1. BORROWER'S PROMISE TO PAY PRINCIPAL AND INTEREST. For value received, I promise to pay to HOME SAVINGS or AMERICA, PSB, a federal savings bank, at its offices in the City of Irwindale, State of California, or at such other place as the holder of this Note may from time to time designate, the principal sum of FOUR HUNDRED THOUSAND AND NO/100

DOLLARS ($ 400,000.00 ) with interest from the date hereof on the unpaid principal balance at the initial interest rate of SIX AND 260/1000 percent (6.260%) per annum, principal and interest payable in monthly installments of TWO THOUSAND FOUR HUNDRED SIXTY-FIVE AND 48/100 up to NOVEMBER 10, 2024 (the "Due Date"). On each day of every month thereafter until (including) the 10th day of the month after the due date of the last installment due hereunder, all unpaid principal and interest due hereunder shall be due and payable. Interest on the unpaid principal balance hereof shall be determined on the basis of the Federal Home Loan Bank of San Francisco, monthly weighted average cost of funds being hereafter referred to as the "Index", plus (i) 2.40 percentage points.

2. ADJUSTABLE INTEREST RATE PROVISIONS. I agree that the interest rate on this Note will be adjusted on each Interest Rate Adjustment Date, as defined below, to be equal, following such date until the next Interest Rate Adjustment Date, to the sum of (a) the most recently available monthly weighted average cost of funds of members of the Federal Home Loan Bank of San Francisco, as computed from statistics tabulated and published by the Federal Home Loan Bank of San Francisco (such monthly weighted average cost of funds being hereafter referred to as the "Index"); plus (ii) 2.40 percentage points.

(a) Interest Rate Adjustments. Changes in the interest rate on this Note will become effective commencing on DECEMBER 10, 1994, and on the same date each month thereafter, each of which dates is called an "Interest Rate Adjustment Date.", No adjustment to the interest rate on any Interest Rate Adjustment Date shall result in an interest rate that is greater than 12.500% per annum or less than 2.400% per annum, provided, that following the sale or transfer of the real property described in the Deed of Trust identified below that occurs subsequent to DECEMBER 10, 1994, adjustments to the interest rate on any subsequent Interest Rate Adjustment Date shall not result in an interest rate that is more than 5 percentage points greater or less than the interest rate in effect at the time of such sale or transfer.

(b) Payment Adjustments. The monthly payment amount shall be adjusted on DECEMBER 10, 1994, and on the same date each 12th month thereafter, each of which dates is called a "Payment Adjustment Date." If an interest rate change has been made on an Interest Rate Adjustment Date, the amount of the regular monthly principal and interest payments will be adjusted on the next Payment Adjustment Date so as to be sufficient to amortize the remaining principal balance as of the Due Date. Except as provided below, during the 12-month period following the date of this first monthly payment and during each 12-month period thereafter (each of which 12-month period is called a "Loan Year") any increase or decrease in a monthly payment will be greater than 7% of the amount of the first regular monthly payment in the case of the first Loan Year, and (i) the amount of the last regularly scheduled payment of the immediately preceding Loan Year in the case of each Loan Year after the first Loan Year. If the holder does not invoke a permissible interest rate increase in whole or in part, this will constitute a waiver of the holder's right to invoke such an increase, subject to the other provisions of this Note.

(c) Principal Balance Adjustments. If any adjustment to the interest rate results in a monthly payment being less than the amount of interest accrued for a month either because of an interest rate adjustment or because of the 7% limitation on increases or decreases in the monthly payment amount, such accrued but unpaid interest will be added monthly to the unpaid principal balance and will thereafter bear interest at the interest rate that is from time to time payable on this Note. Notwithstanding any other provisions of this Note, including the 7% limitation contained in the preceding subparagraph, commencing on DECEMBER 10, 1999, the amount of the regular monthly principal and interest payments on this Note will be adjusted to be sufficient so as to amortize the remaining principal balance as of the Due Date at the then current rate of interest if such interest rate were to continue in effect until the Due Date.

(d) Waiver of Increases. Interest rate increases on each Interest Rate Adjustment Date are at the holder's option, but if the holder does not invoke a permissible interest rate increase in whole or in part, this will constitute a waiver of the holder's right to invoke such an increase, subject to the other provisions of this Note.

(e) Alternative Index. If, at any time during the term of this Note, the Index is no longer available or is otherwise unpublishable, the holder may select an alternative index over which the holder has no control, in which case such alternative index will become the Index provided in paragraph 2 of this Note. Holder shall not determine the adjustment to the loan factor provided in paragraph 2 of this Note based upon the value of the substituted Index as of the last preceding Interest Rate Adjustment Date on which the prior Index was available or the date of this Note, whichever occurs later, but shall determine such adjustment to the loan factor based on the substituted Index and the adjusted loan factor equal to the sum of the prior Index and the loan factor set forth in paragraph 2 of this Note as of such date. The most recent value of the substituted Index, as announced from time to time, and such adjusted loan factor shall become the Index and the loan factor for purposes of paragraph 2 of this Note.

(f) Notices. Notices of any change in the interest rate or amount of the regular monthly installment shall be deemed given by the holder when deposited in the United States mail, postage prepaid, addressed to the maker, or, to the persons shown on the holder's records as transferee at the time of giving notice.

3. CREDITING OF PAYMENTS. Each installment payment received by the holder shall be credited as of its due date, without regard to its date of receipt by the holder, first to interest due then due and the remainder to principal, and interest shall cease upon the principal so credited as of the date that such credit is made. For the purposes of this Note, "principal" means the amount of allocates of any monthly installment payments to the principal. Interest shall consist of the product of the outstanding principal balance on this loan immediately prior to allocation of the monthly installment payment times the then applicable interest rate of this Note divided by twelve. All other interest calculations on this Note shall be made on a daily basis. Daily interest shall consist of the product of the outstanding principal balance on this Note times the annual interest rate divided by the number of calendar days in the year for which the daily interest calculation is made.
4. DEFAULT BY BORROWER. Should default be made in the payment of any installment when due, or in the performance of any provision or condition contained in the Deed of Trust securing this Note, the whole sum of principal and interest shall become immediately due at the option of the holder and regardless of any prior forbearance. Interest shall accrue following any default hereat until the date set forth in this Note, as adjusted from time to time.

5. LATE CHARGE. I agree: (a) to pay immediately, without demand, to the holder, in the event any installment is not received by the holder within ten (10) days after its due date, and without regard to the date as of which such payment is credited, an amount equal to the equivalent of 1% of the installment due that is applicable to the payment of principal and interest; (b) that it would be impractical or extremely difficult to fix the holder's actual damages in the event that any installment shall not be paid when due; and (c) that such amount shall be presumed to be the amount of damages for such late payment. This paragraph and the amount which it provides shall not limit the holder's right, under this Note, the Deed of Trust securing it, or otherwise, to compel prompt performance thereunder.

6. PREPAYMENT PRIVILEGE. The principal amount due on this Note, may be prepaid in whole or in part, at any time without charge.

7. NOTE PAYABLE IN U.S. DOLLARS. Principal, Interest, and charges are payable in lawful money of the United States.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE. In this Note, the singular shall include the plural and this Note shall be the joint and several obligation of each maker.

9. ACCELERATION CLAUSE; ASSUMABILITY. This Note is secured by a Deed of Trust, Assignment of Rents and Security Agreement under which SERRANO RECONVEYANCE COMPANY, a California corporation, is Trustee. Said Deed of Trust contains a provision, which, among other things, permits the acceleration of the indebtedness evidenced by this Note upon the sale or transfer of the security property described in said Deed of Trust. The holder will waive its right to accelerate the indebtedness in the event of a sale or transfer of the security property, as provided, if the buyer satisfies certain conditions, including the following: (a) the buyer submits a bond application which is approved by the holder and which establishes to the satisfaction of the holder the buyer's creditworthiness to assume the obligations evidenced by this Note and the Deed of Trust securing this Note, taking into consideration any defaults or delinquencies under this Note or said Deed of Trust (and the necessity of curing same); (b) the buyer executes a written assumption agreement prepared by the holder, and such other documents as the holder may require; (c) any defaults or delinquencies under this Note or the Deed of Trust securing this Note are cured, and the buyer pays the holder an assumption fee equal to one percent of the outstanding principal balance of the indebtedness evidenced by this Note as of the date of the sale or transfer; and (d) no statute, rule, regulation, decision or other provision, including usury limitations, restricts in any manner the holder's right to make interest rate or payment adjustments in accordance with the terms of this Note, and there has been no change in zoning or other land use restrictions pertaining to the security property since the date of this Note.

10. MAXIMUM INTEREST. In no event whatsoever shall the amount paid, or agreed to be paid, to the holder for the use, forbearance or retention of the money to be loaned hereunder ("Interest") exceed the maximum amount permissible under applicable law. If the performance or fulfillment of any provision hereof or of the Deed of Trust, the Security Agreement or any other agreement between the holder and me shall result in Interest exceeding the limit for Interest prescribed by law, then the amount of such Interest shall be reduced to the maximum rate which may lawfully be charged or collected by the holder. If, from any circumstance whatsoever, the holder should receive as Interest an amount which would exceed the highest lawful rate, the amount which would be excessive Interest shall be applied to the reduction of the principal balance owing hereunder (or, at the option of the holder, be paid over to me) and not to the payment of Interest.

11. COSTS OF COLLECTION. I, together with all sureties, endorsers and guarantors of this Note, jointly and severally promise to pay: (a) all costs and expenses of collection, including without limitation attorneys' fees, in the event this Note or any portion of this Note is placed in the hands attorneys for collection and such collection is effected without suit; (b) attorneys' fees, as determined by the judge of the court, and all other costs, expenses and fees incurred by the holder in the event suit is instituted to collect this Note or any portion of this Note, (c) all costs and expenses provided for in the Deed of Trust or in any other instrument given as security for this Note and incurred by or on behalf of the holder in connection with collecting or otherwise enforcing any right of the holder under this Note, the Deed of Trust or any other instrument given as security for this Note, and (d) all costs and expenses, including, without limitation, attorneys' fees incurred by the holder in connection with any bankruptcy, insolvency or reorganization proceeding or receivership in which I am involved, including, without limitation, attorneys' fees incurred in making any appearances in any such proceeding or in seeking relief from any stay or injunction issued in or arising out of any such proceeding.

12. CERTAIN WAIVERS. Borrower and all co-makers and endorsers of this Note jointly and severally waive diligence, grace, demand, presentment for payment, exhibition of this Note, protest, notice of protest, notice of dishonor, notice of demand, notice of nonpayment, and any and all exemption rights against the indebtedness evidenced by this Note, and agree to any and all extensions or renewals from time to time without notice and to any partial payment of the indebtedness evidenced by this Note, and consent to offsets of any sums owed to any one or all of them by Lender at any time.

13. GOVERNING LAW; REVERABILITY. The loan evidenced by this Note is made pursuant to, and shall be construed and governed by, the laws of the United States and the rules and regulations promulgated thereunder, including the federal laws, rules and regulations for federal savings banks. If any paragraph, clause or provision of this Note is determined by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall affect only those paragraphs, clauses or provisions so determined and shall not affect the remaining paragraphs, clauses and provisions of this Note.

REVIEW ALL PROVISIONS OF THIS NOTE BEFORE SIGNING. THIS NOTE CONSISTS OF TWO PAGES.

LOAN NO. 1722284-4

Interest Endorsed as
Paid to 10/31/94

Home Savings of America, FSB

By

[Signature]

[Stamp]

2 of 2