

RECORDED AT REQUEST OF
TITLE INS. & TRUST CO.
IN OFFICIAL RECORDS OF
ORANGE COUNTY, CALIF.

6402

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JUL 10 1962

RUBY McFARLAND, County Recorder

DECLARATION OF TRUST

\$2840

GOLDEN RAIN FOUNDATION, a California corporation,
hereinafter referred to as "TRUSTEE," does hereby acknowledge
and declare that SEAL BEACH MUTUAL NO. ONE, a California
corporation, hereinafter referred to as "TRUSTOR," has trans-
ferred to TRUSTEE sums totaling SEVEN HUNDRED SIXTY TWO THOUSAND
AND SEVEN HUNDRED FORTY FIVE Dollars
(\$ 762,745.00), hereinafter called the "Original Trust
Fund," to be held IN TRUST on the following terms:

R E C I T A L S

A. TRUSTEE is a non-profit membership corporation
formed primarily for the purpose of providing services and
furnishing community facilities to housing operated on a
cooperative or other basis and to the occupants thereof.

B. TRUSTOR is a corporation formed primarily to
engage in the business of providing housing on a mutual non-
profit basis to be regulated by the Federal Housing Commis-
sioner.

C. TRUSTEE'S present and proposed operations
include (but are not limited to):

(1) Sponsorship of TRUSTOR and other corporations
formed primarily to provide cooperative apartment hous-
ing within the area of 540 acres more or less now known
as Rossmoor Leisure World in Seal Beach, California
(TRUSTOR and such other corporations being collectively
and individually hereinafter called the "Cooperatives").

(2) Acquisition of property to be conveyed to, or held for the use and benefit of, the Cooperatives, and segregation of acquired lands according to planned end uses as follows:

(a) Land to become lots underlying apartment houses ("Mortgage Parcels");

(b) Land to underlie streets ("Street Acreage");
and

(c) All other such land ("Common Use Parcels");

(3) Conveyance by TRUSTEE to the Cooperatives of legal title to all Mortgage Parcels, and retention by TRUSTEE of legal title to all Common Use Parcels and Street Acreage, IN TRUST hereunder for the benefit of the Cooperatives and for such other uses and purposes as are specified in this Declaration of Trust;

(4) Receipt from the Cooperatives, in exchange for such conveyance of title to the Mortgage Parcels, and such dedication in trust hereunder of the Street Acreage, of a sum equal in amount to TRUSTEE'S actual total cost of acquisition of such Mortgage Parcels and Street Acreage, but not including its cost of acquisition of Common Use Parcels;

(5) Deposit by the Cooperatives with a depository in escrow under an escrow agreement, or receipt by TRUSTEE in trust under such other arrangement as may be hereinafter adopted, of an additional sum or sums, hereinafter called "Trusteed Sums," (in the case of TRUSTOR constituting the Original Trust Fund) with TRUSTEE acquiring title to such Trusteed Sums in its capacity

as trustee for the benefit of the Cooperatives under separate agreements with the Cooperatives and under this instrument, said Trusteed Sums being equal in amount to the amount of additional values, if any, attributed by Federal Housing Administration to the conveyed land by virtue of the Improvements to be constructed by TRUSTEE as hereinafter recited;

(6) Construction by TRUSTEE, primarily on the Common Use Parcels and Street Acreage, of various community facilities, streets and utilities (all, together with the land underlying them, to the extent interests in such land are held by TRUSTEE, herein referred to as "Improvements") designed to meet the needs of the Cooperatives and their members and for such other uses and purposes as are specified in this Declaration of Trust, such Improvements being expressly impressed with the trust declared hereunder;

(7) Receipt by TRUSTEE from time to time from said depository or otherwise of reimbursement from Trusteed Sums for TRUSTEE'S costs incurred in the construction of Improvements and in the acquisition of Common Use Parcels, upon completion of such Improvements and approval thereof by Federal Housing Administration, as such deposited Trusteed Sums become available;

(8) Continued legal ownership and maintenance by TRUSTEE of all such Improvements during the continuation of this Trust, all such Improvements being nevertheless impressed with and held subject to an express trust for the benefit of the Cooperatives under the terms of this Declaration of Trust; and,

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(9) Acquisition, ownership and maintenance in trust hereunder for the benefit of the Cooperatives and for such other uses and purposes as are specified in this Declaration of Trust of any types of personal property deemed by the TRUSTEE to be in the best interests of the Cooperatives and their shareholders.

(10) Payment to the Cooperatives or application for their benefit by TRUSTEE of any Trusteed Sums in excess of TRUSTEE's costs referred to in paragraph (7) above, such payment or application to be apportioned by Trustee among the Cooperatives in proportion to the respective Trusteed Sums paid in by each such Cooperative.

D. This Declaration of Trust is executed at the request of United California Bank as Beneficiary of Deeds of Trust executed by or now planned to be executed by the Cooperatives, hereinafter sometimes called "Mortgagee," and Federal Housing Administration and is intended to meet their demands on TRUSTEE and the Cooperatives for assurances in definitive and explicit form guaranteeing and safeguarding, to the Cooperatives and their shareholders and successors in interest, all beneficial rights in the Improvements, including the operation and management thereof by TRUSTEE for their benefit, and their rights granted herein to require dissolution of the Trust and distribution to the Cooperatives of the Trust Estate.

P R O V I S I O N S

Section I

NAME OF TRUST

This Trust may be referred to as the GOLDEN RAIN FOUNDATION TRUST.

Section II

THE TRUST ESTATE

The Trust Estate hereunder shall include the Original Trust Fund, all Trusteed Sums hereinafter received from Cooperatives, all parcels of land acquired by TRUSTEE

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and not reconveyed to Cooperatives, all Improvements acquired or constructed by TRUSTEE, all sums paid to TRUSTEE by the Cooperatives to cover TRUSTEE's costs of maintenance of the Improvements, and any other money or property hereafter held by or received by TRUSTEE in trust hereunder. TRUSTEE hereby expressly acknowledges and declares that it has received and holds IN TRUST hereunder all that certain real property described in Exhibit "A" which is attached hereto and hereby incorporated herein by this reference.

Section III

BENEFICIARIES

The original beneficiary of this Trust is Seal Beach Mutual No. One. Any other Cooperative may at any time become an additional trustor and beneficiary hereunder by manifesting its election to do so through deposit with TRUSTEE of a written instrument adopting and agreeing to the terms of this instrument, executing an agreement with TRUSTEE and by TRUSTEE'S written acceptance of it as an additional beneficiary; Provided, that such Cooperative shall deposit in escrow, or deliver to TRUSTEE in trust hereunder under such other arrangement as may be hereafter adopted, its Trusteed Sums as soon as possible following the date such Sums become available to such Cooperative, and in no event later than the time of final disbursement to such Cooperative of its mortgage financing. No beneficiary may assign its beneficial interest hereunder except in conjunction with a conveyance under deed of trust or mortgaging of such beneficiary's interest in Mortgage Parcels. Any action of a beneficiary authorized hereunder, or by law, with respect to the Trust or the Trust Estate may be taken by any officer of such beneficiary, acting under authority granted such officer by majority vote of the Board of Directors of such beneficiary, or by the successor in interest of such beneficiary.

Section IV

RIGHTS OF THIRD PARTIES

TRUSTEE is hereby expressly granted and reserves the right to deal, for the use and benefit of the Cooperatives and their members, with Mortgagee, State Mutual Life Assurance Company of America, Federal Housing Administration, Rossmore Leisure World and all other third parties, and no such third party shall be required to examine the terms of this Declaration of Trust or to inquire into TRUSTEE'S authority to act hereunder. By way of illustration and not by way of limitation, TRUSTEE may grant, free of trust, to any third parties, including but not limited to State Mutual Life Assurance Company of America, the Department of Water & Power of the City of Los Angeles and the City of Seal Beach, any such easements or rights of way over any part of the trust property, may dedicate to the public such streets or rights of way, and may enter into any such agreement or arrangement to protect the interests of any creditor of TRUSTEE or any Cooperative, as TRUSTEE may, in its sole discretion, deem to be in the best interests of the beneficiaries. Nothing contained in this Trust Instrument shall have the effect of diminishing or modifying the procedural or substantive rights or remedies of any third party against TRUSTEE or the Trust Estate.

Section V

DUTIES, COMPENSATION AND
REIMBURSEMENT OF THE TRUSTEE

TRUSTEE shall perform for the benefit of all the Cooperatives and their members all the duties imposed upon TRUSTEE under separate written Agreement with Seal Beach

Mutual No. One and under any other written agreements of similar nature hereinafter entered into by TRUSTEE with other Cooperatives. A copy of said Agreement with Seal Beach Mutual No. One is attached hereto and incorporated herein by this reference as Exhibit "B". This Declaration of Trust shall be attached to and shall become a part of each such subsequent agreement. TRUSTEE shall receive no profits or other compensation for any of its services rendered as trustee, but shall receive full reimbursement for its costs of acquisition and maintenance of trust assets to the extent and in the manner provided in said Agreement and such subsequent agreements. Without in any manner limiting the above, TRUSTEE'S duties shall include, but not be limited to, the following:

(1) Performance of all acts of TRUSTEE contemplated in, or necessary or desirable for the carrying out of, the plan of operations hereinabove outlined in Recital C hereof;

(2) Furnishing to all of the beneficiaries, and to Mortgagee and to Federal Housing Administration, not less often than annually, audited statements certified by a competent firm of Certified Public Accountants, adequately accounting for TRUSTEE'S activities and operations hereunder; and

(3) Retention in a separate bank account of all funds which are part of the Trust Estate.

Section VI

REVOCATION, ALTERATION, AMENDMENT AND TERMINATION

This Trust is and shall be irrevocable by and shall not be subject to alteration, modification or amendment by

TRUSTEE, except as provided in paragraph C of Section VII hereof. The Trust may at any time or from time to time be altered, modified or amended by written instrument executed unanimously by TRUSTEE and by all the Cooperatives which have at such time become, and then remain beneficiaries of the Trust. The Trust may at any time be terminated by the written election, delivered to TRUSTEE, of all the Cooperatives which have at such time become, and then remain, beneficiaries of the Trust. If any beneficiary shall have assigned its beneficial interest hereunder, consent of the assignee shall also be required for any such alteration, modification, amendment or termination. The Trust shall in all events terminate, if it has not earlier been terminated, twenty-one (21) years after the date of death of the last to die of those living persons who are, on December 21, 1961, stockholders in or subscribers of stock in Seal Beach Mutual No. One, as recorded by the books and records of Seal Beach Mutual No. One excepting any such persons who, at any time prior to death, shall have ceased to be such stockholders or subscribers. Promptly following termination of this Trust the TRUSTEE shall render an accounting to each of the Beneficiaries and shall distribute all of the Trust Estate, subject to any debts of or charges against the Trust Estate (including but not limited to obligations, if any, of the Trust Estate to the TRUSTEE), to the beneficiaries, in the form of undivided interests proportional to their respective Trusteed Sums.

Section VII

RIGHTS AND POWERS OF THE TRUSTEE

A. TRUSTEE shall have, in addition to all powers, rights and privileges provided by law for trustees, and all

powers necessary to carry out the duties herein imposed on TRUSTEE, the further powers to grant, bargain, sell for cash or credit, convey, exchange, convert; lease for terms, either within or beyond the end of the trust, for any purpose; assign, partition, divide, subdivide, improve, insure, loan, reloan, invest and reinvest the Trust Estate or any part thereof in such manner and on such terms and conditions as TRUSTEE deems advisable. In all such cases TRUSTEE shall have sole discretion respecting such transactions. With respect to all such transactions TRUSTEE shall have no liability concerning them whatever, except for willful and wrongful misconduct.

B. TRUSTEE reserves and is expressly granted the right and power in its sole discretion to acquire land, interests in land, improvements and personal property and to sell, transfer or dedicate the same either outright to the beneficiaries, or for public use, or to religious organizations for church use, or otherwise as TRUSTEE reasonably deems for the general welfare of the Cooperatives and their members, with or without adequate consideration, or to itself, but only for a fair and adequate consideration.

C. TRUSTEE reserves and is expressly granted the right and power to amend this instrument unilaterally if any such amendment is expressly required or requested by any federal, State or local governmental agency, in order to avoid or cure any violation of law or of any applicable governmental regulation, or in order to make possible or more convenient the securing of any governmental authorization or permit necessary for carryout out by TRUSTEE or any

Cooperative of any phase of the operations contemplated by the parties hereunder, or under the said Agreement with TRUSTOR, or any corresponding Agreement with any other beneficiary.

D. TRUSTEE reserves and is expressly granted the right and power to interpret this instrument on the basis of advice of its counsel and such interpretation shall be final and binding on all beneficiaries and other interested persons.

E. TRUSTEE may accept additional funds or property from TRUSTOR or any other beneficiary to be held subject to this Trust.

F. TRUSTEE may employ such assistance, professional and otherwise, as it deems helpful in the affairs of the Trust, and may pay the costs and expenses thereof from the Trust Estate

G. TRUSTEE may litigate, compromise, release, settle, pay or otherwise contest or dispose of any claims or demands against the Trust, any beneficiary, or TRUSTEE, including claims for taxes and interest and penalties thereon, or any claims or demands of the Trust against any person or organization.

H. TRUSTEE may vote stock in person or by proxy and shall have and may exercise all of the rights, and may assume any or all of the obligations, of a security owner in any reorganization or other adjustment or proceeding affecting any asset of the Trust.

I. Title to trust assets may be held in the name of a nominee selected by TRUSTEE, where such is to the benefit of the Trust.

J. TRUSTEE is expressly prohibited from exercising any power vested in it for the primary benefit of TRUSTEE, or for the benefit of any person other than the beneficiaries of this Trust and their stockholders.

K. TRUSTEE may borrow money and incur indebtedness and give security therefor from the Trust Estate.

L. TRUSTEE may not, without the prior written consent of Mortgagee, or Mortgagee's successors in interest, sell, assign, transfer or dispose of any community facility buildings or structures, or the land underlying them.

Section VIII

REGULATION OF TRUSTEE

A. TRUSTEE may resign. Upon the occurrence of any vacancy in the trusteeship for any reason, the then beneficiaries, acting unanimously, shall appoint a successor trustee. If the beneficiaries do not appoint a successor within thirty (30) days of the date of such resignation or other vacancy, then any beneficiary may petition a court of competent jurisdiction, at the expense of the Trust, to appoint a successor trustee.

B. TRUSTEE may disclose the provisions of this Trust whenever he deems such disclosure is advisable.

C. No bond or other security shall be required of TRUSTEE or any successor trustee hereunder.

D. All successor trustees upon succeeding as trustee, as herein provided, shall thereupon, without any further deed, act or conveyance, become vested with all the rights, titles, powers, obligations and trusts, including all discretionary powers, with like effect as if originally named as TRUSTEE herein.

E. TRUSTEE shall not commingle any assets held in trust hereunder with any other assets owned or held by TRUSTEE.

Section IX

RULES OF INTERPRETATION

A. If any provision or provisions of this Trust are determined to be void or unenforceable, the remaining valid and enforceable provisions shall nevertheless be and remain operative.

B. The singular number shall include the plural and the plural the singular, and the masculine, feminine and neuter genders shall each include the other unless the context clearly requires a different construction.

C. The Trust shall be interpreted under the laws of the State of California.

D. TRUSTEE has executed or will execute agreements with each of the Cooperatives, Federal Housing Administration, and Mortgagees, or other interested lending institutions, under which TRUSTEE agrees or will agree, among other things, to construct, own, and maintain Improvements on a nonprofit basis for the benefit of the members of the Cooperatives, and to hold title to such Improvements and to the funds to be used for construction and maintenance thereof, all in said fiduciary capacity. This Declaration of Trust is not intended to, and is not to be interpreted as, in any way diminishing or abrogating any of the duties or obligations imposed on TRUSTEE under any such agreements, but is intended as a supplement to such agreements for the purpose of further clarifying and defining the fiduciary responsibilities

of TRUSTEE to the Cooperatives and their members, and the successors in interest of the Cooperatives under such agreements.

Section X

RIGHTS OF ASSIGNEES

All fiduciary responsibilities undertaken by TRUSTEE for the benefit of the Cooperatives are likewise hereby undertaken for the benefit of any assignees or successors in interest of the Cooperatives.

Section XI

RECORDATION

This instrument may be recorded by TRUSTOR or TRUSTEE, and any assignment of any beneficial interest herein or part thereof by any beneficiary may be recorded.

IN WITNESS WHEREOF, TRUSTOR and TRUSTEE have caused this instrument to be executed by their duly authorized officers, and have caused their corporate seals to be affixed as of December 21, 1961.

GOLDEN RAIN FOUNDATION,
a California non-profit
Corporation, TRUSTEE

By [Signature]
President

By [Signature]
Secretary

SEAL BEACH MUTUAL NO. ONE,
a California Corporation,
TRUSTOR

By [Signature]
President

By [Signature]
Secretary



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Approved as to Form:

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FEDERAL HOUSING ADMINISTRATION

By [Signature]

UNITED CALIFORNIA BANK, Mortgagee

By [Signature]

Assistant Vice-President

By [Signature]

Assistant Secretary



STATE OF CALIFORNIA
COUNTY OF LOS ANGELES }
ORANGE

ss.

On this 17th day of April, 1962,
before me, the undersigned, a Notary Public in and for
said County and State, personally appeared Lewis M. Peterson
_____, known to me to be the President
_____ and Edna Link,
known to me to be the Secretary
_____ of GOLDEN RAIN FOUNDATION, the corporation that executed
the within instrument, and known to me to be the persons
who executed the within instrument on behalf of the corpo-
ration therein named, and acknowledged to me that such
corporation executed the within instrument pursuant to its
by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for the County
of Los Angeles, State of California

My Comm. expires Feb. 25, 1962

STATE OF CALIFORNIA }
 COUNTY OF ^{ORANGE} LOS-ANGELES } SS.

On this 7th day of April, 1962,
 before me, the undersigned, a Notary Public in and for
 said County and State, personally appeared Louis M. Letina
 _____, known to me to be the President
 _____ and DNA MILLER
 _____, known to me to be the Secretary
 of SEAL BEACH MUTUAL NO. ONE, the corporation that executed
 the within instrument, and known to me to be the persons
 who executed the within instrument on behalf of the corpora-
 tion therein named, and acknowledged to me that such corpo-
 ration executed the within instrument pursuant to its by-
 laws or a resolution of its board of directors.

WITNESS my hand and official seal.

ZELDA LOSCHKE
 My Commission Expires Feb. 25, 1965

Zelda Loschke
 Notary Public in and for the County
 of Los Angeles, State of California
ORANGE

DECLARATION OF TRUST

GOLDEN RAIN FOUNDATION

EXHIBIT A

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PARCEL 1: Lots A, B and D of Tract No. 4337, in the city of Seal Beach, county of Orange, state of California, as per map recorded in book 150 pages 3, 4, 5, 6 and 7 of Miscellaneous Maps, in the office of the county recorder of said county.

PARCEL 2: Golden Rain Road, Annadale Drive, Burning Tree Lane, St. Andrews Drive, Church Place, Thunderbird Drive and that portion of Tamarisk Lane lying northeasterly of the northwesterly prolongation of the southwesterly line of St. Andrews Drive having a bearing of South $33^{\circ} 24' 07''$ East in Tract No. 4337, in the city of Seal Beach, county of Orange, state of California, as per map recorded in book 150 pages 3 to 7 inclusive of Miscellaneous Maps, in the office of the county recorder of said county, except that portion of Thunderbird Drive lying northwesterly of the northwesterly line of Golden Rain Road prolonged across said Drive.

SUBJECT TO: Taxes, easements, covenants, conditions, restrictions, and reservations, encumbrances, and all other matters of record.

A G R E E M E N T

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Parties

GOLDEN RAIN FOUNDATION, a California nonprofit corporation, referred to herein as "GOLDEN RAIN,"

SEAL BEACH MUTUAL NO. ONE, a California corporation, referred to herein as "SEAL BEACH,"

FEDERAL HOUSING ADMINISTRATION, referred to herein as "FHA,"

and

UNITED CALIFORNIA BANK, a California corporation, referred to herein as "MORTGAGEE."

Recitals

A. GOLDEN RAIN is the sponsor and has caused the formation of SEAL BEACH for the purpose of constructing, owning and operating a cooperative housing project on a nonprofit basis consisting of 844 apartment units to be constructed in 16 increments and to be located on that certain real property described as Lots 1 through 17 in Blocks 1 to 3, inclusive, of proposed Tract 4337, County of Orange, City of Seal Beach, State of California, referred to herein as "Property." The acquisition of the Property and the construction of the improvements thereon are to be financed by the sale of stock of SEAL BEACH and by 16 mortgage loans from MORTGAGEE, said loans to be insured by the FHA under Section 213 of the National Housing Act, as amended. SEAL BEACH is the first of several such corporations, referred to herein as "Cooperatives," which GOLDEN RAIN plans to sponsor

EXHIBIT "D"

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and organize, each to construct, own and operate a cooperative housing project, which projects will contain an estimated total of 6,752 apartment units, all to be located on contiguous parcels of land in the City of Seal Beach, and to be known collectively as Rossmoor Leisure World, referred to herein as "Project."

B. The community facilities, private off-site streets, and utilities, referred to herein as "Improvements," planned to be constructed within the boundaries of the Project will be owned, operated and maintained by GOLDEN RAIN on a nonprofit basis for the benefit of the members of the Cooperatives. A schedule of the Improvements and their estimated cost is attached hereto marked "Exhibit A" and hereby made a part hereof. It is understood by the parties hereto that said schedule is subject to change with respect to the nature and cost of said Improvements depending upon changes required and/or approved by FHA, construction costs actually incurred, and the extent of the total development of the Project.

C. As provided in its By-Laws, the active membership of GOLDEN RAIN, except for its incorporators, is limited to the members of the Cooperatives, each of whom shall be automatically entitled to such membership by virtue of his membership in one of the Cooperatives. Conversely, by the terms of the Occupancy Agreement required to be signed by each member of a Cooperative, active membership in GOLDEN RAIN will be a condition of the member's occupancy of his respective apartment unit. By the terms of its Articles of Incorporation and By-Laws, the control of GOLDEN RAIN is vested in its active members.

D. MORTGAGEE has heretofore filed with FHA on behalf of SEAL BEACH 16 applications for insurance of as many mortgage loans and covering respectively as many mortgage parcels, said parcels together comprising the whole of the Property; and FHA has issued 16 mortgage insurance commitments, identified in the files of FHA as FHA Project Nos. 122-30163-M through 122-30178-M. In determining the fair market value of the Property, which is set forth in said commitments by mortgage parcel, FHA has assumed the completion of the Project, i.e., the construction of 6,752 apartment units and the Improvements, and has attributed as additional value to the Property that proportion of the estimated total cost of the Improvements which the number of apartment units covered by said commitments, 844, bears to 6,752.

E. It is a condition of each and every one of the aforesaid commitments that, prior to the offering for sale of any stock in SEAL BEACH, or any subsequent Cooperative, GOLDEN RAIN shall:

- (1) Submit in form satisfactory to FHA assurance of completion of the Improvements;
- (2) Submit in form satisfactory to FHA an agreement and/or other instrument or instruments which will assure that the control of GOLDEN RAIN will vest and remain in SEAL BEACH and all other subsequent Cooperatives; and
- (3) Provide safeguards satisfactory to FHA that when all other subsequent cooperatives have been organized, their shares of stock sold, the construction of 6,752 apartment units completed, and all FHA insured mortgage loans or other

mortgage loans finally closed, there will be no outstanding indebtedness against GOLDEN RAIN with respect to the construction of the Improvements or the acquisition of land therefor, except to the extent that mortgage proceeds allocable to the additional value attributed to the Property by FHA does not cover the total cost of construction of the Improvements; and

(4) Establish appropriate prohibitions against any future change in control of GOLDEN RAIN or any change in title to the Improvements without the express consent of FHA.

F. GOLDEN RAIN will sell the Property to SEAL BEACH at a price equal to FHA's appraised value. The fulfillment by GOLDEN RAIN of the obligations prescribed in paragraph E hereof are hereby declared and acknowledged to be a part of the consideration for the payment by SEAL BEACH to GOLDEN RAIN of such purchase price; therefore, SEAL BEACH joins FHA in demanding that GOLDEN RAIN fulfill said obligations.

Terms

Construction of the Improvements

1. To the extent that FHA in any mortgage insurance commitment issued by it with respect to any mortgage executed by SEAL BEACH or any subsequent Cooperative attributes by virtue of the Improvements additional value to any land in the Project to be acquired by SEAL BEACH or such other Cooperative, and GOLDEN RAIN is paid a purchase price therefor which reflects all or part of said additional value, GOLDEN RAIN shall expend the amount of such additional value thus received, if any, pursuant to any appraisal made by FHA, exclusively on the Im-

provements. Immediately upon receipt thereof, GOLDEN RAIN shall deposit said amount in an escrow with a depository and pursuant to an escrow agreement both approved by FHA. Said escrow shall provide that GOLDEN RAIN shall be entitled to the release of escrow funds only to the extent of the cost of the Improvements acceptably completed and approved by FHA.

2. It is specifically understood and agreed that completion of all of the Improvements as planned is dependent upon completion of the Project in its entirety, and GOLDEN RAIN shall not be obligated to construct the Improvements to a greater extent than the actual development of the Project pursuant to any appraisal made by FHA from time to time, or to expend any more money than it receives from time to time in the way of additional value from the sale of land in the Project as provided in paragraph 1 hereof; provided, however, that the obligation of a Cooperative to provide a cash escrow, completion bond or other acceptable assurance of completion of certain specified off-site improvements as a condition of a particular FHA mortgage insurance commitment issued in respect to the Project, shall in no wise be affected by the foregoing provision of this paragraph 2. To the extent that the same constitute a part of the Improvements which GOLDEN RAIN is obligated to give assurance of completion in a form satisfactory to FHA as a condition of the 16 mortgage insurance commitments heretofore issued by FHA, the assurance of completion thereof given by said Cooperative and accepted by FHA shall suffice to discharge the obligation of GOLDEN RAIN with respect thereto. It is recognized that the streets, utilities

and other off-site improvements adjacent to or otherwise directly serving the apartment units will only be needed as said units are completed and occupied; further, that until the plans and specifications for such improvements are submitted to and approved by FHA, no contract for their construction can be written or let or any valid assurance of completion given therefor. Because the land planning aspects of the Project are being submitted to and approved by FHA in stages, it is impossible for GOLDEN RAIN to give any valid assurance of completion of such improvements as of the date of this Agreement, except for those improvements required to be constructed by SEAL BEACH in connection with its project of 544 apartment units for which insurance commitments have been issued by FHA and plans and specifications for which have been submitted to and approved by FHA. These improvements, in addition to street improvements and utilities adjacent to or directly serving the apartments, include drainage channel improvements, project entrance improvements, and, regardless of project boundaries, certain grading, sewers, water supply and underground electrical and telephone conduit. Assurance of completion of such improvements will be provided by SEAL BEACH or by the contractor hired to construct the same in the form of a performance bond in the amount not less than that required by FHA. As hereinabove provided, the obligation to GOLDEN RAIN with respect thereto will thereby be discharged. Assurance of completion of similar improvements required to be constructed by subsequent Cooperatives pursuant to FHA mortgage insurance commitments subsequently issued will be likewise provided by said Cooperatives or their

Contractors in the form of performance bonds in the amounts not less than that required by FRA and the obligation of GOLDEN RAIN with respect thereto will be discharged. Assurance of completion of any off-site improvements other than community facilities which may be required by FRA to be constructed in connection with the Project but which are not or will not be covered under one of the performance bonds executed or to be executed by one of the Cooperatives, shall be provided by GOLDEN RAIN upon request and in a form approved by FRA.

3. GOLDEN RAIN shall proceed with the construction of the Community Facilities as rapidly as the development of the Project permits. The construction of all of the facilities listed in Exhibit "A" will only be undertaken if 6,752 apartment units are constructed. In the event that less than such number are constructed, the community facilities will of necessity be proportionately reduced. During the development of the Project the order of construction of the community facilities will be a matter for determination by GOLDEN RAIN subject to approval by FRA. GOLDEN RAIN has already contracted with Millie & Severson, General Contractors, Long Beach, California, for the construction of the first recreation building. Said general contractor has given a performance bond assuring completion of the recreation building. Performance bonds shall also be required in connection with the construction of all other major community facilities, namely, the two additional recreation buildings, the medical center and the amphitheater. Until such time as the medical center is completed, the first recreation building shall serve a threefold purpose: recrea-

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tional, medical and administrative.

4. SEAL BEACH, owning 844 apartment units, shall not be obligated to GOLDEN RAIN for more than its pro rata share of the costs of the Improvements based on construction of a total of 6,752 apartment units in the Project. Such obligation shall be discharged by payment to GOLDEN RAIN of a purchase price for the Property equal to FHA's appraisal thereof as contained in its applicable mortgage insurance commitments.

Control of Golden Rain - Limitations on Indebtedness and Transfer of Title.

5. GOLDEN RAIN shall not without the prior written consent of FHA:

- (a) Amend its Articles of Incorporation or its By-Laws;
- (b) Take action which would in any way change its qualifications for active membership or the control of its affairs and assets;
- (c) Sell, assign, transfer or dispose of any real property regardless of value, or any personal property of a value in excess of \$5,000.00;
- (d) Encumber any real or personal property except in connection with the acquisition or construction thereof.

6. Upon the construction of 6,752 apartment units in the Project and the completion of all of the community facilities as planned and set forth in Exhibit "A," there shall be no outstanding indebtedness against GOLDEN RAIN incurred in connection with the acquisition or construction of said facilities, provided that the additional value attributed by FHA to the land in the Project by virtue of said facilities

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and reflected in the price received by GOLDEN RAIN therefor is sufficient to pay for said facilities.

Management of Community Facilities.

7. GOLDEN RAIN shall operate and manage the community facilities and maintain and repair the private streets, and provide administrative, recreational and medical services for the benefit of the members of the Cooperatives at cost and on a nonprofit basis. The cost thereof shall be included in the monthly carrying charges charged on a pro rata basis to the members by their respective Cooperatives. Not less than 60 days prior to the beginning of each fiscal year GOLDEN RAIN shall prepare an operating budget setting forth its estimate of the cost of operating and managing the community facilities, maintaining and repairing the private streets, and providing the other aforesaid services desired for the ensuing fiscal year and shall cause copies of same to be delivered to the members of the Cooperatives or to the Cooperatives for delivery to their members. The estimate of cost shall include administrative expenses, operating expense, maintenance expense, utilities, hazard insurance, taxes and assessments, interest and amortization, depreciation reserve, and a reasonable contingency reserve.

8. In the discretion of its Board of Directors, GOLDEN RAIN shall refund or credit to the members of the Cooperatives after the end of each fiscal year their respective proportionate shares of such sums as have been collected to pay the cost of the aforesaid services which are in excess of the amount expended or obligated therefor.

9. The extent of the services to be provided in

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connection with the community facilities and the rules and regulations with respect to the use of said facilities shall be determined and established by the Board of Directors of GOLDEN RAIN in its sole discretion.

10. GOLDEN RAIN shall maintain the community facilities, accommodations and the grounds and equipment pertinent thereto in good repair and condition. In the event all or any part of said facilities shall be damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in such manner as may be determined in the discretion of the Board of Directors of GOLDEN RAIN, provided that any such insurance proceeds in excess of \$5,000.00 shall only be applied in a manner approved by FHA.

11. Payment for services, supplies or materials shall not exceed the amount ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials furnished.

12. Within 60 days following the end of each fiscal year GOLDEN RAIN shall furnish the members of the Cooperatives, FHA, and MORTGAGEE with a complete annual financial report, prepared and certified by a Public Accountant or Certified Public Accountant, based upon said party's examination of its books and records. The books and records of GOLDEN RAIN shall at all times be maintained in reasonable condition and available for examination and inspection at any reasonable time by FHA or MORTGAGEE or its respective duly authorized agents.

13. In the event that MORTGAGEE becomes an owner, or FHA becomes an owner or mortgagee, of one or more mortgage parcels owned by SEAL BEACH, GOLDEN RAIN upon request of FHA,

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MORTGAGEE, or their successors or assigns (including any purchaser at foreclosure sale) shall furnish to the occupants of such parcels the aforesaid services furnished the members of the Cooperatives on a comparable basis, both as to nature and cost of such services, provided said parcels are used for residential purposes.

14. Upon a default of any of the above terms of this Agreement by GOLDEN RAIN, FHA may give written notice thereof to GOLDEN RAIN by registered or certified mail addressed to the principal office of GOLDEN RAIN. If such violation is not corrected to the satisfaction of FHA within 15 days after the date such notice is mailed, or within such further time as FHA determines is necessary to correct the violation, without further notice FHA may declare a default under this Agreement effective on the date of such declaration of default, and upon such default the Commissioner may apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the property and assets of GOLDEN RAIN, or for such other relief as may be appropriate, since the injury to FHA arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain. The right of action hereby granted FHA in this paragraph 14 is also granted to SEAL BEACH and MORTGAGEE. The provisions of this paragraph are not intended to and shall not preclude FHA, SEAL BEACH or MORTGAGEE from seeking any other remedy or relief to which they may be entitled.

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15. The rights of FEA and MORTGAGEE under this Agreement shall continue so long as any FEA mortgage insured pertaining to any property in the Project shall be in effect, or any mortgage covering any said property shall be held by the FEA or MORTGAGEE, or any of said property shall be owned by the FEA or MORTGAGEE or purchaser at foreclosure sale of an FEA owned mortgage. The rights of SEAL BEACH under this Agreement shall be without limitation as to time.

COLDEN RAIN FOUNDATION, a California nonprofit corporation

By Lewis M. Linton

SEAL BEACH MUTUAL NO. ONE, a California corporation

By Lewis M. Linton

FEDERAL HOUSING ADMINISTRATION

By Charles H. Andrews

UNITED CALIFORNIA BANK

By James P. Miller
Vice President

ROSSMOOR LEISURE WORLD

ESTIMATED COSTS

LAND AND OFF-SITE IMPROVEMENTS

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	COST PER APT. UNIT	COST PER 48 UNITS	COST FOR TOTAL PROJECT
LAND COST (Including carrying and financing charges)	\$ 1,954.24	\$ 93,803.52	\$ 13,195,070
INTERIOR STREETS and UTILITIES:			
Streets, paving, grading curbs & gutters			\$ 326,500
Sewer system			130,000
Storm drainage system			100,000
Water distribution system			300,000
Telephone underground lines			40,000
Electrical underground lines			168,000
	\$ 157.78	\$ 7,573.44	\$ 1,055,500
OTHER LAND IMPROVEMENT COSTS:			
Improve USA Flood Control System			\$ 156,000
Relocate Navy sewer			67,200
Outfall sewer to Sanitation District			25,000
Improve Arterial Highways			25,000
Subdivision Bond Premium, Inspection, etc.			41,500
Engineering fees			125,000
Exterior blockwall			115,000
	82.30	3,950.40	522,700
COMMUNITY AND MEDICAL CENTER:			
2500 Seat Amphitheater			\$ 300,000
Medical center and administra- tion building			409,250
Excavating			7,200
Paving			21,500
Storm drainage			3,600
Landscaping and walks			29,000
Ambulance			15,750
Land cost			200,916
	146.21	7,018.08	937,216
RECREATION AND OTHER FACILITIES:			
Club House Buildings (3)			\$ 581,784
Equipment			70,025
Buses (2)			55,590
Land cost			155,949
Golf course (9 holes) including land			200,651
Gardening and maintenance equipment			15,000
Maintenance and Equipment storage building			25,000
Gate and main entrance improvements			10,600
Contingency reserve			175,000
	187.89	9,018.72	1,283,500
TOTALS	\$ 2,528.42	\$ 121,364.16	\$ 17,071,856

EXHIBIT "A"