

**FIRST AMENDMENT TO AGREEMENT
REGARDING I-80 INTERCHANGE AT AMERICAN CANYON ROAD**

This First Amendment (the "Amendment") is made and entered into as of May 11, 2006, by and between the City of Vallejo, a municipal corporation (the "City") and Triad Communities, L.P., a California limited partnership ("Triad").

Recitals

A. On September 27, 1987, the City, County of Napa (the "County"), and Sky Valley Company, an Illinois limited partnership ("Sky Valley") entered into a Memorandum of Understanding (the "MOU") with respect to the proposed development of what was then known as the Sky Valley Project, now commonly referred to as Hiddenbrooke, (hereinafter referred to as the "Project") which is located within the City of Vallejo.

B. Pursuant to the MOU, the Sky Valley agreed to make certain improvements to the Interstate-80/American Canyon Road interchange (the "Interchange") to mitigate traffic impacts caused by the Project, in exchange for the County agreeing to consider applications for permits to construct an access road across certain property within the County.

C. On September 7, 1989, the City and Sky Valley entered into an "Agreement Regarding I-80 Interchange at American Canyon Road" (the "Original Agreement").

D. Pursuant to the Original Agreement, the City agreed to assume the obligations of Sky Valley under the MOU. In addition, the parties agreed to establish a method for financing the cost of the contemplated improvements at the Interchange.

E. Sky Valley has assigned to Triad, and Triad has assumed, all of its rights and obligations under the Original Agreement.

F. Based on current facts and circumstances, the City and Triad desire to amend the Original Agreement as set forth herein.

Agreements

Section 1. Section 1 of the Original Agreement is hereby deleted and replaced in its entirety with the following:

"1. Developer has issued in favor of City an unconditional irrevocable letter of credit from a financial institution acceptable to City in the amount of One Million Six Hundred Twenty Thousand Dollars (\$1,620,000.00) (the "Original Letter of Credit") which has been pledged to the City to secure Developer's

obligation to contribute towards the cost of construction of certain improvements at the Interstate-80/American Canyon Road interchange (the "Interchange"), which specific improvements include, at a minimum, signalization and ramp widening, and may include widening the overpass at such Interchange (the "Interchange Improvements"). The specific improvements to be constructed at the Interchange shall be determined by City, which shall cause to be prepared all necessary and appropriate studies and reports, including, but not limited to, those required by the California Department of Transportation ("Caltrans") and the provisions of the California Environmental Quality Act. City shall be responsible for obtaining all necessary approvals required for such improvements. Triad agrees that it shall cooperate and provide any assistance and information as may reasonably be requested by City in connection with the preparation of such reports and obtaining such approvals.

As of the date of the Amendment, the parties believe that the cost of the Interchange Improvements required to mitigate the traffic impacts of the Project shall be less than originally anticipated. Therefore, City hereby agrees that it shall release the Original Letter of Credit upon the occurrence of all of the following:

- a. Issuance by Triad of a new, unconditional, irrevocable letter of credit in favor of City, substantially in the form attached hereto as Exhibit A and incorporated herein by reference, and from a financial institution acceptable to City in the amount of Five Hundred Thousand Dollars (\$500,000.00), which City intends to loan to the Redevelopment Agency of the City of Vallejo (the "Agency") for purposes related to the renovation of the Empress Theater in downtown Vallejo (the "Empress LOC"), pursuant to an Owner Participation Agreement between the Agency and Empress Theater Associates, LLC, dated March 22, 2004, and amended on May 11, 2006 (collectively referred to herein as the "Empress OPA"). As set forth in Section 206 of the Empress OPA, the parties understand that the City will draw down at least \$300,000 of the Empress LOC for the budgeted work to be done on the Empress Theater. Any portion of the Empress LOC not expended for the Empress Theater may, if necessary, be loaned to the Agency for the purposes set forth in paragraph b., below; otherwise such remaining funds shall be retained by City in a special fund to pay for the Interchange Improvements, as well as the Agency's repayment to the City of such loan, until such time as City determines, in its sole discretion, that such funds are not needed for the Interchange Improvements.
- b. Issuance by Triad of a new, unconditional, irrevocable letter of credit in favor of City, substantially in the form attached hereto as Exhibit B and incorporated herein by reference, and from a financial institution acceptable to City in the amount of Five

Hundred Thousand Dollars (\$500,000.00) (the "Downtown Project LOC"), which City intends to loan to the Agency for purposes related to the proposed Triad project that is the subject of a Memorandum of Understanding between the Agency, City and Triad, dated October 21, 2003, and amended on December 9, 2004 (the "Downtown MOU"). The City's loan of funds from the Downtown Project LOC shall only be used by the Agency for the purpose of acquiring certain interests in real property on Parcels B and C, as defined in the Downtown MOU, and as will be reflected in a Disposition and Development Agreement between the Agency and Triad Downtown Vallejo, LLC, a California limited liability company (the "Downtown DDA"). Any portion of the Downtown Project LOC not expended by the Agency for such specified purposes shall be retained by City in a special fund to pay for the Interchange Improvements, as well the Agency's repayment of such loan, until such time as City determines, in its sole discretion, that such funds are not needed for the Interchange Improvements.

- c. Issuance by Triad of a new, unconditional, irrevocable letter of credit in favor of City, substantially in the form attached hereto as Exhibit C and incorporated herein by reference, and from a financial institution acceptable to City in the amount of One Hundred Twenty Thousand Dollars (\$120,000.00) (the "Reserve LOC"). The Agency shall convert the Reserve LOC into cash twelve (12) months after the date of this Amendment, and shall be retained by City until such time as City determines in its sole discretion that these monies are not required to pay for the cost of the Interchange Improvements. Any interest earned on these monies shall be applied for the purposes set forth in this paragraph c. City shall use any monies subject to this paragraph c., including interest earned thereon, not used for the Interchange Improvements for the construction of a City fire station to benefit the residents of the Project; provided, however that City has first determined that a funding mechanism is in place as a means of financing the ongoing costs of operating such fire station.

Within ten (10) days after the satisfaction of all of the above conditions, City shall release to Triad the Original Letter of Credit in its entirety and release Triad from any further obligations for the I-80 Interchange improvement project.

City agrees that, prior to submitting a request to draw upon any of the above Letters of Credit, it shall submit a written request to Triad for such amount in order that Triad may issue a check or wire transfer the requested amount directly to City. If City has not received the requested amount from Triad within ten (10) calendar days of making such request to Triad, City shall, without further notice, be entitled to draw upon the applicable Letter of Credit for the purposes stated

above. In the event Triad has provided the requested amount(s) directly to City, and City has deposited such amount(s), City agrees it shall execute the appropriate instruments to reduce the remaining amount available under the applicable Letter of Credit."

Section 2. The last sentence of Section 6 of the Original Agreement is hereby deleted and replaced in its entirety with the following:

"In the event the final cost of the Interchange Improvements shall, for whatever reason, be less than the total of all funds collected by the City pursuant to Sections 1, 2 and 3 hereof, Developer shall not be entitled to any reduction of the Empress LOC, Downtown Project LOC and/or Reserve LOC, nor shall it be entitled to any other payment or reimbursement. City shall be entitled to draw down upon all of the aforementioned Letters of Credit in their entirety for the purposes set forth in this Agreement."

Section 3. Section 7 of the Original Agreement is hereby deleted and replaced in its entirety with the following:

"7. City shall maintain a special fund to pay for the Interchange Improvements (the "Interchange Fund") and shall use the sources of funds to pay for the cost of the Interchange Improvements in the following priority:

- a. First, from the Surcharge Fee;
- b. Second, from the Empress LOC, Downtown Project LOC and/or Reserve LOC; and
- c. Third, from the Excise Tax collected from the Project.

If and when the City determines, in its sole discretion, that all required Interchange Improvements have been completed, the City may transfer any remaining monies in the Interchange Fund to the General Fund. Notwithstanding the foregoing, however, City agrees that any remaining funds from the Reserve LOC and from the Surcharge Fee shall be used for the direct benefit of the residents of the Project. In the event that there are sufficient monies remaining in the Reserve LOC and the Surcharge Fee and further provided that City has determined to its satisfaction a funding mechanism is in place to assure a means of financing the ongoing costs of operating such fire station, such funds shall be used for the purpose of constructing a fire station for the benefit of the residents of the Project."

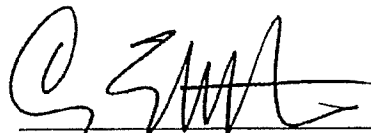
Section 4. The terms "Intersection" and "Interchange" as used in the Original Agreement and this Amendment shall have the same meaning.

Section 5. Except as amended by this Amendment, the terms of the Original Agreement shall remain in full force and effect.

Section 6. This Amendment may be executed in counterparts.

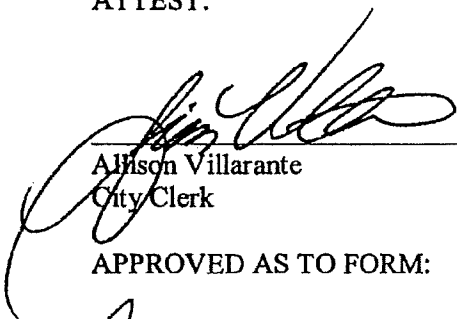
IN WITNESS WHEREOF, the City and Triad have executed this Amendment as of the date set forth above.

CITY OF VALLEJO,
a municipal corporation



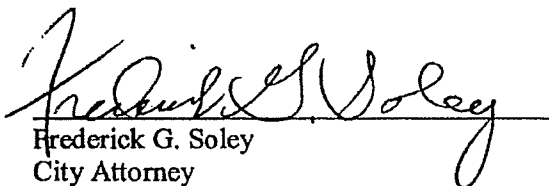
Craig Whittom
Acting City Manager

ATTEST:



Allison Villarante
City Clerk

APPROVED AS TO FORM:



Frederick G. Soley
City Attorney

TRIAD COMMUNITIES, L.P.
a California limited partnership



Curt Johansen
Executive Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California

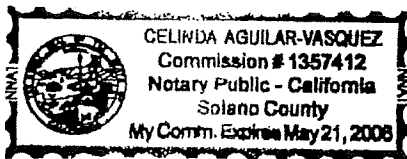
} ss.

County of Solano

On May 21, 2006 before me, Celinda Aguilar-Vasquez, Notary Public,
Date

Personally appeared Craig Whitton
Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of
Satisfactory evidence



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

WITNESS my hand and official seal.

Celinda Aguilar-Vasquez
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of the Attached Document

Title or Type of Document: _____

Document Date: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer -- Title(s): _____
☐ Partner -- ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer is Representing: _____

RIGHT
THUMPRINT OF
SIGNER

Government Code 27361.7

I certify under penalty of perjury that the notary seal on the document to which this statement is attached reads as follows:

Name of Notary Celinda Aguilar-Vasquez

Commission Number 1357412

Commissioned in Solano County

Date Commission Expires May 21, 2006

Vendor ID Number NNA1

Date: May 21, 2006

X Celinda Aguilar-Vasquez
By: Celinda Aguilar-Vasquez

City of Vallejo
Firm Name (if any)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of SOLANO

SS.

On SEPT. 26, 2005 before me, MICHAEL A. MILAN

Date

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

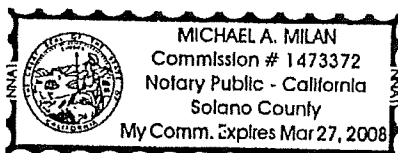
personally appeared CURTIS G. JOHANSEN

Name(s) of Signer(s)

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence

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



WITNESS my hand and official seal.

Michael A. Milan
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: AMENDMENT / I-80 - ACR INTERCHANGE

Document Date: SEPT. 26, 2005 Number of Pages: 6

Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer

Signer's Name: CURTIS G. JOHANSEN

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☒ Partner — ☐ Limited ☒ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: TRIAD COMMUNITIES, L.P.

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

EXHIBIT A

IRREVOCABLE STANDBY LETTER OF CREDIT
[EMPRESS THEATER]

_____, 2005

City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590
Attn: _____

LETTER OF CREDIT NUMBER: _____
INITIAL EXPIRY DATE: _____
AMOUNT: FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00)

Ladies and Gentlemen:

We hereby establish, at the request and for the account of Triad Communities, L.P., a California limited partnership ("Account Party") in your favor, as Beneficiary, this Irrevocable Standby Letter of Credit in the amount stated above (the "Stated Amount"), effective immediately. This Letter of Credit ("Empress LOC") is issued to you pursuant to that certain First Amendment to Agreement Regarding I-80 Interchange at American Canyon Road, by and between the City of Vallejo and Triad Communities, L.P., a California limited partnership, dated _____, 2005 (the "Interchange Agreement"). We hereby irrevocably authorize you to draw on us in an aggregate amount not to exceed the Stated Amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions in Stated Amount as hereinafter set forth, (1) in one or more drawings by one or more of your drafts, each accompanied by your written and completed certificate signed by you in the form of Annex "1", attached hereto (any such draft accompanied by such certificate being your "Empress Theater Draft"), and (2) in a single drawing by your draft, accompanied by your written and completed certificate signed by you in the form of Annex "2" attached hereto (any such draft accompanied by such certificate being your Final Draft"). Draws may be presented by facsimile to _____ followed by a mailed original.

Funds under this Empress LOC are available to you against (1) your Empress Theater Draft referring to the number of this Letter of Credit and accompanied by your written and completed certificate signed by you in the form of Annex "1" attached hereto, and (2) your Final Draft referring thereon to the number of this Letter of Credit and accompanied by your written and completed Certificate signed by you in substantially the form of Annex "2" attached hereto.

Exhibit A

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Each such draft and certificate shall be dated the date of its presentation, and shall be presented at our office located at _____

Attn: _____ (or at any other office in the City of Vallejo, State of California, which may be designated by us by written notice delivered to you) on or before 9:00 a.m. (Pacific time) on the day (which shall be a banking day) of our making funds available to you hereunder. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Empress Letter of Credit, not later than 9:00 a.m. (Pacific time) on a banking day prior to the termination hereof, we will honor the same on the next succeeding banking day in accordance with your payment instructions. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Empress Letter of Credit, after 9:00 a.m. (Pacific time) on a banking day prior to the termination hereof, we will honor the same on the banking day following the next succeeding banking day in accordance with your payment instructions. The phrase "banking day" shall mean any day other than a Saturday, Sunday or a day which shall be in the State of California a legal holiday or a day on which banks are authorized or obligated by law or executive order to close.

The Stated Amount of this Empress Letter of Credit shall be decreased upon (1) our payment of each Empress Theater Draft or Final Draft, by an amount equal to such payment or payments, and (2) upon our receipt of your written and completed certificate signed by you in substantially the form of Annex "3" attached hereto to the new Stated Amount in said Certificate.

This Empress Letter of Credit initially expires at our above office on the date stated above, but shall be automatically extended, without written amendment to _____ (month, day) in each succeeding calendar year unless you have received written notice sent by us to you at your address above by express courier that we elect not to renew this Empress Letter of Credit beyond the date specified in such notice which date will be _____ (month, day, year) and be at least thirty (30) calendar days after the date you receive such notice.

This Empress Letter of Credit shall automatically terminate upon the earliest of (i) the Stated Termination Date; (ii) our honoring your Final Draft presented hereunder, or (iii) our honoring of an Empress Theater Draft which has the effect of reducing the Stated Amount to zero (\$0.00).

This Empress Letter of Credit is nontransferable.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision, International Chamber of Commerce Publication No. 500). All communications with respect to this Letter of Credit shall be in writing specifically referencing the designated Number of this Letter of Credit and shall be address to us at _____

[insert Bank Address] Attn: _____.

Very truly yours

By: _____

Name: _____

Title: _____

Agreed to and accepted by:

*Triad Communities, L.P.,
A California limited partnership*

"Account Party"

Annex "I"

CERTIFICATE FOR EMPRESS THEATER DRAFT

Irrevocable Letter of Credit No. _____

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to _____ (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Empress Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(A) The undersigned is the duly authorized officer or agent of the beneficiary for the purposes of submitting this certificate.

(B) Beneficiary hereby requests payment of the amount of _____ Dollars (\$____.00) and acknowledges that upon your payment of this draft the stated amount of the letter of credit shall be automatically reduced by the default amount to a new stated amount calculated as follows:

Existing Stated Amount	\$ _____
Amount of Draw	(_____)
New Stated Amount	\$ _____

(C) Beneficiary hereby certifies for the benefit of account party that all amounts drawn hereunder shall be used for the purposes described in Section 1.a. of the Interchange Agreement.

The capitalized terms not otherwise defined herein are used herein as defined in the Empress Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the day of ____ day of _____, ____.

By:

[Name and Title],

Hereunto Duly Authorized

Annex "2"

CERTIFICATE FOR FINAL DRAWING [EMPRESS LETTER OF CREDIT]

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to (the "Bank"), with reference to the Irrevocable Letter of Credit No. _____ (the "Empress Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(a) The undersigned is the duly authorized officer or agent of the Beneficiary for the purposes of submitting this Certificate.

(b) Beneficiary hereby requests payment of the entire Stated Amount of \$_____.

(c) Beneficiary hereby certifies for the benefit of Account Party that all amounts drawn hereunder shall be held under and used or disbursed as provided in Section 1.a. of the Interchange Agreement.

The capitalized terms not otherwise defined herein are used herein as defined in the Empress Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the ____ day of _____, ____.

By: _____

[Name and Title],

Hereunto Duly Authorized

Annex "3"

CERTIFICATE FOR REDUCTION OF AMOUNTS AVAILABLE UNDER
IRREVOCABLE LETTER OF CREDIT NO. _____

DATED _____, 20__

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to (the "Bank"), with reference to the Irrevocable Letter of Credit No. _____ (the "Empress Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(a) The undersigned is the duly authorized officer or agent of the Beneficiary for the purposes of submitting this Certificate.

(b) The undersigned has received a letter of credit that satisfies the terms of the Interchange Agreement.

(c) The Stated Amount of the Empress Letter of Credit is automatically reduced upon receipt by the Bank of this Certificate to an amount equal to \$ _____ (United States Dollars _____), leaving the amount drawn under the Letter of Credit as \$ _____.

The capitalized terms not otherwise defined herein are used herein as defined in the Empress Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the ____ day of _____, ____.

By: _____
[Name and Title],

Hereunto Duly Authorized

EXHIBIT B

**IRREVOCABLE STANDBY LETTER OF CREDIT
[DOWNTOWN PROJECT]**

_____, 2005

City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590
Attn: _____

LETTER OF CREDIT NUMBER: _____
INITIAL EXPIRY DATE: _____
AMOUNT: FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00)

Ladies and Gentlemen:

We hereby establish, at the request and for the account of Triad Communities, L.P., a California limited partnership ("Account Party") in your favor, as Beneficiary, this Irrevocable Standby Letter of Credit in the amount stated above (the "Stated Amount"), effective immediately. This Letter of Credit ("Downtown Project LOC") is issued to you pursuant to that certain First Amendment to Agreement Regarding I-80 Interchange at American Canyon Road, by and between the City of Vallejo and Triad Communities, L.P., a California limited partnership, dated _____, 2005 (the "Interchange Agreement"). We hereby irrevocably authorize you to draw on us in an aggregate amount not to exceed the Stated Amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions in Stated Amount as hereinafter set forth, (1) in one or more drawings by one or more of your drafts, each accompanied by your written and completed certificate signed by you in the form of Annex "1", attached hereto (any such draft accompanied by such certificate being your "Downtown Project Draft"), and (2) in a single drawing by your draft, accompanied by your written and completed certificate signed by you in the form of Annex "2" attached hereto (any such draft accompanied by such certificate being your Final Draft"). Draws may be presented by facsimile to _____ followed by a mailed original.

Funds under this Downtown Project LOC are available to you against (1) your Downtown Project Draft referring to the number of this Letter of Credit and accompanied by your written and completed certificate signed by you in the form of Annex "1" attached hereto, and (2) your Final Draft referring thereon to the number of this Letter of Credit and accompanied by your

written and completed Certificate signed by you in substantially the form of Annex "2" attached hereto. Each such draft and certificate shall be dated the date of its presentation, and shall be presented at our office located at _____

Attn: _____ (or at any other office in the City of Vallejo, State of California, which may be designated by us by written notice delivered to you) on or before 9:00 a.m. (Pacific time) on the day (which shall be a banking day) of our making funds available to you hereunder. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Downtown Project Letter of Credit, not later than 9:00 a.m. (Pacific time) on a banking day prior to the termination hereof, we will honor the same on the next succeeding banking day in accordance with your payment instructions. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Downtown Project Letter of Credit, after 9:00 a.m. (Pacific time) on a banking day prior to the termination hereof, we will honor the same on the banking day following the next succeeding banking day in accordance with your payment instructions. The phrase "banking day" shall mean any day other than a Saturday, Sunday or a day which shall be in the State of California a legal holiday or a day on which banks are authorized or obligated by law or executive order to close.

The Stated Amount of this Downtown Project Letter of Credit shall be decreased upon (1) our payment of each Downtown Project Draft or Final Draft, by an amount equal to such payment or payments, and (2) upon our receipt of your written and completed certificate signed by you in substantially the form of Annex "3" attached hereto to the new Stated Amount in said Certificate.

This Downtown Project Letter of Credit initially expires at our above office on the date stated above, but shall be automatically extended, without written amendment to _____ (month, day) in each succeeding calendar year unless you have received written notice sent by us to you at your address above by express courier that we elect not to renew this Downtown Project Letter of Credit beyond the date specified in such notice which date will be _____ (month, day, year) and be at least thirty (30) calendar days after the date you receive such notice.

This Downtown Project Letter of Credit shall automatically terminate upon the earliest of (i) the Stated Termination Date; (ii) our honoring your Final Draft presented hereunder, or (iii) our honoring of a Downtown Project Draft which has the effect of reducing the Stated Amount to zero (\$0.00).

This Downtown Project Letter of Credit is nontransferable.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision, International Chamber of Commerce Publication No. 500). All communications with respect to this Letter of Credit shall be in writing specifically referencing the designated Number of this Letter of Credit and shall be address to us at _____

_____ [insert Bank Address] Attn: _____.

Very truly yours

By: _____

Name: _____

Title: _____

Agreed to and accepted by:

*Triad Communities, L.P.,
A California limited partnership*

"Account Party"

Annex "1"

CERTIFICATE FOR DOWNTOWN PROJECT DRAFT

Irrevocable Letter of Credit No. _____

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to _____ (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Downtown Project Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(A) The undersigned is the duly authorized officer or agent of the beneficiary for the purposes of submitting this certificate.

(B) Beneficiary hereby requests payment of the amount of _____ Dollars (\$____.00) and acknowledges that upon your payment of this draft the stated amount of the letter of credit shall be automatically reduced by the default amount to a new stated amount calculated as follows:

Existing Stated Amount	\$ _____
Amount of Draw	(_____)
New Stated Amount	\$ _____

(C) Beneficiary hereby certifies for the benefit of account party that all amounts drawn hereunder shall be used for the purposes described in Section 1.b. of the Interchange Agreement.

The capitalized terms not otherwise defined herein are used herein as defined in the Downtown Project Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the day of ____ day of _____, ____.

By: _____
[Name and Title],

Hereunto Duly Authorized

Annex "2"

CERTIFICATE FOR FINAL DRAWING [DOWNTOWN PROJECT]

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to (the "Bank"), with reference to the Irrevocable Letter of Credit No. _____ (the "Downtown Project Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(a) The undersigned is the duly authorized officer or agent of the Beneficiary for the purposes of submitting this Certificate.

(b) Beneficiary hereby requests payment of the entire Stated Amount of \$_____.

(c) Beneficiary hereby certifies for the benefit of Account Party that all amounts drawn hereunder shall be held under and used or disbursed as provided in Section 1.b. of the Interchange Agreement.

The capitalized terms not otherwise defined herein are used herein as defined in the Downtown Project Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the ____ day of _____, ____.

By: _____
[Name and Title],

Hereunto Duly Authorized

Annex "3"

CERTIFICATE FOR REDUCTION OF AMOUNTS AVAILABLE UNDER
IRREVOCABLE LETTER OF CREDIT NO. _____
DATED _____, 20__

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to (the "Bank"), with reference to the Irrevocable Letter of Credit No. _____ (the "Downtown Project Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(a) The undersigned is the duly authorized officer or agent of the Beneficiary for the purposes of submitting this Certificate.

(b) The undersigned has received a letter of credit that satisfies the terms of the Interchange Agreement.

(c) The Stated Amount of the Downtown Project Letter of Credit is automatically reduced upon receipt by the Bank of this Certificate to an amount equal to \$_____ (United States Dollars _____), leaving the amount drawn under the Letter of Credit as \$_____.

The capitalized terms not otherwise defined herein are used herein as defined in the Downtown Project Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the ____ day of _____, ____.

By: _____
[Name and Title],

Hereunto Duly Authorized

EXHIBIT C
IRREVOCABLE STANDBY LETTER OF CREDIT
[RESERVE]

_____, 2005

City of Vallejo
555 Santa Clara Street
Vallejo, CA 94590
Attn: _____

LETTER OF CREDIT NUMBER: _____
INITIAL EXPIRY DATE: _____
AMOUNT: ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000.00)

Ladies and Gentlemen:

We hereby establish, at the request and for the account of Triad Communities, L.P., a California limited partnership ("Account Party") in your favor, as Beneficiary, this Irrevocable Standby Letter of Credit in the amount stated above (the "Stated Amount"), effective immediately. This Letter of Credit ("Reserve LOC") is issued to you pursuant to that certain First Amendment to Agreement Regarding I-80 Interchange at American Canyon Road, by and between the City of Vallejo and Triad Communities, L.P., a California limited partnership, dated _____, 2005 (the "Interchange Agreement"). We hereby irrevocably authorize you to draw on us in an aggregate amount not to exceed the Stated Amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions in Stated Amount as hereinafter set forth, (1) in one or more drawings by one or more of your drafts, each accompanied by your written and completed certificate signed by you in the form of Annex "1", attached hereto (any such draft accompanied by such certificate being your "Reserve Draft"), and (2) in a single drawing by your draft, accompanied by your written and completed certificate signed by you in the form of Annex "2" attached hereto (any such draft accompanied by such certificate being your Final Draft). Draws may be presented by facsimile to _____ followed by a mailed original.

Funds under this Reserve LOC are available to you against (1) your Reserve Draft referring to the number of this Letter of Credit and accompanied by your written and completed certificate signed by you in the form of Annex "1" attached hereto, and (2) your Final Draft referring thereon to the number of this Letter of Credit and accompanied by your written and completed

Exhibit C

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Certificate signed by you in substantially the form of Annex "2" attached hereto. Each such draft and certificate shall be dated the date of its presentation, and shall be presented at our office located at _____

Attn: _____ (or at any other office in the City of Vallejo, State of California, which may be designated by us by written notice delivered to you) on or before 9:00 a.m. (Pacific time) on the day (which shall be a banking day) of our making funds available to you hereunder. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Reserve Letter of Credit, not later than 9:00 a.m. (Pacific time) on a banking day prior to the termination hereof, we will honor the same on the next succeeding banking day in accordance with your payment instructions. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Reserve Letter of Credit, after 9:00 a.m. (Pacific time) on a banking day prior to the termination hereof, we will honor the same on the banking day following the next succeeding banking day in accordance with your payment instructions. The phrase "banking day" shall mean any day other than a Saturday, Sunday or a day which shall be in the State of California a legal holiday or a day on which banks are authorized or obligated by law or executive order to close.

The Stated Amount of this Reserve Letter of Credit shall be decreased upon (1) our payment of each Reserve Draft or Final Draft, by an amount equal to such payment or payments, and (2) upon our receipt of your written and completed certificate signed by you in substantially the form of Annex "3" attached hereto to the new Stated Amount in said Certificate.

This Reserve Letter of Credit initially expires at our above office on the date stated above, but shall be automatically extended, without written amendment to _____ (month, day) in each succeeding calendar year unless you have received written notice sent by us to you at your address above by express courier that we elect not to renew this Reserve Letter of Credit beyond the date specified in such notice which date will be _____ (month, day, year) and be at least thirty (30) calendar days after the date you receive such notice.

This Reserve Letter of Credit shall automatically terminate upon the earliest of (i) the Stated Termination Date; (ii) our honoring your Final Draft presented hereunder, or (iii) our honoring of a Reserve Draft which has the effect of reducing the Stated Amount to zero (\$0.00).

This Reserve Letter of Credit is nontransferable.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision, International Chamber of Commerce Publication No. 500). All communications with respect to this Letter of Credit shall be in writing specifically referencing the designated Number of this Letter of Credit and shall be address to us at _____

_____ [insert Bank Address] Attn: _____.

Very truly yours

By: _____

Name: _____

Title: _____

Agreed to and accepted by:

***Triad Communities, L.P.,
A California limited partnership***

"Account Party"

Annex "1"

CERTIFICATE FOR RESERVE DRAFT

Irrevocable Letter of Credit No. _____

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to _____ (the "Bank"), with reference to Irrevocable Letter of Credit No. _____ (the "Reserve Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(A) The undersigned is the duly authorized officer or agent of the beneficiary for the purposes of submitting this certificate.

(B) Beneficiary hereby requests payment of the amount of _____ Dollars (\$____.00) and acknowledges that upon your payment of this draft the stated amount of the letter of credit shall be automatically reduced by the default amount to a new stated amount calculated as follows:

Existing Stated Amount	\$ _____
Amount of Draw	(_____)
New Stated Amount	\$ _____

(C) Beneficiary hereby certifies for the benefit of account party that all amounts drawn hereunder shall be used for the purposes described in Section 1.c. of the Interchange Agreement.

The capitalized terms not otherwise defined herein are used herein as defined in the Reserve Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the day of ____ day of _____, ____.

By: _____
[Name and Title],

Hereunto Duly Authorized

Annex "2"

CERTIFICATE FOR FINAL DRAWING [RESERVE LETTER OF CREDIT]

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to (the "Bank"), with reference to the Irrevocable Letter of Credit No. _____ (the "Reserve Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(a) The undersigned is the duly authorized officer or agent of the Beneficiary for the purposes of submitting this Certificate.

(b) Beneficiary hereby requests payment of the entire Stated Amount of \$_____.

(c) Beneficiary hereby certifies for the benefit of Account Party that all amounts drawn hereunder shall be held under and used or disbursed as provided in Section 1.c. of the Interchange Agreement.

The capitalized terms not otherwise defined herein are used herein as defined in the Reserve Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the ____ day of _____, ____.

By: _____
[Name and Title],

Hereunto Duly Authorized

Annex "3"

CERTIFICATE FOR REDUCTION OF AMOUNTS AVAILABLE UNDER
IRREVOCABLE LETTER OF CREDIT NO. _____

DATED _____, 20__

[INSERT NAME AND ADDRESS
OF LETTER OF CREDIT PROVIDER]

The undersigned, a duly authorized officer or agent of the undersigned Beneficiary hereby certifies to (the "Bank"), with reference to the Irrevocable Letter of Credit No. _____ (the "Reserve Letter of Credit") issued by the Bank in favor of the Beneficiary, that:

(a) The undersigned is the duly authorized officer or agent of the Beneficiary for the purposes of submitting this Certificate.

(b) The undersigned has received a letter of credit that satisfies the terms of the Interchange Agreement.

(c) The Stated Amount of the Reserve Letter of Credit is automatically reduced upon receipt by the Bank of this Certificate to an amount equal to \$_____ (United States Dollars _____), leaving the amount drawn under the Letter of Credit as \$_____.

The capitalized terms not otherwise defined herein are used herein as defined in the Reserve Letter of Credit and the Interchange Agreement.

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the ____ day of _____, ____.

By:

[Name and Title],

Hereunto Duly Authorized