

ASSIGNMENT AND ASSUMPTION OF REIMBURSEMENT AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF REIMBURSEMENT AGREEMENT ("Assignment") is made and entered into this 24 day of May, 1999, by and between PACIFIC BAY PROPERTIES, a California corporation ("Assignor"), and RANCHO MURIETA 205 LLC, a California limited liability company ("Assignee").

RECITALS

This Assignment is made with reference to the following facts and intentions of the parties:

A. Concurrently herewith, Assignor, as grantor, has executed a Grant Deed conveying fee simple interest in and to certain real property (the "Real Property") located in an unincorporated area of the County of Sacramento, State of California, legally described on Exhibit A attached hereto and made a part hereof.

B. Assignor is the successor-in-interest to FN Projects, Inc. ("FN"), under that certain Reimbursement and Shortfall Agreement among the Rancho Murieta Community Services District ("District"), FN and Assignee executed on February 15, 1991 ("Reimbursement Agreement").

C. Assignor has agreed to assign to Assignee all of its right, title and interest in and to, and delegates to Assignee, all of its duties and obligations under the Reimbursement Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties agree as follows:

ARTICLE I

ASSIGNMENT OF PERMITS AND WARRANTIES AND GUARANTIES

1.1 Assignment of Reimbursement Agreement. Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to the Reimbursement Agreement, including, without limitation, all reimbursements due Assignor, and delegates all of Assignee's duties and obligations thereunder.

1.2 Assumption. Assignee hereby accepts the foregoing assignment of the Reimbursement Agreement and agrees to perform all

of Assignee's duties and obligations thereunder accruing after the date of this Agreement.

1.3 No Liability. This Assignment and its acceptance by Assignee shall not impose any liability on Assignee for any default by Assignor under the Reimbursement Agreement prior to the Effective Date. Assignee shall indemnify, defend and hold Assignor harmless from any loss, claim, demand, cause of action or expense resulting from a default by Assignee under the Reimbursement Agreement occurring after the Effective Date, including reasonable attorneys' fees.

1.4 Effective Date. The "Effective Date" of this Assignment shall be the date that the Grant Deed conveying the Real Property to Assignee is recorded in the Official Records of the Sacramento County Recorder.

ARTICLE II

MISCELLANEOUS

2.1 Attorneys' Fees. In the event of any litigation or action arising out of the subject matter of this Assignment, the prevailing party shall be entitled to reasonable attorneys' fees and court costs.

2.2 Inurement. This Assignment shall inure to the benefit of Assignor and Assignee and their respective successors, loan participants, parent corporations, subsidiaries, affiliates and successors-in-interest.

2.3 Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

2.4 Notices. Any notice which either party may desire to give to the other party must be in writing and shall be effective (i) when personally delivered by the other party or messenger or courier thereof; (ii) three (3) business days after deposit in the United States mail, registered or certified; (iii) twenty-four (24) hours after deposit before the daily deadline time with a reputable overnight courier or service; or (iv) upon receipt of a telecopy or facsimile transmission, provided a hard copy of such transmission shall be thereafter delivered in one of the methods described in the

foregoing (i) through (iii); in each case postage fully prepaid and addressed to the respective parties as set forth below or to such other address and to such other persons as the parties may hereafter designate by written notice to the other parties hereto:

To Assignor: Pacific Bay Properties
4041 MacArthur Boulevard
Suite 500
Newport Beach, CA 92660
Attn: Karin T. Krogius
Facsimile: (949) 724-8934

Copy to: Rutan & Tucker, LLP
611 Anton Boulevard
Suite 1400
Costa Mesa, CA 92626
Attn: Joseph L. Maga, Esq.
Facsimile: (714) 546-9035

To Assignee: Rancho Murieta 205 LLC
9856-A Business Park Drive
Sacramento, CA 95827
Facsimile No.: (916) 364-3570

Copy to: Wagner, Kirkman, Blaine & Youmans
1792 Tribute Road
Suite 450
Sacramento, CA 95815
Attn: Belan Wagner, Esq.
Facsimile No.: 916/920-8608

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

"Assignor"

PACIFIC PAY PROPERTIES, A
California Corporation

By: Karin T. Krogius

Its: J.T.

"Assignee"

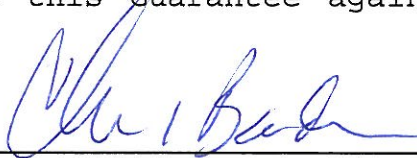
RANCHO MURIETA 205 LLC, A
California Limited Liability
Company

By: 
Its: _____

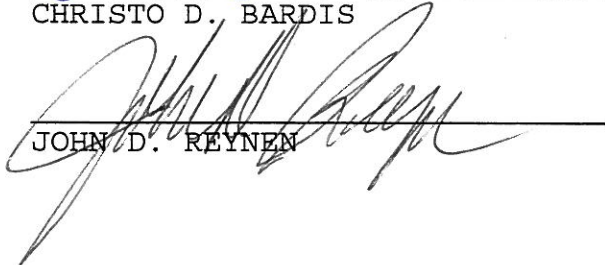
GUARANTEE

The undersigned, as guarantors ("Guarantors"), hereby unconditionally and irrevocably guarantee the full and prompt performance to the District of all obligations of Assignee pursuant to the Reimbursement Agreement. The undersigned acknowledge and agree that, as an inducement to the District to consent to the Assignment and Assumption of Reimbursement Agreement, the Guarantors have agreed to guarantee Assignee's obligations under the Reimbursement Agreement.

Guarantors hereby expressly waive and relinquish all rights and remedies accorded by applicable law to guarantors, and agree not to assert or take advantage of any such rights or remedies. The obligations of Guarantors hereunder are independent of the obligations of Assignee. The obligations of each of the persons signing below shall be joint and several. If this Guarantee is unenforceable against any of the Guarantors, such unenforceability shall not affect the obligations of the remaining person comprising Guarantor or the enforceability of this Guarantee against such remaining Guarantors.



CHRISTO D. BARDIS



JOHN D. REYNE

CONSENT TO ASSIGNMENT

The undersigned hereby consents to the assignment of the rights and obligations of Pacific Bay Properties under that certain Reimbursement and Shortfall Agreement among the undersigned, Winncrest Homes, Inc., and FN Projects, Inc. (Pacific Bay Properties' predecessor-in-interest) to Rancho Murieta 205 LLC and hereby releases Pacific Bay Properties from all further obligations arising after the Effective date under the Reimbursement Agreement.

Dated: 5/20, 1999

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

By: 

ATTEST:

Its: PRESIDENT
BOARD OF DIRECTORS

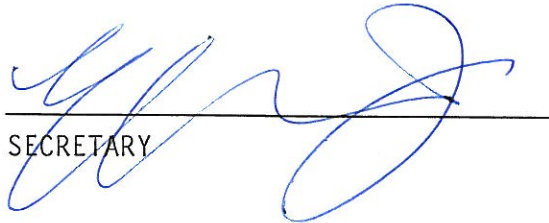

SECRETARY

EXHIBIT "A"

LEGAL DESCRIPTION OF REAL PROPERTY

The Land is that certain real property located in an unincorporated area of the County of Sacramento, State of California, more particularly described as follows:

(attached)

EXHIBIT "A"

TO ASSIGNMENT AND ASSUMPTION OF REIMBURSEMENT AGREEMENT

DESCRIPTION

That certain property situated in the State of California, County of Sacramento, Unincorporated Area, described as follows:

PARCEL 1:

ALL THAT PORTION OF PARCEL 7, AS SAID PARCEL IS SHOWN ON THE "PARCEL MAP OF RANCHO MURIETA", FILED IN THE OFFICE OF THE SACRAMENTO COUNTY RECORDER IN BOOK 12 OF PARCEL MAPS AT PAGE 47, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHWESTERLY BOUNDARY OF SAID PARCEL 7; SAID SOUTHWESTERLY BOUNDARY ALSO BEING THE NORTHEASTERLY RIGHT-OF-WAY LINE OF STATE HIGHWAY NO. 16, FROM WHICH THE NORTHWESTERLY TERMINUS OF A COURSE DESIGNATED "NORTH 41°45'48" WEST 1,310.47" FEET BEARS NORTH 41°45'48" WEST 179.04 FEET; THENCE FROM SAID POINT OF BEGINNING, ALONG SAID BOUNDARY AND RIGHT-OF-WAY LINE, SOUTH 41°45'48" EAST 68.00 FEET; THENCE, LEAVING SAID BOUNDARY AND RIGHT-OF-WAY LINE, THE FOLLOWING ONE HUNDRED NINETEEN ((119) COURSES:

- 1) NORTH 48°14'12" EAST 249.06 FEET;
- 2) SOUTH 41°45'48" EAST 5.00 FEET;
- 3) SOUTH 81°53'53" EAST 174.82 FEET;
- 4) SOUTH 35°08'44" EAST 234.15 FEET;
- 5) SOUTH 44°38'47" EAST 600.05 FEET;
- 6) SOUTH 58°39'22" EAST 319.35 FEET;
- 7) SOUTH 34°30'40" EAST 147.62 FEET;
- 8) SOUTH 48°09'01" EAST 105.03 FEET;
- 9) SOUTH 65°27'07" EAST 113.56 FEET;
- 10) SOUTH 86°20'34" EAST 220.63 FEET;
- 11) SOUTH 60°22'10" EAST 68.88 FEET;
- 12) SOUTH 07°38'48" EAST 35.81 FEET;
- 13) SOUTH 65°25'36" EAST 86.32 FEET;
- 14) NORTH 64°05'10" EAST 1,276.48 FEET;
- 15) NORTH 69°34'31" EAST 38.03 FEET;
- 16) NORTH 84°54'15" EAST 255.04 FEET;
- 17) NORTH 75°38'27" EAST 259.39 FEET;
- 18) NORTH 05°22'42" EAST 119.81 FEET;
- 19) NORTH 72°01'55" EAST 97.81 FEET;
- 20) ALONG THE ARC OF A TANGENT 619.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 23°19'07", A DISTANCE OF 251.93 FEET;
- 21) ALONG A NON-TANGENT LINE
- 22) NORTH 42°43'38" WEST 184.84 FEET;
- 23) NORTH 43°23'42" EAST 195.76 FEET;
- 24) NORTH 44°12'26" WEST 308.00 FEET;
- 25) NORTH 49°50'41" EAST 36.09 FEET;
- 26) NORTH 22°47'08" EAST 192.75 FEET;
- 27) NORTH 10°41'41" EAST 393.61 FEET;
- 28) NORTH 17°26'51" EAST 298.13 FEET;
- 29) NORTH 21°29'18" WEST 71.82 FEET;
- NORTH 54°05'40" EAST 139.16 FEET;

- 30) NORTH 35°33'01" WEST 114.85 FEET;
- 31) NORTH 52°26'08" EAST 44.96 FEET;
- 32) NORTH 36°35'01" WEST 169.07 FEET TO A POINT WHICH BEARS SOUTH
- 33) 53°18'41" WEST 2,316.65 FEET FROM THE NORTHEAST CORNER OF SAID PARCEL 7;
FROM A TANGENT WHICH BEARS SOUTH 48°25'57" WEST, ALONG THE
ARC OF A 784.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL
ANGLE OF 28°43'05", A DISTANCE OF 392.96 FEET;
- 34) ALONG A TANGENT LINE, SOUTH 19°42'52" WEST 261.86 FEET;
- 35) ALONG THE ARC OF A TANGENT 784.00 FOOT RADIUS CURVE TO THE
LEFT THROUGH A CENTRAL ANGLE OF 11°35'04", A DISTANCE OF 158.51 FEET;
- 36) ALONG A TANGENT LINE, SOUTH 08°07'48" WEST 228.67 FEET;
- 37) ALONG THE ARC OF A TANGENT 241.00 FOOT RADIUS CURVE TO THE
RIGHT, THROUGH A CENTRAL ANGLE OF 56°14'04", A DISTANCE OF 236.54 FEET;
- 38) ALONG A TANGENT LINE, SOUTH 64°21'52" WEST 555.14 FEET;
- 39) ALONG THE ARC OF A TANGENT 516.00 FOOT RADIUS CURVE TO THE
RIGHT, THROUGH A CENTRAL ANGLE OF 12°37'51", A DISTANCE OF 113.75 FEET;
- 40) ALONG A TANGENT LINE, SOUTH 76°59'43" WEST 636.53 FEET TO A
POINT HEREINAFTER REFERRED TO AS POINT "A";
- 41) ALONG A TANGENT LINE, SOUTH 76°59'43" WEST 96.00 FEET;
- 42) ALONG THE ARC OF A TANGENT 516.00 FOOT RADIUS CURVE TO THE
RIGHT, THROUGH A CENTRAL ANGLE OF 38°39'50", A DISTANCE OF 348.20 FEET;
- 43) ALONG A TANGENT LINE, NORTH 64°20'27" WEST 128.07 FEET;
- 44) ALONG THE ARC OF A TANGENT 784.00 FOOT RADIUS CURVE TO THE
LEFT, THROUGH A CENTRAL ANGLE OF 15°00'00", A DISTANCE OF 205.25 FEET;
- 45) ALONG A TANGENT LINE, NORTH 79°20'27" WEST 38.91 FEET;
- 46) ALONG THE ARC OF A TANGENT 516.00 FOOT RADIUS CURVE TO THE
RIGHT, THROUGH A CENTRAL ANGLE OF 08°02'27", A DISTANCE OF 72.42 FEET;
- 47) ALONG A NON-TANGENT LINE, NORTH 64°14'49" WEST 339.08 FEET;
- 48) NORTH 41°49'37" WEST 685.30 FEET;
- 49) NORTH 67°15'27" WEST 118.35 FEET;
- 50) NORTH 51°41'30" WEST 194.94 FEET;
- 51) NORTH 41°24'13" WEST 361.35 FEET;
- 52) NORTH 28°52'28" WEST 101.95 FEET;
- 53) NORTH 11°59'24" WEST 304.86 FEET;
- 54) NORTH 74°17'20" EAST 88.97 FEET;
- 55) NORTH 84°03'22" EAST 119.62 FEET;
- 56) NORTH 15°35'52" EAST 110.77 FEET;
- 57) FROM A TANGENT WHICH BEARS SOUTH 73°01'13" EAST ALONG THE
ARC OF A 231.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL
ANGLE OF 20°57'28", A DISTANCE OF 84.50 FEET;
- 58) ALONG A TANGENT LINE, SOUTH 52°03'45" EAST 107.40 FEET;
- 59) ALONG THE ARC OF A TANGENT 419.00 FOOT RADIUS CURVE TO THE
LEFT, THROUGH A CENTRAL ANGLE OF 12°47'05", A DISTANCE OF 93.49 FEET;
- 60) ALONG A NON-TANGENT LINE, SOUTH 15°39'58" WEST 114.66 FEET;
- 61) SOUTH 76°09'15" EAST 318.90 FEET;
- 62) SOUTH 89°06'11" EAST 189.78 FEET;
- 63) SOUTH 63°39'12" EAST 240.34 FEET;
- 64) SOUTH 71°07'39" EAST 207.02 FEET;
- 65) NORTH 54°29'53" EAST 101.47 FEET;
- 66) FROM A TANGENT WHICH BEARS SOUTH 50°52'43" EAST, ALONG THE
ARC OF A 381.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL
ANGLE OF 18°29'39", A DISTANCE OF 122.98 FEET;
- 67) ALONG A TANGENT LINE, SOUTH 32°23'04" EAST 49.01 FEET;

- 68) SOUTH 61°07'57" WEST 93.72 FEET;
- 69) SOUTH 77°21'33" WEST 159.26 FEET;
- 70) SOUTH 88°40'15" WEST 183.75 FEET;
- 71) NORTH 76°43'38" WEST 337.59 FEET;
- 72) SOUTH 53°06'43" WEST 61.21 FEET;
- 73) SOUTH 00°52'17" EAST 58.27 FEET;
- 74) SOUTH 44°01'31" EAST 192.57 FEET;
- 75) SOUTH 34°17'47" EAST 262.32 FEET;
- 76) SOUTH 52°28'08" EAST 241.57 FEET;
- 77) SOUTH 46°05'40" EAST 431.93 FEET;
- 78) SOUTH 85°08'55" EAST 359.19 FEET;
- 79) SOUTH 69°12'08" EAST 252.45 FEET;
- 80) NORTH 76°59'43" EAST 62.26 FEET TO A POINT HEREINAFTER REFERRED TO AS POINT "B";
- 81) NORTH 76°59'43" EAST 19.00 FEET;
- 82) NORTH 13°00'17" WEST 359.24 FEET;
- 83) ALONG THE ARC OF A TANGENT 419.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 32°10'16", A DISTANCE OF 235.27 FEET;
- 84) ALONG A TANGENT LINE, NORTH 45°10'33" WEST 445.75 FEET;
- 85) ALONG THE ARC OF A TANGENT 581.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 12°47'29", A DISTANCE OF 129.71 FEET;
- 86) ALONG A TANGENT LINE, NORTH 32°23'04" WEST 117.39 FEET;
- 87) ALONG THE ARC OF A TANGENT 419.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 19°24'45", A DISTANCE OF 141.96 FEET;
- 88) ALONG A NON-TANGENT LINE, NORTH 07°50'22" WEST 147.48 FEET;
- 89) NORTH 47°31'31" EAST 419.33 FEET;
- 90) NORTH 10°18'00" EAST 71.19 FEET;
- 91) NORTH 58°31'05" WEST 49.45 FEET;
- 92) SOUTH 86°10'10" WEST 261.36 FEET;
- 93) NORTH 88°55'42" WEST 499.78 FEET;
- 94) SOUTH 84°56'09" WEST 142.72 FEET;
- 95) NORTH 81°26'21" WEST 283.60 FEET;
- 96) NORTH 80°41'13" WEST 375.38 FEET;
- 97) SOUTH 78°03'12" WEST 247.29 FEET;
- 98) SOUTH 72°04'33" WEST 255.00 FEET;
- 99) SOUTH 86°06'44" WEST 103.08 FEET;
- 100) SOUTH 56°07'06" WEST 203.91 FEET;
- 101) SOUTH 61°50'03" WEST 390.00 FEET;
- 102) SOUTH 41°37'36" WEST 87.95 FEET;
- 103) NORTH 63°25'47" WEST 112.60 FEET;
- 104) NORTH 30°58'26" WEST 52.17 FEET;
- 105) NORTH 72°52'38" WEST 44.37 FEET TO A POINT WHICH BEARS NORTH 89°20'32" EAST 228.21 FEET FROM THE SOUTHWESTERLY TERMINUS OF A COURSE DESIGNATED "NORTH 53°45'48" EAST 774.86 FEET" ON THE NORTHERLY BOUNDARY OF SAID PARCEL 7;
- 106) SOUTH 55°11'25" WEST 364.53 FEET;
- 107) SOUTH 23°27'52" EAST 90.53 FEET;
- 108) SOUTH 73°30'27" EAST 182.72 FEET;
- 109) SOUTH 58°22'49" EAST 195.33 FEET;
- 110) SOUTH 49°48'57" EAST 262.18 FEET;
- 111) NORTH 88°01'20" EAST 103.72 FEET;
- 112) NORTH 55°47'51" EAST 45.24 FEET;
- 113) NORTH 81°56'57" EAST 122.15 FEET;

- 114) SOUTH 79°45'29" EAST 101.86 FEET;
- 115) SOUTH 48°33'30" EAST 353.63 FEET;
- 116) SOUTH 38°11'19" EAST 486.52 FEET;
- 117) SOUTH 38°17'33" EAST 178.96 FEET;
- 118) SOUTH 40°18'22" EAST 200.16 FEET, AND
- 119) SOUTH 48°14'12" WEST 270.97 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ANY PORTION THEREOF LYING WITHIN THE EXTERIOR BOUNDARIES OF THE FOLLOWING SUBDIVISIONS:

- (A) RANCHO MURIETA SOUTH UNIT NO. 1A, FILED FEBRUARY 14, 1990, IN BOOK 202 OF MAPS, AT PAGE 10;
- (B) RANCHO MURIETA SOUTH UNIT NO. 1B, FILED FEBRUARY 14, 1990, IN BOOK 202 OF MAPS, AT PAGE 11.
- (C) RANCHO MURIETA SOUTH UNIT NO. 2A, FILED JULY 11, 1990, IN BOOK 207 OF MAPS, AT PAGE 1;
- (D) RANCHO MURIETA SOUTH UNIT NO. 2B, FILED JULY 11, 1990, IN BOOK 207 OF MAPS, AT PAGE 2;
- (E) RANCHO MURIETA SOUTH UNIT NO. 3, FILED AUGUST 15, 1990, IN BOOK 209 OF MAPS, AT PAGE 4;
- (F) RANCHO MURIETA SOUTH UNIT NO. 4, FILED AUGUST 15, 1990, IN BOOK 209 OF MAPS, AT PAGE 5.
- (G) RANCHO MURIETA SOUTH NO. 5, FILED JUNE 5, 1991, IN BOOK 216 OF MAPS, AT PAGE 11.

PARCEL 2:

LOT E AS SHOWN ON THAT CERTAIN MAP ENTITLED "PLAT OF RANCHO MURIETA SOUTH UNIT 4," FILED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY, CALIFORNIA ON AUGUST 15, 1990, IN BOOK 209 OF MAPS, AT PAGE 4.