Seal Beach Mobilehome Park)

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Deed of Trust") is made as of December 1, 2000, by and among the LINC Community Development Corporation, a California nonprofit public benefit corporation ("Trustor"), Fidelity National Title Company, a California corporation, ("Trustee"), and the Redevelopment Agency of the City of Seal Beach, a public body corporate and politic ("Beneficiary").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, **IN TRUST, WITH POWER OF SALE**, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's fee interest in the property located in the County of Orange, and the County of Los Angeles, State of California, that is described in the attached Exhibit A, incorporated herein by this reference (the "Property"), together with:

(a) All buildings, structures and improvements now located or later to be constructed on the Property owned by Trustor (the "Improvements");

(b) All articles of personal property now or hereafter attached to, placed upon for an indefinite term, or used in connection with the Property and/or Improvements, together with all goods and other property that are, or at any time become, so related to the Property that an interest in them arises under real estate law, or they are otherwise adjudged to be a "fixture" under applicable law (each a "Fixture," collectively "Fixtures");

(c) All existing and future appurtenances, privileges, rights, easements, franchises and tenements of the Property, including all minerals, oil, gas, other hydrocarbons and associated substances, sulphur, nitrogen, carbon dioxide, helium and any other commercially valuable substances which may be in, under or produced from any part of the Property, all development rights and credits; air rights, water, water courses, water rights (whether riparian, appropriative or otherwise, and whether or not

appurtenant) and water stock, easements, rights-of-way, gores or strips of land, and any land lying in the streets, ways, alleys, passages, roads or avenues, open or proposed, in front of or adjoining the Property and Improvements;

(d) All existing and future leases, subleases, subtenancies, licenses, occupancy agreements, concessions, and other agreements of any kind relating to the use or occupancy of all or any portion of the Property, whether now in effect or entered into in the future (each a "Lease," collectively, the "Leases") relating to the use and enjoyment of all or any part of the Property and Improvements, all amendments, extensions, renewals, or modifications thereof (subject to Beneficiary's right to approve same pursuant to the terms of the Grant Documents), and any and all guaranties of, and security for, lessee's performance under any and all Leases, and all other agreements relating to or made in connection with any of such Leases;

(e) All rents (and payments in lieu of rents), royalties, issues, profits, income, proceeds, payments, and revenues of or from the Property, and/or at any time payable under any and all Leases, including all prepaid rents and any and all security deposits received or to be received by Trustor pursuant to any and all Leases, and all rights and benefits accrued, or to accrue to, Trustor under any and all Leases (some or all collectively, as the context may require, "Rents");

(f) All real property and Improvements on the Property.

(g) All rights to the name, signs, and trade names used to operate the Property and Improvements;

(h) All goods, materials, supplies, chattels, furniture, fixtures, machinery, apparatus, fittings, equipment, and articles of personal property of every kind and nature whatsoever, including consumable goods, now or hereafter located in or upon the Property or any part thereof, or to be attached to or placed in or on, or used or useable in connection with any present or future use, enjoyment, occupancy or operation of all or any part of the Property and Improvements, whether stored on the Land or elsewhere, including by way of description but without limiting the generality of the foregoing, all pumps or pumping plants, tanks, motors, conduits, engines, pipes, ditches and flumes, and also all gas and electrical apparatus (including, but not limited to, all electrical transformers, switches, switch boxes, and equipment boxes), cooking, heating, cooling, air conditioning, lighting, power equipment, refrigeration and plumbing apparatus, fixtures and equipment, screens, storm doors and windows, stoves, wall beds, refrigerators, attached cabinets, partitions, ovens, ranges, disposals, dishwashers, carpeting, plants and shrubbery, ground maintenance equipment, ducts and compressors; together with all building materials, goods and personal property on or off the Property intended to be affixed to or incorporated in the Property but not yet affixed to or incorporated in the Property, all which shall be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust;

(i) All building materials, equipment, work in process or other personal property of any kind, whether stored on the Property or elsewhere, which have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements;

(j) All rights to the payment of money, accounts, accounts receivable, reserves, deferred payments, refunds of real property and personal property taxes and other refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including all earnest money sales deposits) or deposited by Trustor with third parties (including all utility deposits), contract rights, development and use rights, governmental permits and licenses, applications, architectural and engineering plans, specifications and drawings, as-built drawings, chattel paper, instruments, documents, notes, drafts and letters of credit (other than letters of credit in favor of Beneficiary), which arise from or

relate to construction on the Property or to any business now or later to be conducted on it, or to the Land and Improvements generally;

(k) All proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the Property, the Improvements, or the other property described above into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Property, the Improvements, or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud or concealment of a material fact;

(l) All books and records pertaining to any and all of the property described above, including records relating to tenants under any leases, and the qualification of such tenants, and all certificates, vouchers, and other documents in any way related thereto, and all records relating to the application and allocation of any federal, state, and local tax credits or benefits, including computer-readable memory and any computer hardware or software necessary to access and process such memory (the "Books and Records");

(m) All proceeds of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above, including all proceeds of any voluntary or involuntary disposition or claim respecting any such property (arising out of any judgment, condemnation or award, or otherwise arising) and all goods, documents, general intangibles, chattel paper and accounts, wherever located, acquired with cash proceeds of any of the foregoing or its proceeds.

All of the foregoing, together with the Property, is herein referred to as the "Security." To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING:

A. Repayment of funds and interest thereon in event of a default under the Loan and Grant Agreement (defined in Article 1 below). Said payments shall be due and payable as provided in the Loan and Grant Agreement. Said Loan and Grant Agreement and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

B. Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and

C. Performance of every obligation, covenant or agreement of Trustor contained herein and in the Grant Documents (defined in Section 1.2 below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

**ARTICLE 1:
DEFINITIONS**

In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

Section 1.1 The term "Loan and Grant Agreement" means that certain Loan and Grant Agreement between Trustor and the Agency dated as of December 1, 2000.

Section 1.2 The term "Grant Documents" means this Deed of Trust, the Loan and Grant Agreement, the Regulatory Agreement, the Security Agreement and any other debt, grant or security instruments between Trustor and the Beneficiary relating to the Property.

Section 1.3 The term "Grant Amount" means the aggregate of the amounts required to be paid under the Loan and Grant Agreement (including grant funds and interest thereon) in the event of default by Trustor thereunder.

Section 1.4 The term "Regulatory Agreement" means the Regulatory Agreement by and between the Trustor and Beneficiary of even date herewith and recorded against the Property concurrently herewith.

Section 1.5 The term "Security Agreement" means the Security Agreement by and between the Trustor and the Beneficiary of every date herewith.

**ARTICLE 2:
MAINTENANCE AND MODIFICATION OF
THE PROPERTY AND SECURITY**

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to the termination of the Loan and Grant Agreement, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Grant Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of Orange County and Los Angeles County, a surety bond in an amount 1 and ½ times the amount of such claim item to protect against a claim of lien.

Section 2.2 Granting of Easements.

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law. As to these exceptions, Beneficiary will grant and/or direct the Trustee to grant such easements.

ARTICLE 3: ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AND ASSIGNMENT OF RENTS

Section 3.1 Absolute Assignment.

Effective upon the recordation of this Deed of Trust, Trustor hereby irrevocably, absolutely, presently and unconditionally assigns, transfers, and sets over to Beneficiary:

(a) All of Trustor's right, title and interest in, to and under any and all Leases, all amendments, extensions, renewals, or modifications thereof (subject to Beneficiary's right to approve same pursuant to the terms of the Grant Documents), and any and all guaranties of, and security for, lessee's performance under any and all Leases, and all other agreements relating to or made in connection with any of such Leases; and

(b) All Rents.

THIS IS AN ABSOLUTE ASSIGNMENT, NOT AN ASSIGNMENT FOR SECURITY ONLY.

Section 3.2 Grant of License.

Beneficiary hereby confers upon Trustor a license (the "License") to collect and retain the Rents as they become due and payable, so long as no Event of Default, as defined in Section 8.1, shall exist and be continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole and absolute discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

Section 3.3 Collection and Application of Rents and Enforcement of Leases. Subject to the License granted to Trustor under Section 3.2, Beneficiary has the right, power, and authority to collect any and all Rents and enforce the provisions of any Lease. Trustor hereby irrevocably appoints

Beneficiary its attorney-in-fact, with full power of substitution, to perform any and all of the following acts, if and at the times when Beneficiary in its sole and absolute discretion may so choose:

- (a) Demand, receive, and enforce payment of any and all Rents; or
- (b) Give receipts, releases, and satisfactions for any and all Rents; or
- (c) Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents; or
- (d) Enforce the provisions of any and all Leases.

The appointment granted in this Section 3.3 shall be deemed to be a power coupled with an interest. Beneficiary's right to the Rents, or to enforce the provisions of any Lease, does not depend on whether or not Beneficiary takes possession of the Property as permitted under Section 8.3. In Beneficiary's sole and absolute discretion, Beneficiary may choose to collect Rents or enforce any and all Leases either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the following manner: (i) first, to pay the costs and expenses of operation of the Property and collection of Rents and other sums that may be incurred by Trustee, Beneficiary, and/or any receiver, including but not limited to reasonable attorneys fees and any and all expenses of leasing, operating, maintaining, and managing the Property, and all other costs and charges incident to the Property; (ii) second, to pay all other obligations secured by this Deed of Trust in any order and proportions as Beneficiary in its sole and absolute discretion may choose; and (iii) third, to remit the remainder, if any, to the person or persons entitled to it. Beneficiary shall have no liability for any funds which it does not actually receive.

If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted under Section 8.4.

Section 3.4 Notice.

All lessees under any and all Leases are hereby irrevocably authorized and notified by Trustor to rely upon and to comply with (and will be fully protected in so doing) any notice or demand by Beneficiary for the payment to Beneficiary of any rental or other sums which may at any time become due under the Leases, or for the performance of any of lessees' undertakings under the Leases, and lessees have no right or duty to inquire whether any Event of Default has actually occurred or is then existing hereunder.

Section 3.5 Proceeds.

Beneficiary has the right to apply all amounts received by it pursuant to this assignment to pay any of the following in the amounts and in the order Beneficiary deems appropriate: (a) any and all Secured Obligations, together with all costs and attorneys fees; (b) all expenses of leasing, operating, maintaining, and managing the Property, including, without limitation, the salaries, fees, commissions and wages of a managing agent, and the other employees, agents, or independent contractors Beneficiary deems necessary or desirable; (c) all taxes, charges, claims, assessments, any other liens, and premiums for all insurance Beneficiary deems necessary or desirable; and (d) the cost of all alterations, renovations, repairs or replacements, and all expenses incident to taking and retaining possession of the Property.

Section 3.6 Beneficiary Not Responsible.

Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land and the Improvements, Beneficiary is not and shall not be deemed to be:

- (a) A "mortgagee in possession" for any purpose; or
- (b) Responsible for performing any of the obligations of the Trustor as lessor under any lease; or
- (c) Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair or control of the Property; or
- (d) Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

Section 3.7 Leasing.

Trustor shall not accept any deposit or prepayment of Rents for any rental period exceeding one (1) month without Beneficiary's express prior written consent.

ARTICLE 4: TAXES AND INSURANCE; ADVANCES

Section 4.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid, at least fifteen (15) days prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 4.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Grant Documents at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefor at any time prior to the Beneficiary's receipt of the entire Grant Amount and all amounts secured by this Deed of Trust.

Section 4.3 Advances.

In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Grant Documents, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof and all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 5: DAMAGE, DESTRUCTION OR CONDEMNATION

Section 5.1 Awards and Damages.

All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (1) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (2) any damage to or destruction of the Property or in any part thereof by insured casualty, and (3) any other injury or damage to all or any part of the Property ("Funds") are hereby assigned to and shall be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. Following an Event of Default, the Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of the Beneficiary under this Section 4.1 are subject to the rights of any senior mortgage lender. Notwithstanding the provisions of this Section, the Beneficiary shall release the Funds to Trustor to be used to reconstruct the improvements on the Property provided that Beneficiary reasonably determines that Trustor (when taking into account the Funds) has sufficient funds to rebuild.

**ARTICLE 6:
AGREEMENTS AFFECTING THE PROPERTY; FURTHER
ASSURANCES; PAYMENT OF GRANT AMOUNT AND
INTEREST**

Section 6.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Grant Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 6.2 Agreement to Pay Attorneys Fees and Expenses.

In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 6.3 Payment of the Grant Amount.

The Trustor shall pay to the Beneficiary the Grant Amount following an Event of Default and any other payments as set forth in the Loan and Grant Agreement in the amounts and by the times set out therein.

Section 6.4 Personal Property.

To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code.

Section 6.5 Financing Statement.

The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Loan and Grant Agreement in accordance with its terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 6.6 Operation of the Security.

The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Grant Documents.

Section 6.7 Inspection of the Security.

At any and all reasonable times upon seventy-two (72) hours notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 6.8 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants shall run with the land.

**ARTICLE 7:
HAZARDOUS WASTE**

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," hazardous wastes," "hazardous materials," or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as are used in construction or operation of the improvements to be constructed on the Property or as may be customarily kept and used in and about residential property.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above hereinafter referred to a "Hazardous Materials Claims"); and (iii) Trustor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be classified as "border-zone property" under the provision of California Health and Safety Code, Sections 25220 et seq. or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys fees in connection therewith paid by Trustor. Trustor shall indemnify and hold harmless Beneficiary and its councilmembers, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (a) all foreseeable consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (c) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys fees.

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action; provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 7265, and (ii) each representation and warranty in this Deed of Trust or any of the other Grant Documents (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the property is intended by the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (a) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (b) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and

the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the rate specified in the Note until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

ARTICLE 8: EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default.

The following shall constitute Events of Default: (1) failure to make any payment to be paid by Trustor under the Grant Documents within ten (10) days following written notice that such payment is due; (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Grant Documents, including, without limitation, the provisions concerning discrimination, subject to applicable notice and cure periods, included in the Grant Documents; or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other debt instruments or regulatory agreement secured by the Property, which default shall not be cured within the times and in the manner provided therein.

Section 8.2 Acceleration of Maturity.

If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid Grant Amount under the Loan and Grant Agreement shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Grant Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 8.3 The Beneficiary's Right to Enter and Take Possession.

If an Event of Default shall have occurred and be continuing, the Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof

(c) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of Orange County and Los Angeles County; or

(d) Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

Section 8.4 Foreclosure By Power of Sale.

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall give notice to the Trustee (the "Notice of Sale") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid amounts under the Loan and Grant Agreement are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) all amounts owed to Beneficiary under the Grant Documents; (ii) all other sums then secured hereby; and (iii) the remainder, if any, to Trustor.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 8.5 Receiver.

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all

the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 8.6 Remedies Cumulative.

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

Section 8.7 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to or any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Grant Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Grant Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Deed of Trust be altered thereby.

Section 8.8 Suits to Protect the Security.

The Beneficiary shall have power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 8.9 Trustee May File Proofs of Claim.

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

Section 8.10 Waiver.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Loan and Grant Agreement or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

**ARTICLE 9:
MISCELLANEOUS**

Section 9.1 Amendments.

This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 9.2 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all sums secured hereby have been paid or forgiven, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 9.3 Notices.

If at anytime after execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

Redevelopment Agency
of the City of Seal Beach
211 8th Street
Seal Beach, CA 90740
Attn: Executive Director

and (2) if intended for Trustor shall be addressed to:

LINC Community Development Corporation
 110 Pine Avenue, Suite 525
 Long Beach, CA 90802
 Attn: President

Copies of Notices to Trustor shall also be sent to any limited partner of Trustor who requests such notice in writing and provides its address to Beneficiary. Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 9.4 Successors and Joint Trustors.

Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee. Where more than one entity or person is signing as Trustor, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person signing as Trustor.

Section 9.5 Captions.

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 9.6 Invalidity of Certain Provisions.

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 9.7 Governing Law.

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

Section 9.8 Gender and Number.

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 9.9 Deed of Trust, Mortgage.

Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 9.10 Actions.

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 9.11 Substitution of Trustee.

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 9.12 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

Section 9.13 Acceptance by Trustee.

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

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

TRUSTOR:

LINC Community Development Corporation,
a California nonprofit public benefit corporation

By: _____

Name: Hunter L. Johnson

Its: President

EXHIBIT A**LEGAL DESCRIPTION**

A PORTION OF THAT PARCEL OF LAND GRANTED TO THE CITY OF SEAL BEACH BY THAT CERTAIN FINAL ORDER OF CONDEMNATION, SUPERIOR COURT OF LOS ANGELES COUNTY, CASE NO. C-78004, PARCEL 4, A CERTIFIED COPY OF WHICH WAS RECORDED MARCH 23, 1977 IN BOOK 12115, PAGE 195 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA; AND A PORTION OF TIDE LAND LOCATION NO. 137 "SURVEY NO. 106", AS PATENTED BY THE STATE OF CALIFORNIA ON FEBRUARY 12, 1901 AND RECORDED APRIL 27, 1901 IN BOOK 9, PAGE 105 OF PATENTS, RECORDS OF LOS ANGELES COUNTY, AND RECORDED SEPTEMBER 5, 1905 IN BOOK 1, PAGE 231 OF PATENTS, RECORDS ORANGE COUNTY; SAID ABOVE PORTIONS OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF TRACT NO. 9783, AS SHOWN ON MAP FILED IN BOOK 437, PAGES 32 TO 36 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY; SAID CORNER BEING A POINT IN THE SOUTHEASTERLY LINE OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT LAND DESCRIBED AS PARCEL 8 IN SUPERIOR COURT CASE NO. 231287, IN AND FOR THE COUNTY OF LOS ANGELES, IN BOOK 2383, PAGE 42, RECORDS OF ORANGE COUNTY, SAID SOUTHEASTERLY LINE BEING A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 2000.00 FEET, A RADIAL LINE FROM SAID POINT BEARS SOUTH 35° 57' 55" EAST; THENCE NORTHEASTERLY ALONG SAID CURVE AND SOUTHEASTERLY LINE, AN ARC DISTANCE OF 356.05 FEET; THENCE TANGENT TO SAID CURVE AND CONTINUING ALONG SAID SOUTHEASTERLY LINE, NORTH 54° 02' 05" EAST 239.79 FEET TO THE NORTHEASTERLY LINE OF THAT 200.00 FOOT WIDE STRIP OF LAND DESCRIBED IN THE QUITCLAIM DEED TO THE PACIFIC ELECTRIC RAILWAY COMPANY, RECORDED FEBRUARY 21, 1926 IN BOOK 514, PAGE 44 OF DEEDS, RECORDS OF ORANGE COUNTY; THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY LINE, SOUTH 42° 15' 32" EAST 492.08 FEET TO THE NORTHWESTERLY LINE OF FIRST STREET, AS IT NOW EXISTS, SAID LAST MENTIONED NORTHWESTERLY LINE BEING A LINE PARALLEL WITH AND DISTANT NORTHWESTERLY 110.00 FEET, MEASURED AT RIGHT ANGLES FROM THE BOUNDARY LINE OF THE RANCHO LOS ALAMITOS, PER MAP RECORDED IN BOOK 1, PAGES 460, 461 AND 462 OF PATENTS OF LOS ANGELES COUNTY, CALIFORNIA, AND AS SHOWN ON RECORD OF SURVEY RECORDED IN RECORD OF SURVEY BOOK 90, PAGES 23 TO 30, AND AS MORE PARTICULARLY ESTABLISHED BY SEAL BEACH BOUNDARY LINE AGREEMENT NO. 2 DATED FEBRUARY 5, 1968 AND RECORDED APRIL 8, 1968 IN BOOK 8565, PAGE 1 OF OFFICIAL RECORDS OF ORANGE COUNTY; THENCE SOUTHWESTERLY ALONG SAID LAST MENTIONED PARALLEL LINE, AND THE NORTHWESTERLY LINE OF FIRST STREET, SOUTH 54° 48' 38" WEST 606.81 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY, AND HAVING A RADIUS OF 610.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 6.79 FEET TO THE MOST EASTERLY BOUNDARY CORNER OF SAID TRACT NO. 9783; THENCE NORTHWESTERLY ALONG THE

NORTHEASTERLY BOUNDARY LINE OF SAID TRACT NO. 9783, THE FOLLOWING COURSES:

NORTH 42° 17' 11" WEST 203.39 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 15.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, AN ARC DISTANCE OF 21.79 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 112.50 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, AN ARC DISTANCE OF 10.24 FEET TO THE INTERSECTION OF A NON-TANGENT LINE BEARING NORTH 43° 58' 37" WEST, A LINE FROM SAID POINT OF INTERSECTION BEARS NORTH 54° 15' 24" WEST; THENCE NORTH 43° 58' 37" WEST 230.28 FEET TO THE MOST NORTHERLY CORNER OF SAID TRACT NO. 9783 AND THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL OF LAND IS SHOWN AS "NOT A PART" ON THE MAP OF TRACT NO. 9783, FILED IN BOOK 437, PAGES 32 TO 36, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

EXCEPT FROM THE ABOVE DESCRIBED PROPERTY, THAT PORTION OF THE SUBSURFACE THEREOF LYING ONE HUNDRED (100) FEET OR MORE BELOW THE SURFACE OF SAID PROPERTY, BUT WITHOUT ANY RIGHT OF ENTRY UPON THE SURFACE THEREOF, AS SET FORTH IN MEMORANDUM OF LEASE, RECORDED JANUARY 30, 1980 IN BOOK 13484, PAGE 1969 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

ALSO EXCEPT THEREFROM ALL OIL, OIL RIGHTS, NATURAL GAS RIGHTS, MINERAL RIGHTS AND OTHER HYDROCARBON SUBSTANCES BY WHATEVER NAME KNOWN, TOGETHER WITH APPURTENANT RIGHTS THERETO, WITHOUT, HOWEVER, ANY RIGHT TO ENTER UPON THE SURFACE OF SAID LAND NOR ANY PORTION OF THE SUBSURFACE LYING ABOVE A DEPTH OF 500 FEET, AS EXCEPTED OR RESERVED IN INSTRUMENTS OF RECORD.

SOME MATTERS AFFECTING SPECIFIC MOBILE HOMESITES ONLY ARE NOT COVERED HEREIN.

EXHIBIT F
Schedule of Grant Advances*

Year ⁱ	1	2	3	4	5	6
Maximum Annual Rent Subsidy	\$180,000	180,000	180,000	180,000	180,000	180,000

Year	7	8	9	10	11	12	13
Maximum Annual Rent Subsidy	\$180,000	180,000	180,000	180,000	180,000	180,000	180,000

Year	14	15	16	17	18	19	20
Maximum Annual Rent Subsidy	\$180,000	180,000	180,000	180,000	180,000	180,000	180,000

* At closing, a grant subsidy in the amount of \$294,531.58 will be deposited.