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WHEN RECORDED, MAIL TO:

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Rutan & Tucker, LLP  
611 Anton Blvd., Suite 1400  
Costa Mesa, CA 92626  
Attention: Kraig C. Kilger, Esq.

1176599

(Space above this line for Recorder's Use Only)

RIGHT TO REPURCHASE REAL PROPERTY AND AGREEMENT AFFECTING REAL  
PROPERTY

THIS RIGHT TO REPURCHASE REAL PROPERTY AND AGREEMENT AFFECTING REAL PROPERTY (this "Agreement") is made this 11<sup>th</sup> day of August, 2004, by and between GOLDEN RAIN FOUNDATION OF LAGUNA WOODS, a California non-profit corporation ("Seller"), and MAYER FINANCIAL, L.P., a California limited partnership ("Buyer"), upon the following terms and conditions:

RECITALS:

A. Pursuant to that certain Purchase Agreement and Joint Escrow Instructions dated October 31, 2003, entered into between Buyer and Seller, as amended by that certain First Amendment dated December 19, 2003, and that certain Second Amendment dated July 21, 2004 (the "Second Amendment") and that Third Amendment (the "Third Amendment") dated August \_\_\_ 2004, with such documents being referred to herein collectively as the "Purchase Agreement"), Seller has sold to Buyer and Buyer has purchased from Seller, certain real property located in the City of Laguna Woods, County of Orange, State of California, more particularly described on Exhibit "A" attached hereto (the "Property"). The Purchase Agreement is incorporated herein by this reference. Capitalized terms which are not defined herein shall have the meaning given to them in the Purchase Agreement.

B. Buyer and Seller now desire to confirm the terms and conditions upon which Seller will have the right to repurchase the Property from Buyer.

C. NOW, THEREFORE, incorporating the foregoing recitals and for other fair and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Buyer hereby grants to Seller a right to repurchase the Property as more particularly specified herein:

1. Defined Terms.

(a) "Construction Funding". As used in this Agreement, the term "Construction Funding" shall mean either of the following: (i) a construction loan evidenced by recordation of a deed of trust against the Property which allows for loan draws which, the aggregate, will cover at least 65% of the total budgeted construction costs for the improvements to be constructed upon the Property (as evidenced by a lender's commitment letter or other reasonable documentation evidencing that the loan was based upon this 65%

loan-to-cost criteria), or (ii) a line-of-credit or other funding source (e.g., debt or equity) which is available to Buyer with respect to the Property for construction purposes in an amount which is not less than 65% of the total budgeted construction costs for the improvements to be constructed upon the Property (as evidenced by documentation reasonably acceptable to Seller). For purposes of this Agreement, Construction Funding shall be deemed to have been "procured" by Buyer, (i) upon recordation of a deed of trust with respect to a construction loan, or (ii) upon Buyer's deliver to Seller of reasonably satisfactory documentation evidencing adequate availability of funds with respect to any other funding source.

(b) "Outside Repurchase Event Deadline". As used in this Agreement, the term "Outside Repurchase Event Deadline" shall mean and refer to the date which is forty-two (42) months following Buyer's acquisition of fee title to the Property.

*Outside repurchase agreement 42 mos.*

(c) "Repurchase Event". As used in this Agreement, the term "Repurchase Event" shall mean and refer only to either (i) Buyer's failure to commence pouring of the first concrete foundation for the improvements (or any portion thereof) which Buyer desires to construct upon the Property on or before the Repurchase Event Deadline, (ii) Buyer's failure to procure Construction Funding for the construction of improvements upon the Property by the Repurchase Event Deadline, or (iii) Buyer's delivery of written notice to Seller at any time prior to the Repurchase Event Deadline that Buyer does not intend to cause either of the events described in subpart (i) or (ii) of this sentence to occur by the Repurchase Event Deadline. The foregoing shall be the only circumstances which shall allow Seller the ability to exercise the Right to Repurchase granted herein.

*Buyer does not intend to build*

\*

(d) "Repurchase Event Deadline". As used in this Agreement, the term "Repurchase Event Deadline" shall mean and refer to the date which is thirty (30) months following Buyer's acquisition of fee title to the Property. Notwithstanding the foregoing, if Buyer has not procured all final and non-appealable governmental approvals, entitlements and permits which are necessary in order to allow Buyer to commence physical construction of improvements upon the Property (collectively the "Construction Approvals") by the date which is thirty (30) months following Buyer's acquisition of fee title to the Property, the Repurchase Event Deadline shall be extended to the date which is six (6) months following Buyer's procurement of the Construction Approvals, provided that in no event shall the Repurchase Event Deadline be extend beyond the Outside Repurchase Event Deadline. Buyer's right to extend the Repurchase Event Deadline beyond the date which is thirty (30) months following Buyer's acquisition of fee title to the Property shall be conditioned upon, (i) Buyer's delivery to Seller of written notice that the Construction Approvals have not yet been obtained by the date which is thirty (30) days prior to the expiration of such initial thirty (30) month period, and (ii) the diligent and commercially reasonable efforts of Buyer to obtain such Construction Approvals from and after its acquisition of fee title to the Property, including during any such extension period. Notwithstanding the foregoing, the Repurchase Event Deadline and the Outside Repurchase Event Deadline shall be extended one (1) day for each day during which an act of God (including inclement weather) or other force majeure event beyond the reasonable control of Buyer prevents or delays Buyer from complying with the timeframes set forth herein. If the Repurchase Event Deadline is

*8-12-04 30 mos*

*Extension of 6 mos per agreement*

*Extension beyond 30 mos*

*1 extra day for (act of God) prevents Buyer from complying*

extended, Buyer shall promptly notify Seller in writing upon procurement of the Construction Approvals.

(e) "Repurchase Price". As used in this Agreement, the term "Repurchase Price" shall mean and refer to the aggregate of (i) the gross purchase price which Buyer paid to Seller for acquisition of the Property, plus (ii) those third party out-of-pocket costs actually incurred by Buyer as of the date of the Exercise Notice in procuring governmental approvals for the demolition of any existing improvements situated upon the Property and in undertaking the demolition of such improvements (including, without limitation, the existing building and parking lot), if any, plus (iii) those third party out-of-pocket costs actually incurred by Buyer as of the date of the Exercise Notice in the grading of the Property (including soft costs incurred in the procurement of required grading permits but excluding soft costs incurred in obtaining any governmental entitlements for, or in the design of, any new construction or new improvements). Buyer shall deliver to Seller copies of contracts, invoices and other reasonably detailed information regarding those costs which are to be included within the Repurchase Price following Buyer's receipt of the Exercise Notice (defined below) so that the Repurchase Price can be determined prior to the scheduled closing date specified in Section 4 below.

*Price -  
3.3M ?  
+ costs of  
Buyer  
for approval  
demolition  
grading*

2. Grant of Right to Repurchase; No Other Recourse. Seller shall have the right to repurchase the Property from Buyer upon the terms and conditions set forth in this Agreement (the "Right to Repurchase"). Except as expressly provided in Section 7 below, Seller acknowledges and agrees that its right to exercise this Right to Repurchase within the timeframes specified herein shall be Seller's sole and only remedy and recourse against Buyer as a result of the time within which Buyer undertakes or fails to undertake any actions with respect to the Property, including, without limitation, the timeframe within which Buyer (i) processes and/or obtains or fails to process or obtain the Construction Approvals, and/or (ii) commences and/or constructs or fails to commence or construct improvements upon the Property.

3. Exercise of Right to Repurchase. Seller shall have a period of thirty (30) calendar days following the occurrence of a Repurchase Event to exercise its Right to Repurchase by delivery of written notice thereof to Buyer (the "Exercise Notice"), with such thirty (30) day period being referred to in this Agreement as the "Exercise Period". Seller's failure to deliver the Exercise Notice to Buyer within the Exercise Period shall conclusively constitute Seller's waiver of its Right to Repurchase, in which event Seller shall have no further rights with respect to the Property pursuant to the terms of this Agreement.

4. Close of Escrow for Repurchase. If Seller exercises its Right to Repurchase within the Exercise Period in accordance with Section 3 above, then, within five (5) calendar days after Buyer's receipt of Seller's Exercise Notice, an escrow shall be opened at an escrow company selected by Buyer. The escrow shall close on or before the date which is thirty (30) days following Buyer's receipt of the Exercise Notice. The Property shall be conveyed to Seller at the Closing on an "AS-IS" basis, without representation or warranty from Buyer of any kind whatsoever, and Buyer shall be released from all liability and obligation with respect to the Property concurrent with Seller's repurchase thereof. Concurrent with the close of escrow Buyer shall cause, by use of Buyer's sale proceeds (but only to the extent such proceeds are sufficient), the repayment and release of any then-existing monetary liens or encumbrances (except non-delinquent real property taxes and assessments) upon the Property. Buyer and Seller each shall pay one-half (1/2) of the

*30 day  
Escrow*

escrow fees. Buyer shall pay for any transfer taxes. Buyer shall pay for an ALTA standard coverage owner's title insurance policy issued by a title company satisfactory to Seller showing fee title vested in Seller, with liability in the amount of the Repurchase Price. Seller shall pay the recording charges for any instruments which are recorded through such escrow.

Concurrent with the opening of escrow, Seller shall deliver to Escrow Holder an earnest money deposit of \$50,000.00, which sum shall be non-refundable and shall be retained by Buyer as its liquidated damages in the event Seller does not re-acquire title to the Property as specified herein. Such deposit shall be credited toward the Repurchase Price at the closing and the balance of the Repurchase Price shall be paid by Seller in cash in full at the close of escrow. The parties shall execute supplemental escrow instructions as requested by Escrow Holder or as otherwise reasonably required to document this transaction in a commercially reasonable fashion, provided in the event of any inconsistency between said instructions and this Agreement, this Agreement shall control. The parties shall further timely execute and deliver such other documentation and funds as are reasonably and customarily necessary to close the escrow and to otherwise implement the terms and provisions of this Right to Repurchase. *50,000, liquidated damages*

5. Extinguishment/Termination of Right to Repurchase. Seller's Right to Repurchase shall be automatically, and without the need for further notice or action by either party, extinguished and terminated if either, (i) Seller fails to exercise its Right to Repurchase by delivery of the Exercise Notice within the Exercise Period, (ii) Buyer has commenced pouring of the first concrete foundation for the improvements (or any portion thereof) which Buyer desires to construct upon the Property on or before the Repurchase Event Deadline, in which event this Agreement shall terminate on the date Buyer has commenced such work, or (iii) Buyer has procured Construction Funding for the construction of improvements upon the Property on or before the Repurchase Event Deadline, in which event this Agreement shall terminate on the date Buyer has procured such Construction Funding. Without limiting such automatic termination of the Right to Repurchase and the termination of Seller's rights hereunder, Seller shall, within three (3) business days from written request by Buyer following such termination, execute, acknowledge and deliver to Buyer for recordation such documentation as Buyer may require to evidence such termination and Seller shall be liable for any losses or damages which Buyer may sustain based upon Seller's delay in, or refusal to, execute and deliver any such termination documentation.

6. Subordination to Deed of Trust. At any time prior to the termination hereof, and within five (5) business days following written request by Buyer, Seller shall execute, acknowledge as appropriate, and deliver to such lending institution as Buyer may designate in writing, a recordable instrument(s) subordinating this Right of Repurchase to the lien of any mortgage or deed of trust securing a loan from such institution in such form and upon such terms as such lending institution may require so long as the proceeds of such loan are to be used for the acquisition (including related transaction costs), entitlement and/or other development (including demolition of improvements) of the Property.

7. Subsequent Lot Line Adjustment. Section 5 of the Second Amendment provides for Buyer's obligation to act in good faith and utilize commercially reasonable efforts in attempting to get Development Plan Approval for its Project and process and effect the recordation of the Subsequent Lot Line Adjustment in connection therewith. If, despite Buyer's good faith and diligent efforts, Buyer is unable to cause the Subsequent Lot Line Adjustment to be approved and recorded by the Repurchase Event Deadline, Buyer shall be relieved of any further obligation to



such other persons as the parties may hereafter designate by written notice to the other parties hereto:

To Seller: Golden Rain Foundation of Laguna Woods  
c/o Professional Community Management  
P.O. Box 2220  
Laguna Woods, CA 92654  
Attn: Milt Johns, General Manager \*  
Phone: (949) 597-4200  
Fax: (949) 470-0510

Copy to: Hart, King & Coldren, a Professional Law Corporation  
200 E. Sandpointe, Suite 400  
Santa Ana, CA 92707  
Attn: John B. Carmichael, Esq. \*  
Phone: (714) 432-8700  
Fax: (714) 546-7457

To Buyer: The Robert Mayer Corporation  
660 Newport Center Drive, Suite 1050  
Newport Beach, CA 92660  
Phone: (949) 759-8091  
Fax: (949) 720-1017

Copy to: Rutan & Tucker, LLP \*  
611 Anton Boulevard, Suite 1400  
Costa Mesa, CA 92626  
Attn: Kraig C. Kilger, Esq. \*  
Phone: (714) 662-4621  
Fax: (714) 546-9035

(b) Time of Essence. Time is of the essence of this Agreement and each and every term and provision hereof.

(c) Interpretation; Governing Law. This Agreement shall be construed as if prepared by both parties hereto. This Agreement shall be construed, interpreted and governed by the laws of the State of California.

(d) Severability. If any term, provision, condition or covenant contained herein, or the application thereof to any party or circumstance, shall, to any extent, be held invalid or unenforceable, the remainder hereof and the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom to which it is held invalid or unenforceable, shall not be affected thereby, and each term, provision, covenants and condition hereof shall otherwise be valid and enforceable to the fullest extent permitted by law.

(e) Headings. The headings and captions used in this Agreement are for convenience and ease of reference only and shall not be used to construe, interpret, expand or limit the terms of this Agreement.

(f) Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

(g) Effect of Waiver. The waiver by Seller of any breach or breaches by Buyer contained herein shall not be deemed, nor shall the same constitute, a waiver of any subsequent breach or breaches.

(h) Successors and Assigns; Covenants Running with Land. This Agreement is made for the benefit of Seller as the owner of certain real property which is immediately adjacent to the Property. Notwithstanding anything else in this Agreement to the contrary, this Right to Repurchase and all of Seller's rights hereunder shall automatically terminate if Seller sells, conveys or transfers its interest in such adjacent real property. Buyer shall have the right to sell or convey the Property to any party Buyer determines to be appropriate without Seller's approval, provided, however, that such successor shall acquire fee title to the Property subject to the terms hereof. The benefits and burdens of this Agreement shall, subject to the terms hereof, be binding upon each party's successors and assigns and shall constitute covenants running with the land.

(i) Number; Gender. Wherever the context of this Agreement requires, the singular shall include the plural and the masculine gender shall include the feminine and/or neuter.

(j) Attorneys' Fees. In the event of any legal action or other proceeding between the parties regarding this Agreement, the prevailing party shall be entitled to the payment by the losing party of its reasonable attorneys' fees, court costs and litigation expenses, as determined by the court.

IN WITNESS WHEREOF, the parties hereto have executed this Right to Purchase as of the date set forth above.

SELLER:

**GOLDEN RAIN FOUNDATION OF LAGUNA  
WOODS**, a California non-profit corporation

By: Maurice Kravitz  
Maurice Kravitz, President

By: Milt Johns  
Milt Johns, Vice President