

<p>Recording Requested By:</p> <p>Rural Community Assistance Corporation 2125 19th Street, Suite 203 Sacramento, CA 95818</p>	
<p>And When Recorded Mail To:</p> <p>Rural Community Assistance Corporation Attn: Peggy Jones 2125 19th Street, Suite 203 Sacramento, CA 95818</p> <p>Loan No: 0171-CAHI-06</p>	<p>Space above this line for Recorder's Use</p>

Deed of Trust with Assignment of Rents

This Deed of Trust with Assignment of Rents ("Deed of Trust"), made November 24, 1998 between Citizens for Affordable Homes, Inc., a Nevada nonprofit public benefit corporation (herein called "Trustor"), whose address is 308 N. Curry Street, Suite 210, Carson City, NV 89703 and, Northern Nevada Title Company, (herein called "Trustee"), whose address is 512 North Division Street, Carson City, NV 89703 and Rural Community Assistance Corporation, a nonprofit corporation, herein called "Beneficiary", whose address is 2125 19th Street, Suite 203, Sacramento, CA 95818.

WITNESSETH: That Trustor, for the purpose of securing:

- (a) The payment of that certain Promissory Note of even date herewith (the "Promissory Note") in the principal sum of Three Hundred Fifty Five Thousand Two Hundred and Fifty (\$355,250.00) together with interest thereon payable to Beneficiary, or order, with final payment, if not sooner paid, due and payable on December 1, 2000; and to secure payment of any and all extensions or renewals, of the Promissory Note, which extensions or renewals shall be optional with the Beneficiary, but at the Beneficiary's option may be made by new notes or otherwise, and at, before, or after maturity, and for all of which this Deed of Trust shall stand as a continuing security until paid. The Promissory Note and all such extensions or renewals, whether by new notes or otherwise, are collectively referred to herein as the "Promissory Note".
- (b) Performance of each agreement of Trustor incorporated by reference or herein contained;
- (c) The payment of all sums of money with interest which may be paid out or advanced by, or may otherwise be due to Trustee or Beneficiary under any provision of this Deed of Trust;
- (d) Payment of such further sums as the record owner of the subject property may hereafter borrow from Beneficiary, its successors or assigns when said borrowing is evidenced by a promissory note or notes reciting that it or they are so secured; and

- (e) Performance and discharge of each and every obligation, covenant and agreement of Trustor herein contained and in any and all pledge agreements, supplemental agreement(s), or other instruments of security executed by Trustor as of even date herewith or at any time subsequent to the date hereof for the purpose of further securing any indebtedness hereby secured, or any part thereof, or any further advancement or further or additional loans of any sums hereafter made by Beneficiary or any successor of Beneficiary holding this Promissory Note, to Trustor or any successor of Trustor owning the real property described herein during the continuance of these trusts and secured hereby, or for the purpose of supplementing or amending this Deed of Trust or any instrument secured hereby.
- (f) Performance under the Loan Agreement (together with all amendments and other modifications hereto, the "Loan Agreement") of even date herewith executed by Trustor and Beneficiary.

It is the intention of Trustor and Beneficiary that: (i) this Deed of Trust shall constitute an "instrument" (as defined in NRS 106.330 as amended and recodified from time to time) which secures "future advances" (as defined in NRS 106.320 as amended and recodified from time to time) and which is governed pursuant to NRS 106.300 through 106.400 as amended and recodified from time to time (the "Future Advance Provisions"); and (ii) the obligations secured hereby shall include the obligation of Trustor to repay "future advances" of "principal" (as defined in NRS 106.345 as amended and recodified from time to time) in an aggregate amount up to Three Hundred Fifty Five Thousand Two Hundred and Fifty Dollars and No Cents (\$355,250.00), and that the lien of this Deed of Trust shall secure the obligation of Trustor to repay all such "future advances" with the priority set forth in NRS 106.370(1) as amended and recodified from time to time. Trustor acknowledges and agrees that the obligation of Beneficiary to advance funds under the loan evidenced by the Promissory Note (the "Loan"), in accordance with the terms and conditions of the Loan Agreement, are obligatory in nature and not subject to the provisions of NRS 106.300, et seq. Notwithstanding the foregoing, however, in the event that the advance of any funds under the Loan is deemed to be optional, then the "principal" amount of such advances of funds under the Loan, which is to be secured hereunder as "Future Advances" in accordance with the Future Advance Provisions, shall be Three Hundred Fifty Five Thousand Two Hundred and Fifty Dollars and No Cents, (\$355,250.00).

Hereby irrevocably: (i) grants, bargains, sells, transfers, conveys and assigns to Trustee, in trust, with power of sale, all of the property described below which constitutes real property (referred to herein as the "Real Property"), to have and to hold, on behalf of Beneficiary, subject to the trusts, covenants and agreements set forth herein; and (ii) grants a security interest to Beneficiary in all of the property described below which constitutes personal property (referred to herein as the "Personal Property"), pursuant to Article 9 of the Uniform Commercial Code as enacted in the State of Nevada (NRS 104.1101, et seq.), as it may hereafter be amended or recodified (the "Commercial Code"). The Real Property and the Personal Property are hereinafter collectively referred to as the "Property".

"Property Description"

All of Trustor's interest, together with leases, issues, profits and income, subject, however to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such property income, and any and all interest hereafter acquired by Trustor, in that

certain real property in the unincorporated area of Gardnerville, County of Douglas, State of Nevada.

Attached hereto as Exhibit A

Commonly known as CAHI #6

Together with: (i) all buildings, improvements, and tenements now or hereafter erected on the property, and all heretofore or hereafter vacated alleys and streets abutting the property; (ii) all easements, rights, appurtenances, rents (subject, however, to the assignment of rents to Beneficiary herein), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock and other rights or interest which are now or hereafter appurtenant to the property; and (iii) all interest of Trustor, whether now owned or hereafter acquired in: (aa) any fixtures, machinery, equipment, engines, boilers, incinerators, building materials, appliances and goods of every nature whatsoever now or hereafter located in, or on, or used, or intended to be used in connection with the property, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light; and all elevators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, mirrors, cabinets, paneling, rugs, attached floor coverings, furniture, pictures, antennas, trees and plants; (bb) all governmental entitlements, plans, specifications, soil reports, engineering reports, land planning maps, surveys, and any other reports, exhibits or plans granted or to be used in connection with the construction, planning, operation or maintenance of the Real Property; and (cc) any and all proceeds and products of any of the foregoing.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant, convey and assign the Property, and that Trustor will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Beneficiary's interest in the Property.

Uniform Covenants: Trustor and Beneficiary covenant and agree as follows:

1. *Application of Payments:* Trustor shall promptly pay when due the principal of and interest on the indebtedness evidenced by the Promissory Note, any late charges provided in the Promissory Note and all other sums secured by this Deed of Trust. Unless applicable law provides otherwise, all payments received by Beneficiary from Trustor under the Promissory Note or this Deed of Trust shall be applied by Beneficiary in the following order of priority: (a) any fees that may be due; (b) interest payable on the Promissory Note; (c) principal on the Promissory Note; (d) interest payable on advances; and (e) any other sums secured by this instrument in such order as Beneficiary, at Beneficiary's option, may determine.
2. *Charges; Liens:* Trustor agrees to pay, and to submit to Beneficiary evidence of payment: (a) at least ten days before delinquency, all taxes and assessments affecting the Property, including assessments on appurtenant water stock, without permitting any improvement bond to issue for any special assessment for public improvements; (b) at

least ten days before delinquency, all rents, assessments and charges for water appurtenant to or used in connection with the Property; (c) when due, all encumbrances, charges and liens, with interest, on the Property, or any part thereof, which are, or appear to Beneficiary to be, prior to or superior hereto; (d) when due, the claims of all persons supplying labor or materials or equipment to or in connection with the Property; (e) upon demand, all costs, fees, charges and expenses of this trust, whether or not described herein. Should Trustor fail to pay when due any of these items, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the Promissory Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

3. *Hazard Insurance:* Trustor shall keep the improvements now existing or hereafter erected on the Property insured by carriers at all times satisfactory to Beneficiary against loss by fire, hazards included within the term "extended coverage", rent loss and such other hazards, casualties, liabilities against bodily injury death or property damage and contingencies as Beneficiary shall require and in such amounts and for such periods as Beneficiary shall require, naming Beneficiary as loss payee. All premiums on insurance policies shall be paid by Trustor making payment, when due, directly to the carrier.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in form acceptable to Beneficiary. Beneficiary shall have the right to hold the policies, and Trustor shall promptly furnish to Beneficiary all renewal notices and all receipts of paid premiums. At least thirty days prior to the expiration date of a policy, Trustor shall deliver to Beneficiary a renewal policy in form satisfactory to Beneficiary.

In the event of loss, Trustor shall give immediate written notice to the insurance carrier and to Beneficiary. Trustor hereby authorizes and empowers Beneficiary as attorney-in-fact for Trustor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this paragraph shall require Beneficiary to incur any expense or take any action hereunder. Trustor further authorizes Beneficiary, at Beneficiary's option, (a) to hold the balance of such proceeds to be used to reimburse Trustor for the cost of reconstruction or repair of the Property, or (b) to apply the balance of such proceeds to the payment of the sums secured by this Deed of Trust, whether or not then due, in the order of application.

If the insurance proceeds are held by Beneficiary to reimburse Trustor for the cost of restoration and repair of the Property, the Property shall be restored to the equivalent of its original condition or such other condition as Beneficiary may approve in writing. Beneficiary may, at Beneficiary's option, condition disbursement of said proceeds on Beneficiary's approval of such plans and specifications of an architect satisfactory to Beneficiary, contractors' cost estimates, architects' certificates, waivers of liens, sworn statements of mechanics and material men and such other evidence of costs, percentage completion of construction, application of payments, and satisfaction of liens as Beneficiary may reasonably require. If the insurance proceeds are applied to the payment of the sums secured by this Deed of Trust, any such application of proceeds to

principal shall not extend or postpone the due dates of installments or change the amount of such installments. Such application or release shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

4. *Liability Insurance.* Trustor will maintain comprehensive general liability insurance covering the legal liability of Trustor against claims for bodily injury, death, or property damage occurring on, in, or about the Property with coverage of One Million dollars (\$1,000,000) combined single limit, and naming Beneficiary an additional insured.
 - 4.1. *Insurance Survey.* During the last thirty (30) days of every third year computed from the date hereof, Trustor will have an insurance survey of the Property made. Trustor shall at these times obtain such additional coverage or make such increased in the amounts of existing coverage as may be requested by Beneficiary on the basis of such survey.
 - 4.2. *General Provisions.* All policies of insurance required to be maintained by Trustor pursuant to Paragraph 3 and 4 hereof shall be in form and substance and with companies acceptable to Beneficiary. Beneficiary retains the discretion to increase the amount of the required coverage, require insurance against additional risks, or withdraw approval of any insurance company at any time. Trustor shall obtain renewals of any policies which expire and deliver evidence of such renewals (or, if requested by Beneficiary, the original policy) to Beneficiary no later than ten (10) days prior to the expiration date of the policy being replaced. All policies and renewals thereof shall contain provisions for thirty (30) days' notice to Beneficiary prior to any cancellation thereof. Notwithstanding any of the foregoing, neither Trustee nor Beneficiary shall be responsible for any such insurance or for the collection of any insurance moneys, or for any insolvency of any insurer or insurance underwriter. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any Trustee's or sheriff's sale held hereunder.
5. *Late Payment; Partial Payment:* The acceptance by Beneficiary of any payment less than the amount then due shall be deemed an acceptance on account only, and shall not constitute a waiver of the obligation of Trustor to pay the entire sum then due or of Beneficiary's right either to require prompt payment of all sums then due or to declare default. The acceptance by Beneficiary of payment of any sum secured hereby after its due date shall not constitute a waiver of the right of Beneficiary either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay. No waiver of any default shall be a waiver of any preceding or succeeding default of any kind, nor shall the consent to any transaction or occurrence be a consent to, or a waiver of the right to require a consent to, any other transaction or occurrence, whether or not similar in nature.
6. *Appear and Defend:* Trustor agrees to appear in and defend any action or proceeding purporting to affect the security hereof, the Property or the rights or powers of Beneficiary and/or Trustee. Beneficiary, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may appear in and defend any such action or proceeding and may make any

compromise or settlement thereof. Trustor agrees to pay all costs and expenses of Beneficiary and Trustee, including costs of evidence of title and attorneys' fees in a reasonable sum, at trial, on appeal and in bankruptcy proceedings, in any such action or proceeding in which Beneficiary may appear, irrespective of whether the interest of Beneficiary in the Property is directly questioned by such action or proceeding or whether Trustor appears or defends, including any action for the condemnation or partition of the Property, and in any action or proceeding instituted by Beneficiary to protect or enforce the security of this Deed of Trust or the obligations secured hereby, including a suit by Beneficiary to foreclose this Deed of Trust.

7. *Hazardous Waste:* (a) To Trustor's best knowledge and after due and diligent inquiry, Trustor represents and warrants that neither Trustor nor any previous owner or user of the Property has used, generated, stored or disposed of above, in, on, under or around the Property any "hazardous substance", as defined by NRS 40.504 (as it may be amended or recodified) or any other substance, which if known to be present on or under real property or in ground water, would require cleanup, removal or some other remedial action under any federal, state or local law or regulation (collectively, a "Hazardous Substance"); and that there is not now, nor have there ever been tanks or facilities on, under or at the Property, for the storage or treatment of Hazardous Substances. Trustor hereby covenants and agrees that Trustor will not conduct, permit or authorize the generation, transportation, storage, treatment or disposal at the Property of any Hazardous Substance, and neither Trustor nor any agent, servant or employee shall generate, store, bury or dispose of any Hazardous Substance on, or in a location that will adversely affect, the Property. Trustor shall promptly and diligently comply with all requirements of federal, state or local laws, statues, ordinances or regulation, or court or administrative orders or decrees, or private agreements pertaining to Hazardous Substances.

(b) Trustor hereby agrees to indemnify, hold harmless and defend Beneficiary from and against any and all claims, losses, damages or liabilities of any kind of nature, and all costs and expenses incurred in connection therewith (including but not limited to attorneys' fees and expenses), arising directly or indirectly, in whole or in part, out of: (i) the presence on or under the Property of any Hazardous Substances or any releases or discharges of any Hazardous Substances on, under or from the Property, or (ii) any violation of any governmental laws, rules or regulations relating to Hazardous Substances, or any activity carried on or undertaken on or off the Property, whether prior to or during the term of the Loan, and whether by Trustor or any predecessor in title or any employees, agents, contractors or subcontractors of Trustor or any predecessor in title, or any third persons at any time occupying or present on the Property, in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Substances at any time located or present on or under the Property. The obligations of Trustor under this Paragraph 7 shall be unlimited personal obligations of Trustor and shall survive any foreclosure under this Deed of Trust, any transfer in lieu thereof, any reconveyance of this Deed of Trust and any satisfaction of the obligations of Trustor in connection with the Loan. The remedies under this Paragraph 7 are cumulative and in addition to all remedies provided by law.

8. *Condition of Property:* Trustor agrees to keep the Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon: not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of laws; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.
9. *Use of Property:* Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Trustor shall not allow changes in the use for which all or any part of the Property was intended at the time this Deed of Trust was executed as described in the Loan Agreement. Trustor shall not initiate or acquiesce in a change in the zoning classification of the Property without Beneficiary's prior written consent. Trustor shall comply with all laws of applicable governmental entities with respect to the property.
10. *Protection of Beneficiary's Security:* If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, the Promissory Note and/or Loan Agreement or if any action or proceeding is commenced which affect the Property or title thereto or the interest of Beneficiary therein, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary or Trustee at Beneficiary's option and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof may make such appearances, disburse such sums and take such action as Beneficiary deems necessary, in its sole discretion, to protect Beneficiary's interest, including, but not limited to, (a) disbursement of attorney's fees, (b) entry upon the Property to make repairs, and (c) procurement of satisfactory insurance as provided in paragraphs 3 and 4 hereof.
- Any amount disbursed by Beneficiary pursuant to this paragraph, with interest thereon, shall become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement at the rate stated in the Promissory Note. Trustor hereby covenants and agrees that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the indebtedness secured hereby. Nothing contained in this paragraph shall require Beneficiary to incur any expense or take any action hereunder.
11. *Inspection:* Beneficiary may either in person or by agent enter the Property, including the building and improvements thereon, for the purpose of inspecting same.
12. *Books and Records:* Trustor shall keep and maintain at all times at Trustor's address stated above, or such other place as Beneficiary may approve in writing, complete and accurate books of accounts and records adequate to reflect correctly the results of the operations of the Property and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at any reasonable time by Beneficiary. Upon

Beneficiary's request, Trustor shall furnish to Beneficiary, within one hundred and twenty days after the end of each fiscal year of Trustor, a balance sheet, a statement of income and expenses of the Property, and a statement of changes in financial position, each in reasonable detail and certified by Trustor and, if Beneficiary shall require, by an independent certified public accountant.

13. *Condemnation:* Trustor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or any part thereof, and Trustor shall appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Trustor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Trustor, to commence, appear in and prosecute, in Beneficiary's or Trustor's name, any action or proceeding relating to any condemnation or other taking of the Property, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or part thereof, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Beneficiary.

Trustor authorizes Beneficiary to apply such awards, payments, proceeds or damages, after the deduction of Beneficiary's expenses incurred in the collection of such amounts, at Beneficiary's option, to restoration or repair of the Property or to payment of the sums secured by this Deed of Trust, whether or not then due, in the order of application set in paragraph 1 hereof, with the balance, if any, to Trustor. Unless Trustor and Beneficiary otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly installments change the amount of such installments. Trustor agrees to execute such further evidence of assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking as Beneficiary may require.

14. *Forbearance by Beneficiary Not a Waiver:* Any forbearance by Beneficiary in exercising any rights or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any right or remedy. The acceptance by Beneficiary of payment of any sum secured by this Deed of Trust after the due date of such payment shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.
15. *Remedies Cumulative:* Each remedy provided in this Deed of Trust is distinct and cumulative to all other rights or remedies under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently, or successively, in any order whatsoever.
16. *Acceleration in Case of Trustor's Insolvency:* If Trustor shall voluntarily file a petition under the United States Bankruptcy Code, as it may from time to time be amended, or under any similar or successor Federal statute relating to bankruptcy, insolvency, arrangements or reorganizations, or under any state bankruptcy or insolvency act, or file an answer in

an involuntary proceeding admitting insolvency or inability to pay debts, or if Trustor shall fail to obtain a vacation or stay of involuntary proceedings brought for the reorganization, dissolution or liquidation of Trustor, or if Trustor shall be adjudged a bankrupt, or if a Trustor or receiver shall be appointed for Trustor or Trustor's Property, or if the Property shall become subject to the jurisdiction of a Federal bankruptcy court or similar state court, or if Trustor shall make an assignment for the benefit of Trustor's creditors, or if there is an attachment, execution or other judicial seizure of any portion of Trustor's assets and such seizure is not discharged within ten days (all of which are hereinafter collectively referred to as an "Insolvency Default"), then Beneficiary may, at Beneficiary's option, declare all of the sums secured by this Deed of Trust to be immediately due and payable without prior notice to Trustor, and Beneficiary may invoke any remedies permitted by paragraph 24 of this Deed of Trust. Any attorney's fees and other expenses incurred by Beneficiary in connection with Trustor's bankruptcy or any of the other aforesaid events shall be additional indebtedness of Trustor secured by this Deed of Trust pursuant to paragraph 10 hereof.

17. *Transfer of Property:* The financial stability of Trustor (and of those persons or entities having a direct or beneficial interest in Trustor if it is a corporation or partnership) are a substantial and material consideration to Beneficiary in its agreement to make the loan to Trustor evidenced by the Promissory Note. Trustor understands that a transfer of Property may significantly and materially alter and reduce Beneficiary's security for the Promissory Note. Therefore, in order to induce Beneficiary to make the loan secured hereby, Trustor agrees that, in the event of any transfer of Property without the prior written consent of Beneficiary, Beneficiary shall have the absolute right at its option, to declare all sums secured hereby immediately due and payable. Beneficiary may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to the Deed of Trust, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained hereon. Such assumption shall not, however, release Trustor or any maker Guarantor of the Promissory Note from any liability thereunder unless Beneficiary releases Trustor, make or Guarantor in writing. As used herein, "transfer" includes the sale, agreement to sell, transfer or conveyance of the Property, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise or the lease of all or substantially all of the Property. "Transfer" shall also include the transfer, assignment or conveyance, beneficially or legal, of (i) fifty percent (50%) of the voting stock of Trustor, if Trustor is a corporation, of (ii) fifty percent (50%) of the aggregate partnership interest of Trustor, if Trustor is a partnership.

If Beneficiary exercises the option to require immediate payment in full, Beneficiary shall give Trustor notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period Beneficiary may invoke any remedies permitted herein, without further notice or demand on Trustor.

18. *Notices:* All notices, including any notice or notices of any default or sale pursuant to such default, hereunder, and any other statement, demands, requests, consents, approvals, authorizations, agreements and designations under this Deed of Trust shall be in writing and, unless otherwise provided herein or by law, shall be sufficiently given

and served if delivered personally or sent by mail, postage prepaid, and addressed as follows:

To Beneficiary at its principal office for the transaction of business;

To Trustee at its principal office for the transaction of business;

To Trustor at its post office address as shown in this Deed of Trust.

19. *Successors and Assigns:* The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of Beneficiary and Trustor, subject to the provisions of paragraph 17 hereof. All covenants and agreements of Trustor shall be joint and several. In exercising any rights hereunder or taking any actions provided for herein, Beneficiary may act through its employees, agents or independent contractors as authorized by Beneficiary. The caption and heading of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.
20. *Waiver of Statute of Limitations:* Trustor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Deed of Trust or to any action brought to enforce the Promissory Note or any other obligation secured by this Deed of Trust.
21. *Waiver of Marshaling:* Notwithstanding the existence of any other security interests in the Property held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Trustor, any party who consents to this Deed of Trust and any party who now or hereafter acquires a security interest in the Property and who has actual or constructive notice hereof waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.
22. *Construction:* If the indebtedness secured hereby, or any part hereof, is incurred for the purpose of constructing improvements on the Property, anything in this Deed of Trust to the contrary notwithstanding, Trustor agrees: a) to commence construction promptly and to pursue same with reasonable diligence to completion (b) to complete the improvements in accordance with the plans and specifications satisfactory to Beneficiary; (c) to comply with all the provisions of the loan agreement and assignment of account entered into with Beneficiary; (d) to replace any work or materials unsatisfactory to Beneficiary within fifteen days after written notice from Beneficiary of such fact; (e) that work shall not cease on the construction of such improvements for any reason whatsoever for a period of fifteen days, whether consecutive or not; and (f) to allow Beneficiary to inspect said Property at all times during construction. If the Property is part of a larger tract upon which improvements are to be constructed, Trustor shall make separate contracts for constructing improvements on the Property and shall keep separate, full and complete records of all work and materials furnished to the Property.

23. *Assignment of Rents:* As additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this trust, to collect the rents, issues and profits of the Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any obligation hereunder, to collect and retain such rents, issues and profits but not before they become due and payable. Upon any such default, Beneficiary may, at any time without notice, either in person, by agent, or by a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness secured hereby, enter upon and take possession of the Property or any part thereof; in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorneys' fees upon any indebtedness secured hereby in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

24. *Remedies:* Upon, and at any time subsequent to, the occurrence of: (i) an Event of Default as defined in the Loan Agreement; or (ii) failure by Trustor to satisfy any obligation secured hereby (collectively, a "Default"), Beneficiary and/or Trustee will be entitled to invoke any and all of the following rights and remedies, all of which will be cumulative, it being provided that exercise of any one or more of such rights and remedies shall not constitute an election of remedies:

(a) With respect to any Default (including an Insolvency Default, as defined in Paragraph 16 of this Deed of Trust), all sums secured hereby shall, at the option of Beneficiary, become immediately due and payable.

(b) Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property or any part thereof, without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Property or the adequacy of any security for the obligations secured hereby, and Trustor irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases.

(c) If the notice of breach and election to sell, required by Chapter 107 of the Nevada Revised Statutes, be first recorded, then Trustee, its successors or assigns, on demand by Beneficiary, shall sell the above-granted premises, in order to accomplish the objects of these trusts, in the manner following, namely:

(i) After the lapse of such time as may be required by law following the recordation of said notice of breach and election to sell, Trustee shall give notice of the time and place of such sale, in the manner provided by the laws of the State of Nevada for the sale of real property under execution, and may from time to time, postpone such sale by such advertisement as it may deem reasonable, or without further advertisement, by proclamation made to the persons assembled at the time and place previously appointed and advertised for such sale, and on the day of sale so advertised, or to which such sale may have been postponed, the Trustee may sell the property so advertised, at

public auction, at the time and place specified in the notice, either in the county in which the Property, or any part thereof, to be sold, is situated, or at the principal office of the Trustee located in such county, in its discretion, to the highest cash bidder. Beneficiary, Trustee, or the holder or holders of the Promissory Note secured hereby may bid (including by credit bid) and purchase at such sale. The Beneficiary may, after recording the notice of breach and election, waive or withdraw the same or any proceedings thereunder, and shall thereupon be restored to their former position and have enjoy the same rights as though such notice had not been recorded.

(ii) Trustee, upon such sale, shall make (without warranty), execute and, after due payment made, deliver to purchaser or purchasers, his or their heirs or assigns, a deed or deeds of the premises so sold which shall convey to the purchaser all the title of the Trustor, in the trust premises. The recital in any such deed, of: (aa) default; (bb) recording notice of breach and election of sale; (cc) the elapsing of the three (3) month period; (dd) the giving of notice of sale; and (ee) demand by Beneficiary that such sale should be made; shall be conclusive proof thereof and any such deed or deeds with such recitals therein shall be effectual and conclusive against Trustor, its successors and assigns, and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligation to see to the proper application of the purchase money, according to the trusts aforesaid. After deducting all costs, fees and expenses of Trustee and of this trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: (a) all sums expended under the terms hereof, not then repaid, with interest from the date of expenditure at the rate specified in the Promissory Note; (b) all other indebtedness then secured hereby; (c) the remainder, if any, to the person or persons legally entitled thereto.

(d) The rights and remedies of Beneficiary upon the occurrence of one or more Defaults (whether such rights and remedies are conferred by statute, by rule of law, by this Deed of Trust, or otherwise) may be exercised by Beneficiary, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order. The exercise by Beneficiary or Trustee at the express direction of Beneficiary, of any one or more of such rights and remedies shall not be construed to be an election of remedies nor a waiver of any other rights and remedies Beneficiary might have unless, and limited to the extent that, Beneficiary shall so elect or so waive by an instrument in writing delivered to Trustee. Without limiting the generality of the foregoing, to the extent that this Deed of Trust covers both Real Property and Personal Property, Beneficiary may, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order:

(i) Proceed as to both the Real Property and Personal Property in accordance with Beneficiary's rights and remedies in respect of the Real Property; or

(ii) Proceed as to the Real Property in accordance with Beneficiary's rights and remedies in respect of the Real Property and proceed as to the Personal Property in accordance with Beneficiary's rights and remedies in respect of the Personal Property.

If Beneficiary should elect to proceed as to both the Real Property and Personal Property collateral in accordance with Beneficiary's rights and remedies in respect to the Real Property:

(i) All the Real Property and all the Personal Property may be sold, in the manner and at the time and place provided in this Deed of Trust, in one lot, or in separate lots consisting of any combination or combinations of Real Property and Personal Property, as the Beneficiary may elect, in the sole discretion of Beneficiary.

(ii) Trustor acknowledges and agrees that a disposition of the Personal Property collateral in accordance with Beneficiary's rights and remedies in respect of Real Property, as hereinabove provided, is a commercially reasonable disposition of the collateral.

If Beneficiary should elect to proceed as to the Personal Property collateral in accordance with Beneficiary's rights and remedies with respect to personal property, Beneficiary shall have all the rights and remedies conferred on a secured party by NRS 104.9501 through NRS 104.9507 of the Commercial Code, inclusive. Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the Personal Property in accordance with the Commercial Code.

(e) Every right, power and remedy granted to Trustee or Beneficiary in this Deed of Trust shall be cumulative and not exclusive, and in addition to all rights, powers and remedies granted at law or in equity or by statute, and each such right, power and remedy may be exercised from time to time and as often and in such order as may be deemed expedient by Trustee or Beneficiary, and the exercise of any such right, power or remedy shall be not deemed a waiver of the right to exercise, at the time or thereafter, any other right, power or remedy.

25. *Fraud*: Trustor has made certain representations and disclosures in order to induce Beneficiary to make the loan evidenced by the note or notes secured hereby, and if Trustor has made any material misrepresentation or failed to disclose any material fact, Beneficiary may declare the entire indebtedness secured hereby immediately due and payable.
26. *Trustee*: At any time, or from time to time, without liability therefor and without notice, upon written request from Beneficiary and presentation of this Deed of Trust and the note or notes secured hereby for endorsement, and without affecting the liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Property in securing the full amount of the indebtedness then or thereafter secured hereby or the rights or powers of Beneficiary or Trustee with respect to the remainder of the Property, Trustee may (but shall not be obligated so to do): (a) reconvey all or any part of the Property; (b) consent in writing to the making of any map or plat thereof, or (c) join in granting any easement or creating any restriction thereon.
27. *Reimbursement of Costs*: Trustor agrees to pay: (a) the amount demanded by Beneficiary, not to exceed the maximum allowed by law therefor at the time such request is made, for each statement requested by Trustor, or on his behalf, regarding the indebtedness secured hereby; and (b) the charges of Beneficiary for any other service rendered

Trustor, or on his behalf, connected with this Deed of Trust or the indebtedness secured hereby including the delivery to an escrow holder of a request for full or partial reconveyance of this Deed of Trust, transmitting to an escrow holder moneys secured hereby, changing its records pertaining to this Deed of Trust and indebtedness secured hereby, to show a new owner of the Property, and replacing an existing policy of insurance held by Beneficiary hereunder with another such policy.

28. *Reconveyance:* Upon written request of Beneficiary stating that the entire indebtedness secured hereby has been paid, and upon surrender to Trustee of this Deed of Trust and the note or notes secured hereby for cancellation and retention and upon payment of Trustee's fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Such reconveyance shall operate as a reassignment of rents, issues and profits hereinafter assigned to Beneficiary.
29. *Substitution of Trustee:* Beneficiary or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustee, Trustor and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee. Trustee is not obligated to notify any party hereto of pending sales under any other Deed of Trust or of any action or proceeding in which Trustor, Trustee and Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.
30. *Future Advances/Modifications:* Upon request of Trustor, Beneficiary, at Beneficiary's option as long as this Deed of Trust secures indebtedness held by Beneficiary, may make Future Advances to Trustor. Such Future Advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby.

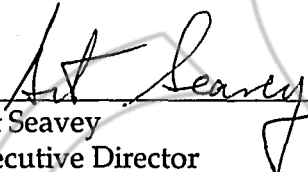
From time to time, Beneficiary may, at Beneficiary's option, without giving notice to or obtaining the consent of Trustor, Trustor's successors or assigns or of any junior lienholder or guarantors, without liability on Beneficiary's part and notwithstanding Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, extend the time for payment of said indebtedness or any part thereof, reduce the payment thereon, release anyone liable on any of said indebtedness, accept a renewal note or notes therefor, modify the terms and time of payment of said indebtedness, release from the lien of this instrument any part of the Property, take or release other or additional security, reconvey any part of the Property, consent to any map or plan of the Property, consent to the granting of any easement, join in the extension or subordination agreement and agree in writing with Trustor to modify the rate of interest or period of amortization of the Promissory Note or change the amount of installments payable thereunder. Any action taken by Beneficiary pursuant to the terms of this paragraph

shall not affect the obligation of Trustor or Trustor's successors or assigns to pay the sums secured by this Deed of Trust and to observe the covenants of Trustor contained herein, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the indebtedness secured hereby, and shall not affect the lien or priority of lien hereof on the Property. Trustor shall pay Beneficiary a reasonable service charge, together with such title insurance premiums and attorney's fees as may be incurred at Beneficiary's option, for any such action if taken at Trustor's request.

31. *Governing Laws; Severability:* This Deed of Trust shall be governed by the law of the jurisdiction in which the Property is located. In the event that any provision of this Deed of Trust or the Promissory Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Promissory Note which can be given effect without the conflicting provisions, and to this end the provisions of this Deed of Trust and the Promissory Note are declared to be severable. In the event of any inconsistency among or between the documents evidencing the Promissory Note secured by this Deed of Trust the order of precedence shall be: (1) Deed of Trust, (2) Promissory Note, and (3) Loan Agreement.
32. *Fixture Filing :* This Deed of Trust is intended to be a fixture filing under NRS 104.9402. The address of Beneficiary from which information may be obtained concerning the security interest granted hereunder and the mailing address of Trustor are as set forth in the preamble to this Deed of Trust.
33. *Changes:* This Deed of Trust cannot be changed except by agreement in writing signed by the parties against whom enforcement of the change is sought.

IN WITNESS WHEREOF, TRUSTOR has executed this Deed of Trust and has caused the same to be executed by its representatives hereunto due authorized.

CITIZENS FOR AFFORDABLE HOMES, INC.,
a Nevada nonprofit public benefit corporation



Art Seavey
Executive Director

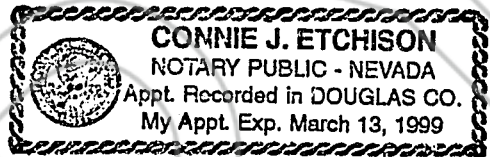
General Acknowledgment:

State of Nevada)
County of Douglas) ss.
CARSON CITY

On 12/3/98 before me, Connie J. Etchison (Notary Name and Title)
personally appeared Art Seavey

_____ personally known to me (or 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.



Signature Connie J. Etchison

(This area for official notarial seal)



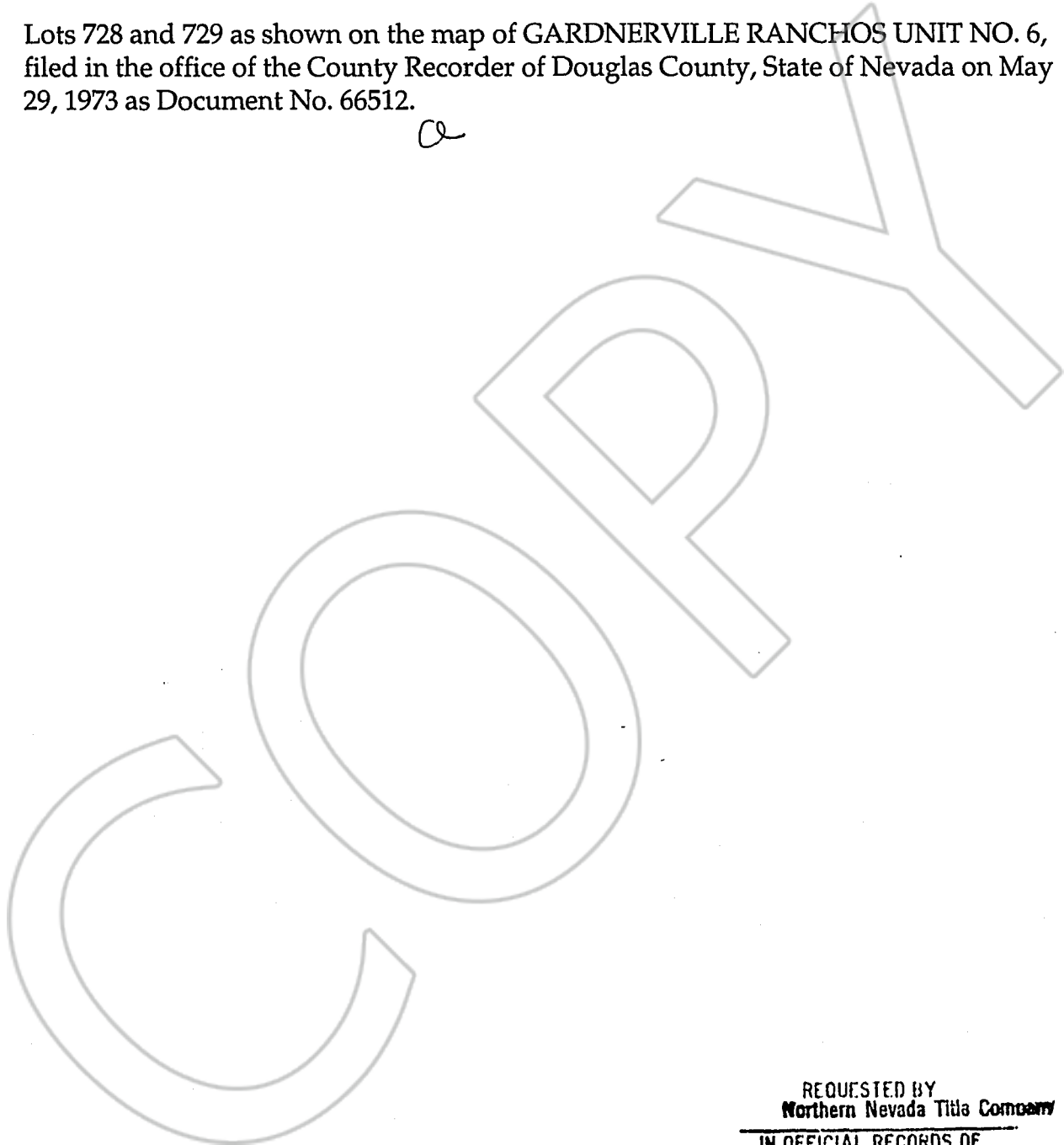
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Legal Description

Lots 728 and 729 as shown on the map of GARDNERVILLE RANCHOS UNIT NO. 6, filed in the office of the County Recorder of Douglas County, State of Nevada on May 29, 1973 as Document No. 66512.

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REQUESTED BY
Northern Nevada Title Company
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'98 DEC -4 P3:57

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LINDA SLATER
RECORDER
\$23.⁰⁰ PAID *AS* DEPUTY