



**WESTMOORE**  
SECURED PROMISSORY NOTE

\$ 200,000.00

Dated: March 16, 2006

1. **Principal.** FOR VALUE RECEIVED, *Lighthouse Ventures* ("Maker"), located at 1600 South Main Street, Suite 325, Walnut Creek, CA 94596, promises to pay *Westmoore Lending, LLC* ("Holder"), a California Limited Liability Company, the principal sum of *Two Hundred Thousand Dollars (\$200,000.00)* (the "*Obligation*"), which represents the principal amount to be advanced by Holder to Maker.

2. **Interest and Fees.** Interest and fees shall be *Two Hundred thousand Dollars (200,000.00)* due in full no later *182 days* from the date of this note.

3. **Principal Maturity Date.** "*Principal Maturity Date*" shall mean no later than *31 days* from date of this Note.

4. **Transaction.** This Note is the promissory note issued by Maker to Holder to evidence the Obligation (as hereinabove defined). All principal shall be payable on the Principal Maturity Date if principal is not paid on the Principal Maturity Date, a late fee of *Five Thousand Dollars (\$5,000.00)* a day shall also be payable, until principal due hereunder is paid in full. Interest, fees and costs shall be payable *182 days* from the date of this note due hereunder. In the event all amounts due hereunder are not paid on or before the Maturity Dates, then in addition to all amounts due hereunder, a late fee in the amount of *Five percent (5%)* per month shall also be payable, until all amounts due hereunder are paid in full.

5. **Security.** This Note evidences a loan from Holder to Maker in the original principal amount of up to *Four Hundred Thousand Dollars (\$400,000.00)* (the "*Loan*"). As security and collateral for the Loan, Maker hereby grants to Holder a continuing security interest in, and assigns to Holder, all of Maker's interest in, the types of property described below (collectively, the "*Collateral*"): accounts and general intangibles (each as defined in the Uniform Commercial Code) of the Maker constituting a right to the payment of money, whether or not earned by performance, including all moneys due and to become due to the Maker in repayment of any loans or advances, in payment for goods (including Inventory and Equipment) sold or leased or for services rendered, in payment of tax refunds and in payment of any guarantee of any of the foregoing (collectively, the "*Accounts*"); all contract rights and general intangibles now owned or hereafter acquired, including, without limitation, all leases license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, customer list databases and related information, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind, all copyrights, copyright registrations and applications, copyright renewals or extensions, patents and patent applications, all reissues, divisions, continuations, renewals, extensions and continuations-in-part of all patents or patent applications, all trademarks, trade names, trade styles, service marks, logos, together with product lines and goodwill of the business connected with the use of, or otherwise symbolized by, each such trade name, trademark and service mark, trademark and service mark registrations and applications for trademark and service mark registrations, all renewals and extensions of any trademarks, tradenames, trade styles, and service marks, all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights an agreements and confidential information, all mask work or similar rights available for the protection of semiconductor chips, and all rights in the foregoing intellectual property to income, royalties, damages, and

**SECURED PROMISSORY NOTE**

\$10,063,000

L A P A Z 

March 8, 2006

FOR VALUE RECEIVED, **LIGHTHORSE VENTURES, LLC**, a California limited liability company ("Maker") promises to pay to **MKA REAL ESTATE OPPORTUNITY FUND I, LLC**, a California limited liability company ("Lender"), or order, at 26 Corporate Plaza Drive, Suite 250, Newport Beach, California 92660, or at such other place as Lender from time to time may designate in writing, a principal sum of Ten Million Sixty-Three Thousand Dollars (\$10,063,000), advanced to Maker from time to time hereunder in accordance with that certain Loan Agreement among Maker, Lender and the guarantor of this Note (the "Guarantor") dated of even date herewith (the "Loan Agreement") plus interest (the "Loan") in accordance with the terms of this secured promissory note (the "Note").

1. The principal of this Note outstanding from time to time shall bear interest at the rate of eighteen percent (18.00%) per annum (the "Interest Rate") from the date of this Note to and including the Maturity Date (as defined herein) computed daily on the basis of a three hundred sixty (360)-day year and actual days elapsed. All accrued, unpaid interest shall be payable on the first (1<sup>st</sup>) day of each month, commencing April 1, 2006, and continuing until the Maturity Date; provided, however, that on the initial funding date, Lender has withheld the sum of approximately One Million Eight Hundred Twelve Thousand Dollars (\$1,812,000) (the "Interest Reserve") which shall bear interest from the date hereof and which shall be applied by Lender against the interest due hereunder until such amount is exhausted. Any unused portion of the Interest Reserve shall be paid to Maker upon payment in full of this Note.

2. The principal balance shall be partially repaid by Maker paying to Lender the following: (i) after payment of the Remaining Fee (as defined herein), the balance of the net sales proceeds from the sale of the Property (as defined herein) or any portion of the Property or sale of any of the improvements to be made to the Property (collectively, the "Project") to be constructed by Maker on the Property. Such net sales proceeds will be paid to Lender through the escrow as of the closing of the sale of the Property or any portion of the Property or of any portion of the Project; or (ii) receipt of payment by Maker of the amounts payable to Maker under that certain secured promissory note secured by a deed of trust recorded against the real property located at 4629 Martin Luther King Way, Oakland, California (the "Oakland Note") after payment by Maker of the sum of Nine Hundred Thousand Dollars (\$900,000) to MKA Real Estate Qualified Fund I, LLC in accordance with that certain Secured Promissory Note dated December 12, 2005 (the "Prior Loan"); provided, however, that the entire outstanding principal balance plus accrued, unpaid interest and any additional sums due hereunder shall be due and payable in full one (1) year after the date hereof (the "Maturity Date").

3. The Maturity Date may be extended for three (3) periods of six (6) months each (the "Extension Periods") by delivery to Lender of written notice (the "Extension Notice") to such effect at least thirty (30) days prior to each Maturity Date, as extended, if applicable, on the condition that: (i) Maker is not in default, either on the date of receipt of the Extension Notice or on any Maturity Date, as extended, if applicable, of any of its obligations under this Note or the Related Documents (as defined herein); (ii) on or before the Maturity Date, Maker pays to Lender an amount equal to all unpaid accrued interest; and (iii) during the Extension Period, interest shall be paid by Maker monthly, in arrears, on the first (1<sup>st</sup>) day of each month.

4. In addition, if the Loan is not paid in full on or before the original Maturity Date, even if the Maturity Date is duly and timely extended as set forth herein: (i) on the day after the original Maturity Date, and on each six (6)-month anniversary of such date (the "Extension Fee Anniversary Date") until the Loan is paid in full, Maker shall pay to Lender an amount equal to two percent (2%) of the outstanding principal balance as of the original Maturity Date, or as of each Extension Fee Anniversary Date, as applicable (the "Extension Fee"); and (ii) Maker shall pay to Lender for payment to the manager of Lender (the "Manager"), in cash monthly, in advance, until all the Loan is paid in full an amount equal to eight hundred thirty-three thousandths percent (0.833%) times



SECURED PROMISSORY NOTE

\$11,025,000

LA PAZ III

February 7, 2007

FOR VALUE RECEIVED, **LIGHTHORSE VENTURES, LLC**, a California limited liability company ("Maker") promises to pay to **MKA REAL ESTATE QUALIFIED FUND I, LLC**, a California limited liability company ("Lender"), or order, at 26 Corporate Plaza Drive, Suite 250, Newport Beach, California 92660, or at such other place as Lender from time to time may designate in writing, a principal sum of Eleven Million Twenty-Five Thousand Dollars (\$11,025,000), advanced to Maker from time to time hereunder in accordance with that certain Loan Agreement among Maker, Lender and the guarantors of this Note (the "Guarantors") dated of even date herewith (the "Loan Agreement") plus interest (the "Loan") in accordance with the terms of this secured promissory note (the "Note").

1. The principal of this Note outstanding from time to time shall bear interest at the rate of twenty-four percent (24.00%) per annum (the "Interest Rate") from the date of this Note to and including the Maturity Date (as defined herein) computed daily on the basis of a three hundred sixty (360)-day year and actual days elapsed. All accrued, unpaid interest shall be payable on the first (1<sup>st</sup>) day of each month, commencing February 1, 2007, and continuing until the Maturity Date; provided, however, that on the initial funding date, Lender has withheld the sum of approximately One Million Three Hundred Twenty-Three Thousand Dollars (\$1,323,000) (the "Interest Reserve") which shall bear interest from the date hereof and which shall be applied by Lender against the interest due hereunder until such amount is exhausted. Any unused portion of the Interest Reserve shall be paid to Maker upon payment in full of this Note.

2. Upon the receipt by Maker: (i) of equity funds from the sale of membership interests in Maker; or (ii) funds in connection with the organization of a "Real Estate Fund" by Maker (as applicable, the "Equity Funds"), Maker shall pay to Lender no later than ten (10) days following Maker's receipt of any Equity Funds, an amount equal to thirty percent (30%) of all such Equity Funds received by Maker; provided, however, that the entire outstanding principal balance plus all accrued, unpaid interest thereon, and any additional sums due hereunder, shall be due and payable in full one (1) year after the date hereof (the "Maturity Date").

3. In addition, if the Loan is not paid in full on or before the Maturity Date: (i) on the day after the Maturity Date, and on each six (6)-month anniversary of such date (the "Extension Fee Anniversary Date") until the Loan is paid in full, Maker shall pay to Lender an amount equal to two percent (2%) of the outstanding principal balance as of the Maturity Date, or as of each Extension Fee Anniversary Date, as applicable (the "Extension Fee"); and (ii) Maker shall pay to Lender for payment to the manager of Lender (the "Manager"), in cash monthly, in advance, until all the Loan is paid in full an amount equal to eight hundred thirty-three thousandths percent (0.833%) times the outstanding principal balance as of the Maturity Date and as of each monthly anniversary of the Maturity Date, as applicable (the "Monthly Fee").

4. Maker acknowledges that the Loan has been arranged by SaraMar Real Estate, Inc., a California corporation, a real estate broker licensed by the State of California ("Broker"). Maker agrees to pay to Broker the fully-earned, nonrefundable amount of Three Hundred Thirty Thousand Seven Hundred Fifty Dollars (\$330,750) in cash from the proceeds of this Note upon the initial funding of the Loan for services rendered in connection with arranging the Loan and that the Loan is "secured, directly or collaterally, in whole or in part, by liens on real property" as that term is used in California Civil Code Section 1916.1.