

APN 1320-32-702-011

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

California-Nevada-Hawaii District
Church Extension Fund
2772 Constitution Drive, Suite B
Livermore, CA 94551
Attn: Adriene Iverson

2030219

DEED OF TRUST,
ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, FINANCING STATEMENT
AND FIXTURE FILING

THIS INSTRUMENT (the "Deed of Trust") is made this 1ST day of OCTOBER 2002, by the Borrower/Grantor/Debtor TRINITY LUTHERAN CHURCH, a Corporation (the "Borrower"), whose address is 1480 Douglas Ave., Gardnerville, NV 89410, to the Trustee, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Trustee"), for the benefit of the Beneficiary/Secured Party, CALIFORNIA-NEVADA-HAWAII DISTRICT CHURCH EXTENSION FUND, a California non-profit corporation (the "Lender"), whose address is 2772 Constitution Drive, Suite B, Livermore, CA 94551.

THIS DEED OF TRUST IS ALSO A SECURITY AGREEMENT WITHIN THE MEANING OF § 9105(1) OF THE CALIFORNIA COMMERCIAL CODE ("CODE"), A FINANCING STATEMENT WITHIN THE MEANING OF § 9402 OF THE CODE, A FIXTURE FILING IN ACCORDANCE WITH § 9402(6) OF THE CALIFORNIA COMMERCIAL CODE, AND AN ABSOLUTE ASSIGNMENT OF LEASES AND RENTS AS DEFINED IN CALIFORNIA CIVIL CODE § 2938(a) AFFECTING BOTH REAL AND PERSONAL PROPERTY, INCLUDING FIXTURES. THE OBLIGATIONS SECURED BY THIS DOCUMENT MAY INCLUDE AN ADJUSTABLE INTEREST RATE AND MAY PROVIDE FOR EXTENSION OF THE MATURITY DATE OR FOR REVOLVING ADVANCES AND READVANCES OF PRINCIPAL.

Borrower is indebted to Lender in the original principal amount of \$358,970.00 (the "Loan"). The Loan bears interest and is to be repaid pursuant to that certain Promissory Note executed and delivered by Borrower to Lender concurrently herewith, in the principal amount of the Loan (the "Note"). The Note, this Deed of Trust, and all other agreements and instruments executed by Borrower in favor of Lender in connection with the Loan are herein referred to as the "Loan Documents". In connection with the Loan, Borrower also is executing a certain Hazardous Materials Indemnity Agreement (the "Indemnity Agreement") concerning the Property in favor of Lender. Anything in this Deed of Trust or the other Loan Documents to the contrary notwithstanding, the obligations of Borrower under the Indemnity Agreement are not and shall not be secured by this Deed of Trust.

BORROWER, IN CONSIDERATION OF AND AS AN INDUCEMENT FOR LENDER TO MAKE THE LOAN, IRREVOCABLY GRANTS, BARGAINS, SELLS, MORTGAGES, TRANSFERS, GRANTS A SECURITY INTEREST IN, CONVEYS AND ASSIGNS TO TRUSTEE, IN TRUST, WITH POWER OF SALE, THE FOLLOWING:

(a) Land: All that certain land herein described, situated, lying and being in the City of Gardnerville, County of Douglas, State of Nevada, which real property is more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof, together with all right, title and interest which Borrower now has or may hereafter acquire in all heretofore or hereafter vacated alleys and streets abutting said land, all strips, gores, rights of way, licenses, rights of ingress and egress, easements, rights, hereditaments, privileges,

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appurtenances, rents, royalties, minerals, oil, gas, and other hydrocarbon substances, in, on or under said land, all water, water rights and water stock appurtenant to said land, and all development, use and air rights and entitlements of or pertaining to said land, including any such right, title or interest in, to or under any agreement or right granting, conveying or creating, for the benefit of said land, any easement, right or license in any way affecting said land and/or other land, and all claims or demands of Borrower, either at law or in equity, in possession or expectancy, of, in or to the same (collectively, the "Land").

(b) Improvements: All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Land, including, but not limited to, all apparatus, machinery, equipment and appliances used in connection with the operation or occupancy of the Land, or in any development of the Land, such as heating, ventilation and air-conditioning systems, elevators, escalators, pipes, conduits, panels, vaults, boxes, wiring, piping and similar or dissimilar facilities used to provide any air, water, steam, gas, electrical, plumbing, sanitation, drainage, telephone, wire or non-wire telecommunications or informational transmission or other utility services, and all window, wall and floor coverings and decorations, it being intended and agreed that all such items will be conclusively considered to be a part of the real property conveyed by this Deed of Trust, whether or not attached or affixed to the Land (collectively, the "Improvements").

(c) Proceeds: All proceeds, including insurance proceeds and claims arising on account of any damage to or taking of the Land or the Improvements, or any portion thereof, or rights pertaining thereto, and all causes of action and recoveries for any loss or diminution in value of the Land or the Improvements.

BORROWER FURTHER GRANTS TO LENDER A SECURITY INTEREST IN ALL ACCOUNTS, CHATTEL PAPER, CONTRACTS FOR SALE, DEPOSIT ACCOUNTS, DOCUMENTS, DOCUMENTS OF TITLE, EQUIPMENT, FIXTURES, GENERAL INTANGIBLES, GOODS, INSTRUMENTS, INVENTORY, MONEY AND ALL PRESENT AND FUTURE ACCESSIONS, PRODUCTS AND CASH AND NONCASH PROCEEDS THEREOF AND THERETO AS DEFINED IN THE CALIFORNIA COMMERCIAL CODE, WHICH IS EITHER (A) NOW OR AT ANY TIME ACQUIRED, USED, OR TO BE USED FOR OR IN CONNECTION WITH THE CONSTRUCTION, USE, SALE, DISPOSITION OR ENJOYMENT OF THE LAND OR IMPROVEMENTS BY BORROWER, OR (B) NOW OR AT ANY TIME OWNED OR ACQUIRED BY BORROWER OR IN WHICH BORROWER NOW OR AT ANY TIME HAS RIGHTS, WHETHER OR NOT ASSOCIATED WITH THE CONSTRUCTION, USE OR ENJOYMENT OF THE LAND OR IMPROVEMENTS, AND IN EACH CASE (A) AND (B), WHETHER IN THE POSSESSION OF BORROWER, WAREHOUSEMEN, BAILEES OR ANY OTHER PERSON AND WHETHER LOCATED AT THE LAND OR ELSEWHERE, INCLUDING WITHOUT LIMITATION:

(d) Fixtures, Equipment and Other Goods: All existing and future goods, merchandise, equipment and other personal property (including, without limitation, any and all fixtures that are now or in the future owned by Borrower and used or owned in connection with the operation or occupancy of the Land or the Improvements and related businesses conducted thereon or in any development of the Property but that are not effectively made real property under clause (b), above), which goods, merchandise, equipment and other personal property shall include, but not be limited to, any and all fixtures, furniture, appliances, machinery, computers, office equipment, goods, inventory, engines, boilers, incinerators, building materials, maintenance equipment, kitchen equipment, appliances, pianos, organs and other musical instruments, audio equipment, recreational equipment, video equipment, books, works of art, audio-visual materials, wall hangings, vestments, machinery, furniture, furnishings, work-in-process, components, parts, materials, supplies, utensils, tools and raw materials, all products thereof, and all substitutions, replacements, additions or accessions therefore and thereto;

(e) General Intangibles and Receivables: All accounts, contract rights, instruments, documents, chattel paper, general intangibles (including, but not limited to, choses in action (whether at law or in equity, in contract or in tort), tax refunds, and condemnation and insurance proceeds); any other obligations or indebtedness owed to Borrower from whatever source arising; all rights of Borrower to receive any payments in money or kind; all guaranties of the foregoing and security therefor; all of the right, title and interest of Borrower in and with respect to the goods, services, or other property that give rise to or that secure any of the foregoing and

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insurance policies and proceeds relating thereto, and all rights of Borrower as an unpaid seller of goods and services, including, but not limited to, the rights of stoppage in transit, replevin, reclamation, and resale; and all of the foregoing, whether now owned or existing or hereafter created or acquired.

(f) Instruments, Money and Documents: All instruments, documents, securities, cash, property, and the proceeds of any of the foregoing, owned by Borrower or in which Borrower has an interest, which now or hereafter are at any time in the possession or control of Lender or in transit by mail or carrier to or in the possession of any third party acting on behalf of Lender, without regard to whether Lender received the same in pledge, for safekeeping, as agent for collection or transmission or otherwise or whether Lender had conditionally released the same, and any deposit accounts of Borrower with Lender against which Lender may exercise its rights of set-off.

(g) Entitlements and Names: All governmental permits, approvals, licenses, maps or grants of rights or privileges and all trade names, trademarks and service marks under or by which Borrower, Borrower's business or the Land may at any time be operated or known, all rights to carry on business under any such names or any variant thereof, and all royalties, fees and goodwill associated with any of the foregoing (subject to any franchise or license agreements relating thereto);

(h) Land-Related Memberships and Stock: Whether or not included in clause (g), above, all water stock, shares of stock or other evidence of ownership of any part of the Land or the Improvements that is owned by the Borrower in common with others, and all documents of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the Land or Improvements, and all documents of membership in any membership facility developed on the Land.

(i) Contracts: All bonding, construction, architectural, engineering, development, financing, guaranty, indemnity, maintenance, management, service, supply and warranty agreements, commitments, contracts and subcontracts; all insurance policies; and all licenses and bonds.

(j) Deposits: All deposits, reserves, deferred payments, rebates, refunds and returns of money or property paid or deposited with any governmental body, agency or authority, any public or private utility, district or company, insurance company, bank, or any other person and all claims, causes of action, judgments and settlements at any time arising from damage to, taking of, or any loss, impairment or diminution in value of any of the foregoing collateral in clauses (d) through (i), inclusive, or in the use thereof.

(k) Tenant Leases: All leases, rental agreements, occupancy agreements and similar contracts or agreements with tenants, occupants or concessionaires of the Land and Improvements, or rents, receipts, revenues, deposits, income, issues and profits now or hereafter payable to or received by Borrower thereunder, including without limitation, minimum rent, percentage rent, additional rents, reimbursements for taxes, insurance premiums, and maintenance or operating expenses; all guaranties of the performance of the lessees thereunder; all proceeds now or hereafter payable under any policy of insurance against loss of rents or business interruption; all rights, claims, causes of action and demands which Borrower or any predecessor or successor-in-title might now or hereafter have against any lessee, sublessee, assignee or other occupant of all or any parts of the Land and Improvements; and all records and correspondence relating thereto.

(l) Sales Proceeds: Sales agreements, escrow agreements, deposit receipts and other documents and agreements for the sale or other disposition of all or any part of the real or personal property described herein, and deposits, proceeds and benefits arising from the sale or other disposition of all or any part of such real or personal property.

(m) Plans, Studies and Data: All plans, specifications, manuals, computer software, studies, data and drawings pertaining to any or all of the property described in clauses (a) through (l), above, and all

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contracts and agreements of Borrower relating to the aforesaid plans and specifications or to the aforesaid studies, data and drawings.

(n) Records and Files: All ledger sheets, files, records, documents and instruments (including, but not limited to, computer programs, tapes, and related electronic data processing software) evidencing an interest in or relating to the foregoing collateral in clauses (a) through (m), above, or in this clause (n).

(o) Accounts: All funds, accounts and amounts held by Lender on behalf of Borrower or otherwise maintained with Lender in connection with the development, construction, use and maintenance of the Land and Improvements.

(p) Proceeds: All cash or non-cash proceeds, insurance proceeds, replacements, products, substitutions and accessions to or of any and all of the foregoing.

ALL OF THE FOREGOING items (a) through (p), above, including, without limitation, the Land, and whether real or personal property, are herein referred to as the "Property".

BORROWER FURTHER IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO LENDER ALL LEASES OF THE PROPERTY OR ANY PART THEREOF AND THE RENT, INCOME, ISSUES, REVENUES AND PROFITS FROM THE PROPERTY, ABSOLUTELY AND UNCONDITIONALLY, AND NOT MERELY AS ADDITIONAL COLLATERAL SECURITY FOR THE INDEBTEDNESS SECURED BY THIS DEED OF TRUST.

SUBJECT TO any easements, restrictions and encumbrances listed in a schedule of exceptions to coverage in the title insurance policy issued to Lender upon recordation of this Deed of Trust insuring Lender's interest in the Property, Borrower hereby warrants that Borrower is lawfully seised in the Property, that Borrower has the right to convey, grant a security interest in, and mortgage its interest in the Property, and that Borrower will defend its and Lender's interests in the Property against all persons whomsoever.

THIS DEED OF TRUST SHALL SECURE TO LENDER:

(a) The repayment, satisfaction and discharge of the indebtedness evidenced by the Note, or so much as may be advanced from time-to-time, with the interest thereon and fees and charges as provided by the Note, with the balance of the indebtedness, if not sooner paid, when due and payable as stated therein, and all renewals, extensions, consolidations, restatements and modifications thereof;

(b) Compliance with, and performance and discharge of each and every obligation, covenant and agreement of Borrower contained in the Loan Agreement or other Loan Documents and all amendments, addenda, consolidations, restatements and modifications thereof, and supplements thereto;

(c) The repayment and discharge of any Future Advances (as defined in Article 31, below) with interest thereon, made by Lender to Borrower and evidenced by a further note or instrument as provided in Article 31, below;

(d) The payment of all other sums, with interest thereon, paid or advanced to protect the security of this Deed of Trust;

(e) Compliance with, and performance and discharge of, each and every obligation, covenant and provision arising under, contained in, or secured by this Deed of Trust, including, but not limited to, the payment of all fees, charges and expenses of Lender as herein set forth and the payment of all real estate taxes and assessments and other impositions levied, imposed, secured by or becoming a lien against all or any part of the Property;

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(f) Compliance with, and performance of, each and every obligation, covenant and agreement of Borrower contained in any and all covenants, conditions and restrictions, if any, pertaining to the Property and the enforcement by Borrower of any covenant by third parties to pay maintenance or other charges, if the same have not been paid or valid legal steps taken to enforce such payment within ten (10) days after such written request is made;

(g) If the Property is now or hereafter encumbered by a mortgage, deed of trust, lease, security agreement or any other monetary encumbrance senior in priority to this Deed of Trust (a "Senior Obligation"), compliance with, and performance of, each and every obligation, covenant and provision arising under, or contained in, or secured by, such Senior Obligation (provided, however, that nothing herein shall be deemed a consent by Lender to the existence or priority of any such Senior Obligation);

(h) If the Property now or hereafter includes a leasehold estate, compliance with and performance of each obligation, covenant and agreement of Borrower arising under, or contained in, the instrument(s) creating any such leasehold;

(i) Payment of charges, as allowed by law, when such charges are made for any statement regarding the obligation secured hereby.

ALL OF THE FOREGOING, items (a) through (i), above, are herein referred to as the "Obligations". Anything herein to the contrary notwithstanding, however, this Deed of Trust shall not be deemed to secure any separate Hazardous Materials Indemnity Agreement executed by Borrower in favor of Lender in connection with the Loan.

TO MAINTAIN AND PROTECT THE SECURITY OF THIS DEED OF TRUST AND TO SECURE THE FULL AND TIMELY PERFORMANCE BY BORROWER OF EACH AND EVERY OBLIGATION, COVENANT AND AGREEMENT OF BORROWER UNDER THE NOTE, THE LOAN AGREEMENT, THIS DEED OF TRUST, AND THE OTHER LOAN DOCUMENTS, AND AS ADDITIONAL CONSIDERATION FOR THE OBLIGATION(S) EVIDENCED BY THE NOTE AND THE LOAN AGREEMENT, BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. PERFORMANCE OF OBLIGATIONS SECURED: Borrower shall promptly pay as and when due the Obligations, including, but not limited to, principal of and interest on the indebtedness evidenced by the Note, any prepayment charges, loan fees and late charges provided in the Note, and all other sums secured by this Deed of Trust, and shall fully perform in a timely manner all other obligations of Borrower contained in this Deed of Trust, the Note, the Loan Agreement, any promissory note evidencing a Future Advance, and any of the other Loan Documents. All sums payable by Borrower to Lender shall be paid without demand, counterclaim, offset, deduction or defense. Borrower waives all rights now or hereafter conferred by statute or otherwise to any such demand, counterclaim, offset, deduction or defense.

2. APPLICATION OF PAYMENTS: Except as otherwise expressly provided in the Loan Documents or under Applicable Law, or unless Lender otherwise elects, all payments received by Lender from Borrower under the Note or this Deed of Trust shall be applied by Lender in the following order of priority: (a) interest due and payable on advances made pursuant to Article 8, below; (b) principal of advances made pursuant to Article 8, below, due and payable; (c) any amounts required to be paid to Lender by Borrower under Article 5, below; (d) late charges, prepayment charges or other amounts due under the Note other than principal or accrued interest; (e) interest on the Note due and payable; (f) principal of the Note due and payable; (g) the amount then due under any other Obligations; and (h) any Future Advances or other sums secured by this Deed of Trust, and interest thereon, due and payable, in such order as Lender, at Lender's option, may determine.

3. CHARGES; LIENS; AND TAXES: Borrower shall pay prior to delinquency all water and sewer rates, general and special taxes, assessments, levies, premiums, utility charges and any other

governmental or quasi-governmental impositions attributable to the Property (collectively, "Taxes"), as well as any and all taxes, assessments, levies and charges imposed by public or quasi-public authority upon Lender by reason of its interest in the Property created hereby or by reason of any payment, or portion thereof, made to Lender hereunder or pursuant to any obligation hereby secured, other than taxes imposed upon Lender which are measured by and imposed upon Lender's net income (collectively, the "Other Impositions"); provided, however, that Borrower may at its expense, upon prior notice to Lender and providing such security as Lender may require, contest by appropriate legal or other proceedings conducted in good faith and with due diligence the amount, validity or application of any such Taxes or Other Impositions. Borrower shall promptly furnish to Lender as Lender may request all notices of amounts due under this Article 3, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender such receipts evidencing such payments as Lender may require. Borrower shall promptly discharge any lien which has, or may have, priority over or equality with, the lien of this Deed of Trust (other than any Senior Obligation which is expressly permitted to exist by the terms of this Deed of Trust), and Borrower shall pay, when due, the claims of all persons supplying labor or materials to or in connection with the Property. Without Lender's prior written permission, which permission may be withheld in Lender's sole unfettered discretion, Borrower shall not allow any lien superior or inferior to, or of equal priority with, this Deed of Trust to be perfected against the Property or any portion thereof or interest therein. In no event shall the making of the Loan or the recordation of this Deed of Trust be considered a consent to any such lien or encumbrance. If Lender in writing has approved the lien of this Deed of Trust as a junior lien on the Property, then Borrower shall timely and promptly perform all of Borrower's obligations under any Senior Obligation, including, without limitation, Borrower's covenants to make payments when due, to furnish promptly to Lender all notices of amounts due thereunder, and to furnish promptly to Lender receipts evidencing such payments.

4. INSURANCE:

4.1 Casualty Insurance: As a material inducement to Lender to make the Loan evidenced by the Note, Borrower shall at all times keep the Property insured for the benefit of Trustee and Lender as follows notwithstanding any local, state or federal laws which may detrimentally affect Borrower's ability to obtain or may materially increase the cost of such insurance coverage: (a) Against damage or loss by fire and such other hazards (including lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, vandalism, malicious mischief, aircraft, vehicle and smoke) as are covered by the broadest form of extended coverage endorsement as is available from time to time, in an amount not less than the full insurable value (as defined in Section 4.8, below) of the Property insured, with a deductible amount not to exceed an amount satisfactory to Lender; (b) Rent or business interruption or use and occupancy insurance on such basis and in such amounts and with such deductibles as shall be satisfactory to Lender; (c) Against damage or loss by flood if the Land is located in an area identified by the Secretary of Housing and Urban Development or any successor thereto or other appropriate authority (governmental or private) as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, modified, supplemented or replaced from time to time, on such basis and in such amounts as shall be required by Lender; (d) Against damage or loss from (i) sprinkler system leakage and (ii) boilers, boiler tanks, heating and air conditioning equipment, pressure vessels, auxiliary piping and similar apparatus, on such basis and in such amounts as shall be required by Lender; (e) During the period of any alteration, construction, or replacement of the Improvements, or any substantial portion thereof, a Builder's All Risk policy with extended coverage with a course of construction and completed value indorsements, for an amount at least equal to the full insurable value of the Improvements, and workers' compensation, in statutory amounts, with provision for replacement with the coverage described in clause (a), above, without gaps or lapsed coverage, for any completed portion of the Improvements; and (f) Against damage or loss by earthquake, in an amount and with a deductible, satisfactory to Lender, if such insurance is required by Lender in the exercise of its business judgment in light of the commercial real estate practices existing at the time the insurance is issued and in the County where the Land is located.

4.2 Liability Insurance: Borrower shall procure and maintain workers' compensation for Borrower's employees and comprehensive general liability insurance covering Borrower, Trustee and Lender against claims for bodily injury or death or property damage occurring in, upon or about or resulting from the Property, or any street, drive, sidewalk, curb or passageway adjacent thereto, in standard form and with

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such insurance company or companies and in the amount of not less than One Million Dollars (\$1,000,000.00) combined single limit, or such greater amount as Lender may require, which insurance shall include completed operations, product liability and blanket contractual liability coverage which insures contractual liability under the indemnifications set forth in this Deed of Trust, the Loan Agreement and the Loan Documents (but such coverage or the amount thereof shall in no way limit such indemnification).

4.3 Other Insurance: Borrower shall procure and maintain such other insurance or such additional amounts of insurance, covering Borrower or the Property, as (a) may be required by the terms of any construction contract for the Improvements or by any governmental authority, (b) may be specified in any other Loan Documents, and (c) may be required by Lender from time to time.

4.4 Form of Policies: All insurance required under this Article 4 shall be fully paid for, nonassessable and the policies therefor shall contain such provisions, endorsements and expiration dates, as Lender shall from time to time reasonably request, and shall be in such form and amounts, and be issued by such insurance companies authorized to do business in the State of California, as shall be reasonably approved by Lender. Unless otherwise expressly approved in writing by Lender, each insurer shall have a Best Rating of A/8 or better. Without limiting the foregoing, all such policies shall (a) contain a waiver of subrogation endorsement, (b) include a mortgagee's endorsement (Form 438 BFU or equivalent) naming Lender as loss payee as its interest may appear, and (c) provide that the policy shall not lapse or be cancelled, amended or materially altered (including by reduction in the scope or limits of coverage) without at least thirty (30) days' prior written notice to Lender. If a policy required under this Article 4 contains a co-insurance or overage clause, such policy shall include a Stipulated Value or Agreed Amount endorsement acceptable to Lender.

4.5 Duplicate Originals or Certificates: Duplicate original policies evidencing the insurance required under this Article 4 and any additional insurance which shall be taken out on the Property by or on behalf of Borrower shall be deposited with and held by Lender and, in addition, Borrower will deliver to Lender (a) receipts evidencing payment of all premiums thereon and (b) duplicate original renewal policies or a binder thereof with evidence satisfactory to Lender of payment of all premiums thereon, at least thirty (30) days prior to the expiration of each such policy. In lieu of the duplicate original policies provided herein to be delivered to Lender, Borrower may deliver an underlier of any blanket policy, and Borrower may also deliver original certificates from the issuing insurance company, evidencing that such policies are in full force and effect and containing information which, in Lender's reasonable judgment, is sufficient to allow Lender to determine whether such policies comply with the requirements of this Article 4.

4.6 No Separate Insurance: Borrower shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Article 4 unless endorsed in favor of Trustee and Lender in accordance with the requirements of this Article 4 and otherwise approved by Lender in all respects.

4.7 Transfer of Title: In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Property in extinguishment, in whole or in part, of the Obligations, all right, title and interest of Borrower in and to all policies of insurance required under this Article 4 or otherwise then in force with respect to the Property and all proceeds payable thereunder and unearned premiums thereon shall immediately vest in the purchaser or other transferee of the Property.

4.8 Replacement Cost: For purposes of this Article 4, the term "full insurable value" shall mean the actual cost of replacing the property in question, without allowance for depreciation, as determined from time to time (but not more often than once every calendar year) by the insurance company or companies holding such insurance or, upon request by Lender, by appraisal made by an appraiser, engineer, architect or contractor proposed by Borrower and approved by said insurance company or companies and Lender. The cost of such appraisal shall be paid by Borrower.

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4.9 Approval Not Warranty: No approval by Lender of any insurer shall be construed to be a representation, certification or warranty of its solvency and no approval by Lender as to the amount, type and/or form of any insurance shall be construed to be a representation, certification or warranty of its sufficiency.

4.10 Lender Right to Obtain: Original policies or certificates evidencing such insurance shall be delivered to Lender at least thirty (30) days prior to the expiration of the existing policies. If any such insurance policy is not so delivered to Lender or in the event any such insurance policy is cancelled, whether or not Lender has the policy in its possession, and no reinstatement or replacement policy is received prior to termination of insurance, Lender, without notice to or demand upon Borrower, may (but shall not be obligated to) obtain such insurance with such company as Lender may deem satisfactory, and pay the premium therefor, and the amount of any premium so paid shall be charged to and promptly paid by Borrower or, at the option of Lender, may be added to the Obligations.

5. FUNDS FOR TAXES, INSURANCE AND OTHER CHARGES:

5.1 Prior to Default: Provided that there has been no Event of Default under this Deed of Trust, Borrower shall not be required to maintain a security account as provided in this Article 5 unless otherwise agreed by separate writing executed by Borrower and Lender.

5.2 Lender's Right to Require: If there has been an Event of Default under this Deed of Trust (whether or not cured or reinstated), and upon notice from Lender, Borrower shall pay to Lender each month, until every indebtedness secured hereby has been paid in full, an amount estimated by Lender to be equal to one-twelfth (1/12th) of: (a) the yearly Taxes and Other Impositions which may be levied on the Property; (b) the yearly premium installments for fire and other hazard insurance, rent loss insurance and such other insurance covering the Property as Lender may require pursuant to Article 4, above; and (c) the yearly installments of principal and/or interest payable under any Senior Obligation (collectively, together with such other amounts as may be required by Lender under this Article 5, the "Funds").

5.3 Waiver: Any waiver by Lender of a requirement that Borrower pay such Funds may be revoked by Lender, in Lender's sole discretion. If there has been an Event of Default under this Deed of Trust, Lender further may require Borrower to pay to Lender, in advance, such other Funds for other expenses and costs to be incurred in connection with the Property which Lender shall reasonably deem necessary to protect Lender's interests.

5.4 Copies of Bills: If Lender requires payments to be made pursuant to this Article 5, Borrower shall deliver to Lender all bills, statements, premium notices and invoices pertaining to any Taxes, Senior Obligations, Other Impositions or insurance policies referred to above as soon as the same are received by Borrower.

5.5 Holding of Funds; Interest; Accounting: The Funds shall be held in an institution(s) the deposits or accounts of which are insured or guaranteed by a Federal or State agency (which may include Lender). Lender shall apply the Funds to pay Taxes, Other Impositions and Senior Obligations so long as Borrower is not in breach of any covenant or agreement of Borrower in this Deed of Trust. Borrower shall pay such costs and expenses as Lender may incur in so holding and applying the Funds, analyzing said account or for verifying and compiling said assessments and bills, except to the extent, if any, prohibited by applicable law. Except as otherwise required by applicable law, Lender shall have no obligation to pay Borrower interest on the Funds unless Lender so elects in its sole discretion. Lender shall provide to Borrower, without charge, an annual accounting of the Funds in Lender's normal format showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. Borrower may request additional periodic accountings in Lender's normal format, and Lender shall be permitted to charge its customary fee, not to exceed the amount permitted to be charged

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by applicable law, as a condition of such additional accountings. The Funds are pledged as additional security for the sums secured by this Deed of Trust.

5.6 Deficit in Funds: If the amount of the Funds held by Lender at the time of the annual accounting thereof is less than the amount deemed necessary by Lender to pay Taxes, insurance premiums, Other Impositions and Senior Obligations, as they fall due, Borrower shall pay to Lender any amount necessary to make up the deficiency within thirty (30) days after receipt of notice from Lender to Borrower requesting payment thereof. Any excess amount of Funds held by Lender at the time of the annual accounting shall be credited by Lender to the next deposit required to be made hereunder by Borrower.

5.7 Application of Funds: Upon any Event of Default, Lender may apply, in any amount and in any order as Lender shall determine in Lender's sole discretion, any Funds held by Lender at the time of application: (a) to pay taxes, insurance premiums, and Other Impositions and Senior Obligations which are now or will hereafter become due; or (b) as a credit against sums secured by this Deed of Trust. No application of the Funds in the foregoing manner shall be construed to cure or waive any Event of Default or notice of default hereunder or invalidate any act done pursuant to any such Event of Default or notice. Upon payment in full of all sums secured by this Deed of Trust, Lender shall promptly refund to Borrower any remaining Funds held by Lender.

5.8 Transfer of Deed of Trust: If Lender sells or assigns this Deed of Trust, Lender shall have the right to transfer all Funds held by it under this Article 5 to the purchaser or assignee. Lender shall thereupon be released and have no further liability hereunder for the application or refund of the Funds, and Borrower shall look solely to such purchaser or assignee for such application and for all responsibility relating to the Funds.

6. PERFORMANCE OF LOAN AGREEMENT:

6.1 Borrower agrees to comply with the covenants and conditions of the Loan Agreement which is hereby incorporated by reference in and made a part of this Deed of Trust. In the event of any conflict between the provisions of this Deed of Trust and the terms of the Loan Agreement, during the term of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

6.2 All advances made by Lender pursuant to the Loan Agreement shall be indebtedness of Borrower secured by this Deed of Trust. All sums disbursed to protect the security of this Deed of Trust by Lender in connection with the improvements being constructed under the Loan Agreement shall be treated as disbursements pursuant to the Loan Agreement. All such sums shall bear interest from the date of disbursement under the Note, and shall be payable upon the terms of the Note.

6.3 In case of any Event of Default hereunder, Lender, at Lender's option, with or without entry upon the Property, and in addition to any and all remedies provided in this Deed of Trust, the Note, and the other Loan Documents, (i) may invoke any of the rights or remedies provided in the Loan Agreement; (ii) may accelerate the sums secured by this Deed of Trust and invoke those remedies provided in this Deed of Trust or the other Loan Documents; or (iii) may do both.

6.4 If the Loan Agreement provides for construction of improvements on the Land, Borrower shall diligently and continuously pursue to completion the construction of the Improvements to be made on the Land as described in and pursuant to the Loan Agreement in good, workmanlike manner, using new materials, in accordance with the Plans and Specifications approved by Lender as required by the Loan Agreement. From time to time, Borrower shall, upon request of Lender, execute and deliver to Lender, in such form as Lender shall direct, assignments of any and all rights or claims which relate to the construction, equipping and/or the operation of the Property and which Borrower may have against any party supplying or who has supplied labor, materials or services in connection with the construction, equipping and/or operation of the Property.

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7. **PRESERVATION AND MAINTENANCE OF PROPERTY**: Borrower: (a) shall not commit any waste or permit impairment or deterioration of the Property; (b) shall not abandon the Property; (c) shall not remove, demolish or substantially alter any portion of the Property or permit or suffer such to be done without the prior written consent of Lender (except when incident to the repair thereof or the replacement of fixtures, machinery and appliances with items of like kind and value and except such alterations as may be required by laws, ordinances or regulations of governmental authorities); (d) shall in the event of any damage, injury, or casualty loss to the Property, restore or repair the Property promptly, in good and workmanlike manner, to a condition substantially equivalent to its original condition, or such other condition as Lender may approve in writing, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair; (e) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon, in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, at all times maintaining in favor of Lender a good, valid and perfected first lien therein; (f) shall comply with all laws, ordinances, rules, regulations and requirements of any governmental body applicable to the Property, including, without limitation, the Americans with Disabilities Act of 1990 ("ADA") and all rules, regulations and requirements of any governmental body concerning ADA, and shall maintain all necessary certificates, licenses, authorizations, registrations, permits and/or approvals necessary for the operations of all or any part of the Property, and all required zoning ordinance, building code, subdivision, land use, environmental and other similar permits or approvals; provided, however, that Borrower may at its expense and upon prior notice to Lender contest by appropriate legal or other proceedings conducted in good faith and with due diligence any such law, ordinance, rule, regulation or requirement, provided that (i) neither the Property nor any interest therein would be in any danger of being sold, forfeited or lost by reason of such proceedings, (ii) Lender would not be in any danger of any criminal liability or, unless Borrower has furnished a bond or other security therefor satisfactory to Lender, any additional civil liability for failure to comply therewith, (iii) the Property would not be subject to the imposition of any lien as a result of such failure which is not properly contested pursuant to this Article 7, and (iv) if required by Lender, Borrower has furnished to Lender a bond or other security satisfactory to Lender; (g) shall provide for professional management of the Property to the extent not directly used or operated by Borrower; (h) shall generally operate and maintain the Property and the business of Borrower in a good and business-like manner; (i) shall give notice in writing to Lender of and, unless otherwise directed in writing by Lender, appear in and defend any action or proceeding purporting to affect all or any part of the Property, the security of this Deed of Trust or the rights or powers of Lender; (j) shall not commit, suffer or permit any act to be done in, upon or to the Property in violation of any law or ordinance or any covenant, condition or restriction affecting the Property subject to Borrower's right to contest such violation in accordance with the terms of clause (f), above; (k) shall do any and all acts which, from the character or use of the Property, may be reasonably necessary to protect and preserve the security of Lender, the specific enumerations herein not excluding the general; (l) shall not permit any mechanics' or materialmen's liens against the Property, or stop notice claims against Lender, except Borrower shall have the right to contest the same upon furnishing adequate security therefor in accordance with and to the extent provided under the terms and conditions of the Loan Agreement; (m) shall not drill or extract or enter into any lease for the drilling for or extraction of oil, gas or other hydrocarbon substances or any mineral of any kind or character on or from the Land or any part thereof without first obtaining Lender's written consent which may be withheld in Lender's sole discretion; (n) shall not initiate, apply for, alter, amend or suffer to be imposed, altered, amended, lapsed, withdrawn or cancelled any zoning, use permit, variance, license, permit, subdivision approval, development agreement, license, permit, authorization or other entitlement of or pertaining to the Property or any portion thereof, or any work of improvement thereon or use thereof, or initiate or suffer the annexation of the Property to any governmental entity or district, except with the prior written consent of Lender, which Lender may grant or withhold in its sole discretion; (o) shall not cause or permit the presence, use, generation, release, discharge, storage or disposal of any Hazardous Materials (as hereinafter defined) above, on, under, in or about, or the transportation of any Hazardous Materials through, to or from, the Property, except for "Permitted Materials". As used in this Deed of Trust, the term "Permitted Materials" shall mean (i) reasonable de minimis amounts of gasoline, and oil or other vehicle lubricants lawfully stored in the vehicles and equipment used on the Land, (ii) reasonable de minimis amounts of fertilizers, herbicides and/or pesticides, and ordinary, everyday painting and cleaning supplies, lawfully used only in the ordinary course of completing and maintaining the buildings, landscaping and improvements on the Land, and (iii) standard building components and materials which are properly and lawfully installed in or incorporated into the Improvements and may lawfully remain therein in accordance with Applicable Laws (as hereinafter defined),

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taking into account the nature, purpose and intended use and occupancy thereof; provided that in all cases all such components, materials, substances and other items referred to in clauses (i) through (iii), above, are so stored, transported, used, installed, incorporated and disposed of, in accordance with all Applicable Laws, and are not released into the environment; and the term "Hazardous Materials" shall include, but not be limited to, any substance, chemical, material or waste, the presence of which causes or threatens to cause a nuisance or trespass of any kind, or which is or becomes regulated by any local governmental authority, the State of California, or the United States of America, because of its toxic, flammable, corrosive, reactive, carcinogenic, mutagenic, infectious, radioactive, or other hazardous property, or because of its effect on the environment, natural resources or human health and safety, is now or hereafter defined or listed as "hazardous substances," "hazardous materials," "toxic substances," "petroleum," "carcinogen," "pollutant," "contaminant," "asbestos," "asbestos materials" or "waste" in any federal, state or local laws, rules or regulations (whether now existing or hereafter enacted or promulgated) including, without limitation, the Federal Water Pollution Control Act (33 U.S.C. §§ 1251, et seq.), Hazardous Materials Transportation Act (49 U.S.C. §§ 1801, et seq.), Resource Conservation and Recovery Act (42 U.S.C. §§ 6901, et seq.), Safe Drinking Water Act (42 U.S.C. §§ 3000(f), et seq.), Toxic Substances Control Act (15 U.S.C. §§ 2601, et seq.), Clean Air Act (42 U.S.C. §§ 7401, et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601, et seq.), United States Department of Transportation Hazardous Materials Table (49 CFR 172.101), California Health & Safety Code (§§ 25100, et seq., §§ 25300, et seq., §§ 39000, et seq.), California Water Code (§§ 13000, et seq.), California Labor Code (§ 6501.7 and § 9004), California Civil Code (§ 2929.5), all as heretofore and hereafter amended, or any judicial or administrative interpretation of such laws, rules or regulations. Without limiting the scope or generality of the term "Hazardous Materials", Hazardous Materials shall include, without limitation, Permitted Materials, as appropriate. Further, Borrower agrees that it will not use, release, generate, store or dispose of or permit the use, release, generation, storage or disposal of any Hazardous Materials, as hereinabove described, except for Permitted Materials, above, in, on or under the Property now or at any future time and will indemnify, defend, protect, save and hold Lender harmless from and against any claims, actions, causes of action, damages or liability which may result in connection with Hazardous Materials as the same relate to the Property. If at any time it is determined that there are any Hazardous Materials located above, in, on or under the Property which under any laws, rules or regulations referred to in this clause (o), or any judicial or administrative interpretation of such laws, rules and regulations, or any other applicable law, rule or regulation (all of the foregoing are collectively referred to herein as "Applicable Laws") requires special handling in use, collection, generation, release, storage, treatment or disposal, Borrower shall commence with diligence within thirty (30) days after knowledge of receipt of notice thereof (or such shorter period as may be imposed by law) and continue to diligently take all appropriate action, at Borrower's sole expense, to comply with all such Applicable Laws. As used in this Deed of Trust, the term "laws" includes, without limitation, (A) any federal, state or local statute, code or ordinance, (B) any decree, permit, order, consent or directive issued by any court or governmental authority, and (C) the common law of the State of California and of any other applicable jurisdiction. Failure of Borrower to comply with all Applicable Laws shall constitute an Event of Default under this Deed of Trust. To the extent any provision of the Loan Agreement or any other agreement between Borrower and Lender confers additional or more expansive rights and/or remedies in favor of Lender relating to Hazardous Materials or impose additional or more restrictive obligations on Borrower relating to Hazardous Materials, said other provisions shall control and shall not in any way be limited by this Deed of Trust; (p) shall at all times keep Lender fully informed as to the identity, location, description and condition of all of the Property which is not located on the Land, and promptly advise Lender in writing of any relocation, substitution, replacement, or accession thereto or thereof; and (q) unless required by applicable law or unless Lender has otherwise agreed in writing, shall not make or allow any changes in the nature of the occupancy or use for which all or any part of the Property is intended at the time this Deed of Trust is executed, or in the design, plans and specification of any improvements thereon, in existence or to be constructed, other than as may be provided in the Loan Agreement. Notwithstanding anything to the contrary contained in this Deed of Trust, so long as Borrower shall not be in Default under this Deed of Trust, Borrower may make or cause to be made alterations of, additions or improvements to, or restoration or repair of, the Property with the prior written consent of Lender, which shall not unreasonably be withheld, provided that (1) any such alteration, addition or improvement shall not result in a reduction in the value of the Property below the value thereof immediately before such alteration, addition or improvement; (2) any such alteration, addition, improvement, restoration or repair shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable laws, rules, regulations, permits and authorizations; (3) each such alteration, addition, improvement,

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restoration or repair shall be promptly and fully paid for by Borrower, and (4) such alteration, addition or repair shall not be in violation of or inconsistent with any term or provision of this Deed of Trust, the Loan Agreement, or any other Loan Documents.

8. **PROTECTION OF LENDER'S SECURITY:** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially and adversely affects the Property or title thereto or the interest of Lender therein, including, but not limited to, eminent domain, ejectment, insolvency, code enforcement or arrangements or proceedings involving a bankrupt, a decedent, or a dissolved entity, then Lender at Lender's option may make such appearances, disburse such sums and take such action as Lender deems necessary, in its sole discretion, to protect Lender's interest, including, but not limited to: (a) disbursement of sums to pay taxes, assessments, and other charges or expenses incurred by Lender, including, without limitation, lien claims, stop notice claims, charges, assessments, fines, penalties and other costs and expenses, including, without limitation, attorneys' fees; (b) entry upon the Property to take corrective action to make repairs after two (2) days written notice unless such entry is deemed by Lender to be an emergency, in which case no notice shall be required; (c) procurement of satisfactory insurance as provided in Article 4, above; and (d) exercise of any option to renew or extend and the curing of any default in the terms and conditions of any mortgage, deed of trust, ground lease, or similar instrument which may be senior to or of equal priority with this Deed of Trust. Any amounts disbursed by Lender pursuant to this Article 8, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender 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 of ten percent (10%) per annum or the Maturity Rate as defined in the Note, whichever is greater, unless collection from Borrower of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law. Borrower hereby covenants and agrees that Lender shall be subrogated to the lien of any mortgage, deed of trust, or other lien on the Property discharged, in whole or in part, by the indebtedness secured hereby. Nothing contained in this Article 8 shall be construed to require Lender to incur any expense or take any action whatsoever hereunder.

9. **COMMERCIAL CODE SECURITY AGREEMENT:** This Deed of Trust is intended to be a security agreement, financing statement and fixture filing pursuant to Division 9 of the California Commercial Code (the "Code"), and also is intended to be a security agreement and fixture filing pursuant to Division 9 of the Code for any of the items specified above as part of the Property which may be subject to a security interest in personal property or fixtures pursuant to said Division 9 of the Code. If the title of this Deed of Trust includes the word "Construction", then this Deed of Trust is also a construction mortgage, as said term is defined in Section 9313(1)(c). Without limiting the granting clauses of this Deed of Trust, Borrower hereby grants Lender a security interest in said items of personalty (whether tangible or intangible) and goods which are or are to become fixtures, in each case constituting a part of the Property. This Deed of Trust, or a reproduction thereof, shall be filed in the real estate records where the Property is located or other appropriate index, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Deed of Trust shall be sufficient as a financing statement. In addition, Borrower agrees to execute and deliver to Lender, upon Lender's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this Deed of Trust in such form as Lender deems necessary to perfect a security interest with respect to said Property or any portion thereof. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Lender may reasonably require. If this Deed of Trust is fully reconveyed in the real property records as pertaining to the Land and the Improvements, this Deed of Trust nonetheless shall continue in effect as a security agreement until all obligations of Borrower are satisfied, no further advances or commitments on the part of Lender to make further advances are possible or exists, and Lender files a termination statement in the Office of the Secretary of the State terminating the UCC-1 in full. Without the prior written consent of Lender, Borrower shall not create or suffer to be created pursuant to Division 9 of the Code any other security interest in said items which is junior, equal to or has priority over the lien created by this Deed of Trust, including replacements and additions thereto, and proceeds thereof.

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10. PROCEEDS, SUBSTITUTIONS AND ACCESSIONS: With respect to any part of the Property which is personal property, Borrower hereby agrees: (a) to execute and deliver to Lender all financing statements and other documents that Lender requests, in order to maintain a first perfected security interest in the Property, including all products, proceeds, accessions, substitutions and replacements thereof; (b) to furnish Lender all reports relating to the Property at Lender's request; (c) not to make or agree to make any reduction in the original amount owing on a receivable, or to accept less than the original amount in satisfaction of a receivable, except before default or potential default, when Borrower may do so in the ordinary course of business and in accordance with its present policies; (d) to deliver to Lender upon request (i) duplicate invoices for each account, bearing the language of assignment as Lender specifies; (ii) the originals of all instruments and documents constituting collateral, endorsed and assigned as Lender requests; and (iii) proceeds (except cash proceeds collected in the ordinary course of business, unless Borrower is in default); (e) to receive and use reasonable diligence in collecting the proceeds, and to deliver the proceeds required to be delivered by this Deed of Trust promptly to Lender; (f) not to commingle the proceeds with other property or proceeds; (g) to keep complete and accurate records of the proceeds, in accordance with generally accepted accounting principles; (h) to provide any service and perform any other acts necessary to keep the proceeds free and clear of defenses, rights of set-off, and counterclaims; and (i) to notify Lender in writing of the location, identity, name in which held, and other pertinent information concerning any and all products, proceeds, accessions, substitutions and replacements of all or any part of the Property, and promptly furnish to Lender any and all documents and information concerning the same as Lender may request.

11. CASUALTY OR CONDEMNATION LOSS OR DAMAGE:

11.1 Borrower's Duties: In the event of any damage or loss of all or any portion of the Property, whether or not covered by casualty insurance, Borrower shall (a) give immediate written notice to any insurance carrier who has insured the Property and to Lender, and (b) take such steps as shall be necessary to preserve any undamaged portion of the Property. Borrower shall promptly notify Lender of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or any part thereof, or of any threat of such action or proceeding, and Borrower shall appear in and prosecute any such action or proceeding unless otherwise directed by Lender in writing.

11.2 Lender's Rights: Borrower hereby authorizes Lender to make proof of loss and, in conjunction with Borrower, 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 Lender's reasonable expenses incurred in the collection of such proceeds. Lender may, at Lender's option, in conjunction with Borrower, commence, appear in and prosecute, in Lender's or Borrower's name, any act or proceeding relating to any condemnation or other taking of the Property, whether direct or indirect, and may settle or compromise, with or without the consent of Borrower, any claim in connection with such condemnation or other taking. This Article 11 shall merely authorize, but shall not be deemed to require, Lender to incur any expense or take any action hereunder. Each insurance company or condemning authority concerned is hereby authorized and directed to make payment directly to Lender. Borrower shall execute any and all documents, assignments, notices and instruments as may be requested by Lender to enable Lender to perfect, pursue or collect any rights or claims to insurance or condemnation proceeds, inclusive of any award, payment or claim for damages, whether direct or consequential, in connection with any casualty or taking involving all or any part of the Property (collectively, "Proceeds"), and secure disbursement thereof to Lender. All of such Proceeds are hereby assigned to Lender. Borrower further authorizes Lender to hold the balance of such Proceeds to be used to reimburse Borrower for the cost of reconstruction or repair of the Property or, at Lender's option, to apply the same to the indebtedness secured hereby, as hereinafter provided.

11.3 Use of Proceeds: If Borrower is in Default hereunder, all Proceeds at the option of Lender shall be paid over to Lender and applied to reduce the indebtedness secured hereby or to repair and restore the Property, or held in trust for Borrower to do so. If Borrower is not in Default hereunder and Lender determines that the Proceeds can reasonably be expected to exceed Ten Thousand and No/100ths Dollars (\$10,000.00), all such Proceeds shall be held by Lender in trust in interest bearing investments satisfactory to Lender, with interest thereon held for the benefit of Borrower, to reimburse Borrower for the cost of restoration and repair of the Property, or if

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such proceeds are less than the sum set forth above they may be collected by Borrower directly. In any such event, Borrower shall promptly undertake the repair, restoration and reconstruction of the Property and complete the same with diligence, and any proceeds held by Lender in trust shall be made available to pay the cost thereof, provided Lender determines that: (a) the Property shall be restored to the substantial equivalent of its original condition or such other condition as Lender may approve in writing, and (b) the total cost of such restoration does not exceed the total amount of such Proceeds or, in the event such Proceeds will not be sufficient to cover the cost of such restoration, Borrower deposits with Lender a sum of money equal to such deficit or provides Lender with such financial assurances as shall be satisfactory to Lender in Lender's discretion that the restoration cost differential will be paid when due. If Lender is not satisfied that the foregoing conditions (a) and (b) are satisfied, then the Proceeds shall, at Lender's option, be applied to reduce the indebtedness.

11.4 Disbursement Conditions: Lender may, at Lender's option, condition disbursement of said Proceeds and other funds on Lender's approval of plans and specifications and Borrower's utilization of general contractor and an architect satisfactory to Lender, contractor's cost estimates, architect's certificates, payment and performance bonds, waivers of liens, sworn statements of mechanics and materialmen and such other evidence of costs, detailed budget and cost breakdown, percentage completion of construction, application of payments and satisfaction of liens as Lender may require, or as may be provided for the original construction under the Loan Agreement.

11.5 Failure or Inability to Restore; Default: Upon the occurrence of an Event of Default, or if within ninety (90) days after the occurrence of any loss or damage to or taking of the Property, Borrower shall not have submitted to Lender and received Lender's approval of plans and specifications for the repair, restoration or rebuilding of such loss, damage or taking or shall not have obtained approval of such plans and specifications from all governmental authorities whose approval is required, or if, after such plans and specifications are approved by Lender and by all such governmental authorities, Borrower shall fail to commence promptly such repair, restoration or rebuilding, or if thereafter Borrower fails to carry out diligently such repair, restoration or rebuilding or is delinquent in the payment to mechanics, materialmen or others of the costs incurred in connection with such work, or if any other condition of this Article 11 is not satisfied within a reasonable period of time after the occurrence of any such loss, damage or taking, then Lender may, in addition to all other rights herein set forth, at Lender's option, (a) declare that an Event of Default has occurred and/or apply such Proceeds held by Lender to the payment of sums secured by this Deed of Trust, whether or not then due, in the order of application set forth in Article 2, above, and/or (b) Lender, or any lawfully appointed receiver of the Property may, at their respective options, perform or cause to be performed such repair, restoration or rebuilding, and may take such other steps as they deem advisable to carry out such repair, restoration or rebuilding, and may enter upon the Property for any of the foregoing purposes, and Borrower hereby waives, for itself and all others holding under it, any claim against Lender and such receiver (other than a claim based upon the alleged gross negligence or intentional misconduct of Lender or any such receiver) arising out of anything done by them or any of them pursuant to this Article 11 and Lender may in its discretion apply any insurance or condemnation proceeds held by it to reimburse itself and/or such receiver for all amounts expended or incurred by it in connection with the performance of such work, including attorneys' fees, and any excess costs shall be paid by Borrower to Lender and Borrower's obligation to pay such excess costs shall be secured by the lien of this Deed of Trust and shall bear interest at the rate of ten percent (10%) per annum or the Maturity Rate set forth in the Note, whichever is higher, until paid.

11.6 Third Party Rights; Inspections; Risk of Loss: Nothing herein, and no authority given to Borrower to repair, rebuild or restore the Land and Improvements, or any portion thereof, shall be deemed to constitute Borrower the agent of Lender for any purpose, or to create, either expressly or by implication, any liens or claims or rights on behalf of laborers, mechanics, materialmen or other lien holders which could in any way be superior to the lien or claim of Lender, or which could be construed as creating any third party rights of any kind or nature to the Proceeds. At reasonable times during the work of restoration, and upon reasonable notice, Lender, either personally or by duly authorized agents, shall have the right to enter upon the Property for inspection of the work. Borrower expressly assumes all risk of loss, including a decrease in the use, enjoyment or value, of the Property from any casualty whatsoever, whether or not insurable or insured against.

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11.7 Excess Proceeds: If the cost of the restoration or repair of the Property is less than the Proceeds held by Lender pursuant to this Article 11, and if Borrower is not then in Default hereunder, the surplus shall be treated, applied and distributed pursuant to Article 2, above, with the balance, if any, to be paid to Borrower.

11.8 Effect on Indebtedness: If the 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 the monthly installments under the Obligations, or change the amounts of such installments, or affect the due date of any of the Obligations. If the Property is sold pursuant to the power of sale granted herein, or if Lender or its designee otherwise acquires title to the Property, Lender shall have all of the right, title and interest of Borrower in and to unearned premiums allocable to the Property on insurance policies and in and to the Proceeds resulting from any loss, taking or damage to the Property prior to such sale or acquisition.

11.9 Other Terms: With respect to insurance proceeds, Lender's rights under this Article 11 shall apply whether or not the Proceeds are payable from a policy Lender has required Borrower to obtain. In no event shall either Trustee or Lender be obligated to see to, approve, or supervise the proper application of any insurance proceeds released to Borrower. The receipt, application, use, and release of any and all Proceeds hereunder shall not cure or constitute a waiver of any Default or pending notice of default or sale hereunder, nor invalidate any act done pursuant to such notice. No Proceeds paid or released to Borrower or applied on the cost of repair, restoration, or alteration of the improvements shall constitute a payment on the indebtedness hereby secured. It is further expressly understood and agreed between Borrower and Lender that the right and option of Lender, in the exercise of its sole discretion, to apply the Proceeds or so much thereof as may be necessary to pay the indebtedness secured by this Deed of Trust, in whole or in part, is absolute and is not contingent or conditional upon the adequacy or value of the remaining property to secure such unpaid indebtedness, or upon the nature or extent of the loss or damage for which such insurance proceeds are paid.

12. LEASES AND RENTS OF THE PROPERTY:

12.1 Tenant Leases: As part of the consideration for the indebtedness evidenced by the Note, Borrower hereby absolutely and unconditionally assigns and transfers to Lender all leases, rental agreements, subleases or sub-subleases of the Property or any part thereof, whether now or hereafter in existence (the "Tenant Leases"). Subject to the limitations on leasing in the Loan Agreement or in Article 17, below, Borrower shall comply with and observe Borrower's obligations as landlord under all such Tenant Leases. Borrower, at Lender's request, shall furnish Lender with executed copies of all Tenant Leases now existing or hereafter made of all or any part of the Property. All new Tenant Leases of the Property shall specifically provide that such Tenant Leases are subordinate to this Deed of Trust; that the tenant attorns to Lender, such attornment to be effective upon Lender's acquisition of title to the Property; that the tenant agrees to execute such further evidences of attornment as Lender may from time to time request; that the attornment of the tenant shall not be terminated by foreclosure; and that except as may otherwise be agreed expressly by Lender and Borrower in a separate writing, Lender may, at Lender's option, accept or reject such attornments. Except with respect to Tenant Leases of single residential units to residential tenant occupants for a term of one (1) year or less, and subject to the limitations of the Loan Agreement, Borrower without Lender's prior written consent shall not (a) execute, modify, extend or amend any Tenant Lease of the Property, or any portion thereof or any interest therein, without Lender's advance written approval of the form and substance thereof and the acceptability of the tenant and use, (b) surrender or terminate, either orally or in writing, any Tenant Lease of all or any part of the Property, (c) other than as required by the Tenant Lease approved by Lender, permit an assignment or sublease of such a Tenant Lease, or (d) request or consent to the subordination of any Tenant Lease of all or any part of the Property to any lien subordinate to this Deed of Trust. If Borrower becomes aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of set-off against rent, Borrower shall: (a) take such steps as shall be reasonably calculated to prevent the accrual of any right to a set-off against rent; (b) notify Lender thereof and of the amount of said set-off; and (c) within ten (10) days after such accrual, reimburse the tenant who shall have acquired such right to set-off or take such other steps as shall effectively discharge such set-off and as shall assure that rents thereafter due shall continue to be payable without set-off or deduction. Upon occurrence of a Default, Lender shall have the rights and

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remedies with respect to Tenant Leases as are hereinafter provided. Upon Lender's request at any time or from time to time, Borrower shall execute such further assignments or other instruments pertaining to the Tenant Leases as Lender may require.

12.2 Assignment of Rents: As part of the consideration for the indebtedness evidenced by the Note, Borrower hereby absolutely and unconditionally assigns and transfers to Lender all the rents, issues, profits, royalties, income and other benefits (collectively, "Rents") now existing or hereafter created or affecting all or any portion of the Property or the use or occupancy thereof, including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable. Borrower hereby authorizes Lender or Lender's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Lender or Lender's agents; provided, however, that prior to a default by Borrower hereunder, Borrower shall collect and receive all rents and revenues of the Property as trustee for the benefit of Lender and Borrower, to apply the rents and revenues so collected to the sums due under the Note and this Deed of Trust in the order provided in Article 2, above, with the balance, so long as no such default has occurred hereunder, to the account of Borrower, it being intended by Borrower and Lender that this assignment of rents, upon execution and delivery of this Deed of Trust by Borrower, creates a present security interest in all present and future Tenant Leases and Rents, inclusive of all cash proceeds thereof, and is a fully perfected assignment of rents and leases and not an unperfected assignment or an assignment contingent on Borrower's default.

12.3 Covenants of Borrower: Borrower hereby covenants, warrants and represents that Borrower has not executed any prior assignment of said Rents to any party other than Lender (and the holder of any Senior Obligation to the existence of which Lender has consented in writing), that Borrower has not performed, and will not perform, any acts or has not executed, and will not execute, any instrument which would prevent Lender from exercising its rights hereunder, and that at the time of execution of this Deed of Trust there has been no anticipation or prepayment of any of the Rents for more than one month prior to the due dates of such Rents. Borrower covenants that Borrower will not hereafter collect or accept payment of any Rents more than one month prior to the due dates of such Rents. Borrower further covenants that Borrower will execute and deliver to Lender such further assignments of Rents of the Property as Lender may from time to time request.

12.4 Lender's Options on Default: Upon the occurrence of an Event of Default, Lender in its sole discretion shall have the right and option (without in any way limiting the availability of any other remedies that may be available to Lender under this Deed of Trust, the other Loan Documents, or applicable law), to enforce the assignment of Rents and Leases herein in any manner authorized by law, including but not limited to Section 2938(c) of the California Civil Code, and including but not limited to the right to collect and receive (a) all Rents that have accrued but remain unpaid and uncollected by Borrower or its agent or for Borrower's benefit prior to such Event of Default, and (b) all Rents that accrue on or after such Event of Default; and in connection therewith Lender may elect to enforce this assignment by any one or more of the following (any of which Lender may elect concurrently, successively, and recurrently): (i) the appointment of a receiver for the Property; (ii) obtaining possession of the Rents in person or by Lender's agent; (iii) delivery to any one or more of the tenants in person or by Lender's agent of a written demand for turnover of Rents, and thereupon such tenant shall turn over to Lender or Lender's agent any and all Rents then accrued or thereafter accruing, due or payable; or (iv) delivery to Borrower in person or by Lender's agent of a written demand for the Rents, whereupon Borrower shall turn over all such Rents then and thereafter held, due or becoming due to Lender. Upon Lender's taking any of the foregoing actions, Borrower immediately shall turn over to Lender or the receiver all Rents and cash proceeds of Rents (and cause any person holding Rents or cash proceeds thereof to do so) and all such Rents or cash proceeds held by Borrower shall immediately be deemed held by Borrower as trustee for Lender and shall not be property of Borrower (or the estate of Borrower) under 11 U.S.C. Section 541, as amended.

12.5 Right of Entry; Receiver: Except as may be otherwise provided hereunder, upon the occurrence of an Event of Default, Lender may in person, by agent or a court-appointed receiver, regardless of the adequacy of Lender's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof including, but not limited to, the

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execution, cancellation or modification of Tenant Leases, the collection of Rents, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best by Lender to protect the security of this Deed of Trust. If Lender elects to seek the appointment of a receiver for the Property upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, Borrower hereby expressly consents to the appointment of such receiver. Lender and the receiver shall be entitled to receive a reasonable fee for so managing the Property for such time as they are managing the same.

12.6 Application of Rents: All Rents received by Lender pursuant to this Deed of Trust shall be applied by Lender, in its sole discretion, to any of the following: (a) first, to pay any costs and expenses of collection of the Rents that may be incurred by Lender; (b) second, to pay any costs and expenses incurred by Lender in connection with the development, construction, operation, maintenance, repair or restoration of the Property; (c) third, to the establishment of reasonable reserves for working capital and for anticipated or projected costs and expenses of the Property, including, without limitation, capital improvements which may be necessary or desirable or required by law; (d) fourth, to the payment of any indebtedness then owing by Borrower to Lender, in the order and priority set forth in Article 2, above; and (e) thereafter, to remit the remainder, if any, to the person or persons entitled thereto. Borrower further agrees that all Rents received by Lender from any tenant may be allocated, if Lender so elects, to the payment of all current obligations of such tenant under its Tenant Lease and not to amounts which may be accrued and unpaid as of the date of Lender's first notification under Section 12.4 with respect to such Rents. Lender may, but shall have no obligation to, pursue any tenant for the payment of Rents which may be due under its Tenant Lease with respect to any period prior to the exercise of Lender's rights under Section 12.4 or which may become due thereafter. Lender shall not be liable to any tenant for the payment or return of any security deposit under any lease unless and to the extent that such security deposit has been paid to and received by Lender, and Borrower agrees to indemnify, defend and hold Lender harmless from and against any and all losses, claims, damages or liabilities arising out of any claim by a tenant with respect thereto. Borrower further agrees that the collection of Rents by Lender and the application of such Rents by Lender to the costs, expenses and obligations referred to herein shall not cure or waive any default or Event of Default or invalidate any act (including, but not limited to, any sale of all or any portion of the Property or any property now or hereafter securing the Obligations) done in response to or as a result of such Event of Default or pursuant to any notice of default or notice of sale issued pursuant to this Deed of Trust.

12.7 Deficiency of Rents: If the Rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Lender for such purposes shall become indebtedness of Borrower to Lender secured by this Deed of Trust pursuant to Article 8, above. Unless Lender and Borrower agree in writing to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof and shall bear interest from the date of disbursement at the Maturity Rate under the Note or ten percent (10%) per annum, whichever is greater, unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate which may be collected from Borrower under applicable law.

12.8 Miscellaneous: Any entering upon and taking and maintaining of control of the Property or the Rents and Tenant Leases by Lender or the receiver and any application of Rents as provided herein shall not (a) other than to the extent of amounts actually applied against the Obligations, operate as a cure or waiver of any default hereunder or invalidate any other right or remedy of Lender under applicable law or provided herein, (b) constitute Lender as a "mortgagee in possession" unless affirmatively elected by Lender in writing, (c) make Lender an agent of Borrower, (d) constitute an action, render the Obligations unenforceable, violate Section 726 of the Code of Civil Procedure, or otherwise limit any rights available to Lender with respect to its security, or (e) be deemed to create any bar to a deficiency judgment on the Obligations. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Property by reason of anything done or left undone by Lender hereunder, except as may be due to gross negligence or intentional acts of Lender, its employees or agents. This assignment of Rents of the Property shall terminate at such time as this Deed of Trust ceases to secure indebtedness held by Lender, provided that any Rents held by Lender or a receiver hereunder may be applied to any deficiency of the Obligations remaining unsatisfied after sale of all or any part of the Property in

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foreclosure or by exercise of the power of sale. Neither Lender's application nor Lender's failure to apply the Rents in accordance with the terms of this Article 12 shall result in a loss of any lien or security interest which Lender may have in the underlying real property or any other Collateral, render the Obligations unenforceable, constitute a violation of Section 726 of the Code of Civil Procedure, or otherwise limit any right available to Lender with respect to its security.

13. LIENS AND LIABILITIES:

13.1 Discharge of Liens: Borrower will pay, bond or otherwise discharge, from time to time when the same shall become due, all claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in, or permit the creation of, a lien on the Property, or on the revenues, rents, issues, income or profits arising therefrom and, in general, Borrower shall do, or cause to be done, at Borrower's sole cost and expense, everything necessary to fully preserve the lien and priority of this Deed of Trust; provided, however, the Borrower shall not be obligated to pay, bond or discharge such claim or demand if payment is not yet due under the contract which is the foundation of such claim or demand and if such contract does not postpone payment for more than fifty-five (55) days after the performance thereof; and provided further that so long as an Event of Default shall not have occurred and be continuing hereunder, Borrower shall have the right to contest or object to the amount or validity of any such claim and demand by appropriate administrative or judicial proceedings, in which event the following provisions shall apply: (a) Borrower shall give Lender written notice of Borrower's intent to so contest or object to such claim or demand; (b) Borrower shall thereafter diligently proceed to cause such claim or demand to be removed and discharged; and (c) Borrower, if requested by Lender, shall deposit with Lender a bond or other assurance reasonably satisfactory to Lender in such amounts as Lender shall reasonably require, but not more than 150% of the amount of the claim(s) or demand(s) plus costs, expenses, including reasonable attorneys' fees, and interest.

13.2 Creation of Liens: Except as otherwise set forth herein, Borrower will not, without Lender's consent, create, place or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual (except for normal ad valorem real property taxes which are not yet due and payable), security interest, encumbrance or charge, or conditional sale or other title retention document, against or covering the Property, prior to, on a parity with or subordinate to the lien of this Deed of Trust. If any of the foregoing becomes attached to the Property without such consent, Borrower will promptly cause the same to be discharged and released.

13.3 No Consent: Nothing in the Loan Documents shall be deemed or construed in any way as constituting the consent or agreement by Trustee or Lender, express or implied, to pay any contractor, subcontractor, laborer, mechanic or materialman for the performance of any labor or the furnishing of any material for any improvement, construction, alteration or repair of the Property, or to constitute any such person as a beneficiary of any obligation Lender may incur to Borrower concerning such matters, or to create a trust fund for any such person. Borrower further agrees that neither Trustee nor Lender stands in any fiduciary relationship to Borrower.

14. ENTRY AND INSPECTION: Lender may at any reasonable time or times make or cause to be made entry upon and inspection of the Property or any part thereof, upon twenty-four (24) hours notice to Borrower, except if such entry is deemed an emergency by Lender, in which case no notice is necessary. Such entry may be made for the purpose of verifying compliance with the Loan Agreement for the purposes provided in California Civil Code § 2929.5, or for any other purpose not prohibited by law. Borrower shall cooperate with Lender in making such entry and inspection.

15. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN BORROWER: Upon the occurrence of any Accelerating Transfer, as hereinafter defined, Lender may, at Lender's sole option, in its sole discretion, at any time thereafter, declare all of the sums secured by this Deed of Trust to be immediately due

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and payable, and Lender may invoke any remedies provided in this Deed of Trust. As used herein, the term "Accelerating Transfer" means (a) any sale, contract to sell (unless it contains a contingency for approval of the sale by Lender in Lender's sole and absolute discretion), conveyance, encumbrance, lien, lease which has not been approved by Lender pursuant to Article 12, above, attachment or grant of a security interest in, or other transfer of all or any portion of the Property, or any interest therein, (b) any sale, contract to sell, transfer, encumbrance or hypothecation of any beneficial interest in Borrower, including, without limitation, shareholder interests, member interests, limited partnership interests and general partnership interests, if Borrower is not a natural person or persons but is a corporation, limited liability company, partnership, trust or other legal entity, and in each case referenced in clauses (a) or (b), whether voluntary, involuntary, by operation of law, or otherwise, unless preceded by the express written consent of Lender to the particular event and transferee, which consent Lender may withhold in its sole and unfettered discretion. If permitted by the Loan Agreement, and if the Property consists of a residential multiple unit property only, the grant of a leasehold interest in a single residential unit of the Property for a term of one (1) year, or less, not containing an option to purchase and otherwise conforming to Article 12, above shall not be an Accelerating Transfer.

16. EVENTS OF DEFAULT: The Borrower will be in "Default" under this Deed of Trust if any of the following events occur (in such event, an "Event of Default"):

16.1 Borrower fails to make any deposit or payment of funds as and when required by the Note, the Loan Agreement, or any of the other Loan Documents; or

16.2 Borrower fails to comply with any material covenant required to be performed by it under this Deed of Trust and does not cure such default within ten (10) days after receipt of notice thereof from Lender; provided that if such default is curable but more than ten (10) days are reasonably required to cure such default, Borrower shall not be deemed in default hereunder if (a) Borrower commences to cure such default promptly within such ten (10) day period, proceeds diligently and continuously thereafter to cure such default and actually cures the same within sixty (60) days; and (b) the security of Lender is not materially adversely affected by such delay; or

16.3 Other than as specified in Section 16.1, above, upon the occurrence of an event or condition of default by Borrower under the Note, the Loan Agreement, any of the other Loan Documents, and such default shall continue for more than the period of grace, if any, specified therein; or

16.4 There exists an uncured default under any Senior Obligation or any lease constituting security for this Deed of Trust; or

16.5 Any representation or warranty of Borrower herein, or any other material representation or warranty of Borrower relied upon by Lender in making the Loan is not true and correct; or

16.6 The occurrence of any Accelerating Transfer;

16.7 Borrower shall fail at any time to obtain, provide, maintain, keep in force or deliver to Trustee or Lender the insurance policies required by this Deed of Trust, and such failure shall continue for five (5) days after written notice; or

16.8 Any one or more of the following occurs with respect to Borrower, any guarantor of the Obligations or any other person liable for any of the Obligations: (a) a general assignment by any such person for the benefit of creditors; or (b) the filing of a voluntary petition in bankruptcy, insolvency, reorganization, or liquidation, or any other petition under any section or chapter of the Bankruptcy Code or any similar law, whether state, federal, or otherwise, for the relief of debtors; or (c) the filing of any involuntary petition or any other petition against any such person under any section or chapter of the Bankruptcy Code, or any similar law, whether state, federal, or otherwise, relating to the insolvency, reorganization, or liquidation, or for the relief of

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debtors, by the creditors of such person; or (d) the appointment by any court of a receiver or similar official to take possession of the Property (or any portion thereof) or any property or any asset or assets of any such person; or (e) the application by any such person or the consent or acquiescence by any such person to an application for the appointment of a custodian, receiver, conservator, trustee, or similar official for such person or for a substantial part of the property or business of any of them; or (f) attachment, execution or judicial seizure (whether by enforcement of money judgment, by writ or warranty of attachment, or by any other process) of the Property or of all or any part of the assets of any such person; or (g) the admission in writing by any such person of its inability to pay its debts or perform its obligations as they become due; or (h) the calling of a meeting of the creditors representing a significant portion of the liabilities of any such person, for the purpose of effecting a moratorium, extension or composition of debt or any of the foregoing.

17. **ACCELERATION; REMEDIES:** Upon the occurrence of an Event of Default hereunder, Trustee and Lender shall have the following remedies, in addition to and not in limitation of any other or further remedies available to Lender at law or in equity or under the Loan Agreement or any other Loan Documents:

17.1 **Acceleration:** Lender may declare the entire principal amount of the Note and other Obligations then outstanding (whether or not otherwise then due and payable), and accrued and unpaid interest thereon, and all other sums or payments required thereunder, to be due and payable immediately, and notwithstanding the stated maturity thereof, the principal amount of the Note and other Obligations and the accrued and unpaid interest thereon and all other sums or payments required thereunder shall thereupon become and be immediately due and payable, without claim, notice or demand.

17.2 **Entry:** Irrespective of whether Lender exercises the option provided in Section 17.1, above, Lender in person or by agent or by court-appointed receiver may enter upon, take possession of, manage and operate the Property or any part thereof and do all things necessary or appropriate in Lender's sole discretion in connection therewith, including without limitation completing the construction in accordance with the Loan Agreement, and in connection therewith enforcing, modifying and making such contracts and subcontracts as may be necessary therefor in the discretion of Lender, excluding Borrower, its agents, contractors and employees wholly therefrom, making and enforcing, and if the same be subject to modification or cancellation, modifying or cancelling leases upon such terms or conditions as Lender deems proper, obtaining and evicting tenants, and fixing or modifying rents, contracting for and making repairs and alterations; and doing any and all other acts which Lender deems proper to protect the security hereof; and either with or without so taking possession, in its own name or in the name of Borrower, sue for or otherwise collect and receive the rents 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, and in such order as Lender may determine. Upon demand of Lender, Borrower shall assemble and make available to Lender at the site of the Land or at such other location as Lender may specify in writing any of the Property which has been removed therefrom, and shall surrender possession of the Property and of all books, records and accounts relating to the Property. The entering upon and taking possession of the Property, or any part thereof, and the collection of any rents and profits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Property or any part thereof by Lender, Borrower or a receiver, and the collection, receipt and application of the rents and profits, Lender shall be entitled to exercise every right provided for in this Deed of Trust or by law or in equity upon or after the occurrence of a default, including, without limitation, the right to exercise the power of sale. Any of the actions referred to in this Article 17 may be taken by Lender irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured.

17.3 **Judicial Action:** Lender may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust, entirely or partially, as Lender may elect in its sole discretion, and/or to enforce at law or in equity any of the covenants and agreements hereof.

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17.4 Power of Sale: Lender may elect in its sole discretion to cause the Property or any part thereof to be sold under the power of sale herein granted in any manner permitted by applicable law. In connection with any sale or sales hereunder, Lender may elect in its sole discretion to treat any of the Property which consists of a right in action or which is property that can be severed from the real property covered hereby or any improvements thereon without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Sales hereunder of any personal property only shall be conducted in any manner permitted by the Code or as provided in Section 17.5, below. Where some or all of the Property consists of real property and personal property located on or within the real property, Lender may elect in its discretion to dispose of both the real and personal property together in one sale pursuant to real property law as permitted by Section 9501(4) of the Code, and may further elect to dispose of all or any portion of the Property not sold in such single sale in one or more subsequent, earlier or concurrent sales in the manner provided in the Code for a private sale or a public sale of collateral. Should Lender elect to sell the Property, or any part thereof, which is real property or which Lender has elected to sell with the real property as provided above, Lender or Trustee shall give such notice of default and election to sell as may then be required by law, and without the necessity of any demand on Borrower, Trustee, at the time and place specified in the notice of sale, shall sell said real property or part thereof at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Lender shall, from time to time, postpone any sale hereunder by public announcement thereof at the time and place noticed therefor. If the Property consists of several lots, parcels or items of property, Lender may: (a) designate the order in which such lots, parcels or items shall be offered for sale or sold, or (b) elect to sell such lots, parcels or items through a single sale, or through two or more successive sales, or in any other manner Lender deems in its best interest. Any person, including Borrower, Trustee or Lender, may purchase at any sale hereunder, and Lender shall have the right to purchase at any sale hereunder by crediting upon the bid price the amount of all or any part of the indebtedness hereby secured. Should Lender desire that more than one sale or other disposition of the Property be conducted, Lender may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as Lender may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien of this Deed of Trust on any part of the Property not sold until all indebtedness secured hereby has been fully paid. In the event Lender elects to dispose of the Property through more than one sale, Borrower agrees to pay the costs and expenses of each such sale and of any judicial proceedings wherein the same may be made, including reasonable compensation to Trustee and Lender, their agents and counsel, and to pay all expenses, liabilities and advances made or incurred by Trustee in connection with such sale or sales, together with interest on all such advances made by Trustee at the lower of the interest rate set forth in the Note or the maximum rate permitted by law to be charged by Trustee. Upon any sale hereunder, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession; and the recitals in any such deed or deeds of facts, such as default, the giving of notice of default and notice of sale, and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts and any such deed or deeds shall be conclusive against all persons as to such facts recited therein.

17.5 Personal Property: As to such of the Property as constitutes personal property, Lender shall have the remedies of a secured party under Division 9 of the Code and, at Lender's option, in its sole discretion, and to the extent applicable and permitted by law, may also invoke the remedies provided in Section 17.4 as to any or all of such items. In exercising any of said remedies, Lender may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies under Division 9 of the Code or of the remedies provided in this Article 17. Any notice by Lender of the time and place of public sale, or the time on or after which a private sale or other disposition of any part of the Property which is not real property will be made, shall be conclusively deemed reasonable if sent to Borrower at the address set forth above at least five (5) days before the public or private sale. In addition, Borrower expressly acknowledges that any combined sale of the Property (including both real and personal property, whether or not inclusive of fixtures and real property only), or any portion thereof, is commercially reasonable if, without limitation, such sale is noticed and conducted in accordance with California Civil Code Sections 2924, et seq., as applicable. In addition to its rights to foreclose this Deed of Trust, Lender shall have the right to sell the personal property or any part thereof, or any further, or

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additional, or substituted personal property, at one or more times, and from time to time, at public sale or sales or at private sale or sales, on such terms as to cash or credit, or partly for cash and partly on credit, as Lender may deem proper. Lender shall have the right to become the purchaser at any such public sale or sales, free and clear of any and all claims, rights of equity of redemption in Borrower, all of which are hereby waived and released. Any such sale may, at Lender's option, be held in the county where the property to be sold is located or in the county where Lender's main administrative office is located. If such property to be sold consists of money, funds or deposit accounts in the possession of Lender, such sale may be held in the office of Lender in which the same are held or at Lender's main administrative office in San Francisco, California, at Lender's election, and if consisting of money or deposits may be applied against the Obligations, at Lender's option, in lieu of sale thereof. Borrower shall not be credited with the amount of any part of such purchase price, unless, until and only to the extent that such payment is actually received in cash. Notice of public sale, if given, shall be sufficiently given, for all purposes, if published not less than seven (7) days prior to any sale, in any newspaper of general circulation distributed in the city in which the property to be sold is located or as otherwise required by the Code. Any portion of the personal property which may remain unsold after the full payment, satisfaction and discharge of all such obligations shall be returned to the respective parties which delivered the same to Lender. If at any time Borrower or any other party shall become entitled to the return of any of the personal property hereunder, any transfer or assignment thereof by Lender shall be, and shall recite that the same is, made wholly without representation or warranty whatsoever by, or recourse whatsoever against Lender. In connection with any such sale of personal property, including but not limited to such a combined sale, Borrower shall assemble the Property and make it and all records pertaining to it available to Lender, and shall allow Lender, its representatives and agents, to enter the premises where all or any part of the Property, the records, or both, may be and remove any or all of it.

17.6 Other Remedies: Lender may take all actions permitted under the Code or otherwise permitted under any applicable law, ordinance or agreement, the Loan Agreement, any of the other Loan Documents, or otherwise available to Lender. Any of the actions referred to in this Article 17 may be taken by Lender irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured. On and after the occurrence of an Event of Default, Borrower shall pay all rents, issues and profits thereafter received by Borrower from the Property to Lender and to the extent not paid shall hold such amounts as trust funds for the benefit of Lender and such rents, issues and profits shall be deemed "cash collateral" of Lender under 11 U.S.C. § 363(a), as amended. Unless and to the extent otherwise expressly provided in the Note, the Obligations are fully recourse to all assets of Borrower, and Lender shall have the right to recover any deficiency from such assets in the manner provided by law, without restriction or limitation.

17.7 Application of Proceeds: If the Property is sold as aforesaid, Trustee shall apply the proceeds of the sale in the following order: (a) to all costs, fees and expenses of the sale, including, but not limited to, all advertising expenses, broker's or brokerage commissions, documentary stamps, recording fees, foreclosure costs, stamp taxes, Trustee's and attorney's fees and costs of title evidence; (b) to payment of all expenses, liabilities and advances made or incurred by Trustee or Lender under this Deed of Trust or in enforcement thereof, together with interest thereon at the maturity or default rate provided in the Note; (c) to all sums secured by this Deed of Trust in such order as Lender, in Lender's sole discretion, directs; and (d) the excess, if any, to the person or persons legally entitled thereto.

17.8 Recourse Obligations: Unless otherwise explicitly provided in the applicable documents, all obligations of Borrower under this Deed of Trust, the Note, and any of the Security Documents or Related Agreements, are fully recourse as to Borrower, any person comprising Borrower (if more than one person is included in the term "Borrower") and any general partner of Borrower (if Borrower is a partnership). Except as otherwise limited by applicable law, Lender shall be entitled to direct recourse to or to a deficiency from any and all assets of any such person.

17.9 Exercise by Trustee: Notwithstanding anything herein to the contrary, Trustee (a) shall not exercise, or waive the exercise of, any of its rights or remedies under this Article 17 (other than its right to reimbursement) except upon the request of Lender, and (b) shall exercise, or waive the exercise of, any or all of

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such rights or remedies upon the request of Lender and at the direction of Lender as to the manner of such exercise or waiver, provided that Trustee shall have the right to decline to follow any of such request or direction if Trustee shall be advised by counsel that the action or proceeding, or manner thereof, so directed may not lawfully be taken or waived.

18. ADDITIONAL PROVISIONS AS TO REMEDIES:

18.1 Remedies Cumulative, Unimpaired and Survivable:

(a) No right or remedy herein conferred upon or reserved to Trustee or Lender is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and continuing, shall be in addition to every other right or remedy given hereunder, or under the other Loan Documents or now or hereafter existing at law or in equity, and may be exercised from time to time and as often as may be deemed expedient by Trustee to Lender, in any order whatsoever as Lender may elect.

(b) No delay or omission by Trustee or Lender to exercise any right or remedy hereunder upon any default or Event of Default shall impair such exercise, or be construed to be a waiver of any such default or Event of Default or an acquiescence therein.

(c) The failure, refusal or waiver by Trustee or Lender of its right to assert any right or remedy hereunder upon any default or Event of Default or other occurrence shall not be construed as waiving such right to remedy upon any other or subsequent default or Event of Default or other occurrence.

(d) Neither Trustee nor Lender shall have any obligation to pursue any rights or remedies they may have under any other agreement prior to pursuing their rights or remedies hereunder or under any of the other Loan Documents.

(e) No recovery of any judgment by Trustee or Lender and no levy of an execution upon the Property or any other property of Borrower shall affect, in any manner or to any extent, the lien of this Deed of Trust upon the Property, or any liens, rights, powers or remedies of Trustee or Lender hereunder, and such liens, rights, powers and remedies shall continue unimpaired as before.

(f) Lender may resort or cause Trustee to resort to any security given by this Deed of Trust or any other security now given or hereafter existing to secure the Obligations, in whole or in part, in such portions and in such order as Lender may deem advisable, and no such action shall be construed as a waiver of any of the liens, rights or benefits granted hereunder.

(g) Acceptance of any payment after the occurrence of any default or Event of Default shall not be deemed a waiver or a cure of such default or Event of Default, and acceptance of any payment less than any amount then due shall be deemed an acceptance on account only.

(h) In the event that Trustee or Lender shall have proceeded to enforce any right or remedy hereunder by foreclosure, sale, entry or otherwise, and such proceeding shall be discontinued, abandoned or determined adversely for any reason, then Borrower, Trustee and Lender shall be restored to their former positions and rights hereunder with respect to the Property, subject to the lien hereof.

(i) The commencement, suspension or reinitiation of any one or more remedies by Lender shall not be deemed an election of remedies or otherwise to preclude Lender from commencing, suspending or reinitiating any other remedies.

18.2 Waiver of Rights and Defenses: To the fullest extent Borrower may do so, Borrower agrees with Lender as follows:

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(a) Borrower will not at any time insist on, plead, claim or take the benefit or advantage of any statute or rule of law now or hereafter in force providing for any appraisal, valuation, stay, extension, moratorium or redemption, or of any statute of limitations, and Borrower, for itself and its heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming an interest in the Property (other than Lender) hereby, to the extent permitted by applicable law, waives and releases all rights of redemption, valuation, appraisal, or notice of intention to accelerate, mature or declare due the whole of the obligations secured hereby.

(b) Borrower shall not have or assert any right under any statute or rule of law pertaining to any of the matters set forth in clause (a) of this Section 18.2, to the administration of estates of decedents or to any other matters whatsoever to defeat, reduce or affect any of the rights or remedies of Trustee and Lender hereunder, including the rights of Trustee and/or Lender hereunder to a sale of the Property for the collection of the obligations without any prior or different resort for collection, or to the payment of the obligations out of the proceeds of sale of the Property in preference to any other person.

(c) If any statute or rule of law referred to in this Article 18 and now in force, of which Borrower or any of its representatives, successors or assigns and such other persons claiming any interest in the Property might take advantage despite this Article 18, shall hereafter be repealed or cease to be in force, such statute or rule of law shall not thereafter be deemed to preclude the application of this Article 18.

(d) Borrower shall not be relieved of its obligation to pay the obligations secured hereby at the time and in the manner provided herein and in the other Loan Documents, nor shall the lien or priority of this Deed of Trust or any other Loan Documents be impaired by any of the following actions, non-actions or indulgences by Trustee or Lender:

(i) Any failure or refusal by Trustee or Lender to comply with any request by Borrower (A) to consent to any action by Borrower or (B) to take any action to foreclose this Deed of Trust or otherwise enforce any of the provisions hereof or of the other Loan Documents;

(ii) Any release, regardless of consideration, of the whole or any part of the Property or any other security for the obligations, or any person liable for payment of the obligations;

(iii) Any waiver by Lender of compliance by Borrower with any provision of this Deed of Trust or the other Loan Documents, or consent by Lender to the performance by Borrower of any action which would otherwise be prohibited thereunder, or to the failure by Borrower to take any action which would otherwise be required hereunder or thereunder; and

(iv) Any agreement or stipulation between Trustee or Lender and Borrower, or, with or without Borrower's consent, between Trustee or Lender and any subsequent owner or owners of the Property or any other security for these obligations, renewing, extending or modifying the time of payment or the terms of this Deed of Trust or any of the other Loan Documents (including a modification of any interest rate), and in any such event Borrower shall continue to be obligated to pay the obligations at the time and in the manner provided herein and in the other Loan Documents, as so renewed, extended or modified, unless expressly released and discharged by Lender.

(e) Lender may take or cause to be taken action to recover the obligations, or any portion thereof, or to enforce any provision hereof or of any of the other Loan Documents without prejudice to the right of Lender thereafter to foreclose or cause to be foreclosed this Deed of Trust. Lender shall not be limited exclusively to the right and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law or equity. The rights of Trustee and Lender under this Deed of Trust shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Trustee and/or

Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

18.3 Exercise by Trustee: Notwithstanding anything herein to the contrary, Trustee (a) shall not exercise, or waive the exercise of, any of its rights or remedies under this Article 18 (other than its right to reimbursement of costs and expenses by Lender) except upon the request of Lender, and (b) shall exercise, or waive the exercise of, any or all of such rights or remedies upon the request of Lender and at the direction of Lender as to the manner of such exercise or waiver, provided that Trustee shall have the right to decline to follow any of such request or direction if Trustee shall be advised by counsel that the action or proceeding, or manner thereof, so directed may not lawfully be taken or waived.

18.4 Waiver of Marshalling: Notwithstanding the existence of any other security interests in the Property or in any other property held by Lender or by any other party, Lender shall have the right in its sole discretion to determine the order in which any or all of the Property or such other property shall be subjected to the remedies provided herein. Lender shall have the right in its sole discretion 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. Borrower, 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, hereby waives any and all right to require the marshalling of assets or otherwise to direct the order and priority of Lender's recourse to any such property or to invoke any principle of inverse order of alienation whatsoever in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

18.5 Waiver of Statute of Limitations: Borrower 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 Note, the Loan Agreement, or any other obligation secured by this Deed of Trust.

19. RECONVEYANCE: At any time, without liability therefor and without notice to Borrower, upon written request by Lender and presentation of the Note and this Deed of Trust to Trustee for endorsement, and without altering or affecting the personal liability of Borrower or any other person for the payment of the indebtedness secured hereby, or the lien of this Deed of Trust upon the remainder of the Property as security for the repayment of the full amount of the indebtedness then or thereafter secured by this Deed of Trust or any right or power of Lender or Trustee with respect to the remainder of the Property, Trustee may: (a) reconvey or release any part of the Property from the lien of this Deed of Trust; (b) approve the preparation or filing of any map or plat with respect to the Land; (c) join in the granting of any easement burdening the Land; or (d) enter into any extension or subordination agreement affecting the Property or the lien of this Deed of Trust. Upon written request of Lender reciting that all sums secured hereby have been paid, surrender of the Note and this Deed of Trust to Trustee for cancellation, and payment by Borrower of any reconveyance fees customarily charged by Trustee, Trustee shall reconvey, without warranty, the Property then held by Trustee hereunder. The recitals in such reconveyance of any matters of fact 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 request and reconveyance shall operate as a reassignment of the rents, income, issues and profits assigned herein to Lender, but only if such reconveyance is the entirety of the Property or so much as then remains subject to this Deed of Trust, and only if the obligations have been fully paid, satisfied and discharged. Any such reconveyance in the real property records shall not constitute a release or cancellation of Lender's security interest in any part of the Property not constituting real property unless and to the extent Lender files a termination statement in the Office of the Secretary of State of the State of California. Such person or persons shall pay Trustee's reasonable costs incurred in so reconveying the Property.

20. ACCEPTANCE BY TRUSTEE; SUBSTITUTE TRUSTEE: Upon execution by Borrower and recordation hereof, Trustee accepts the trust and conveyance hereunder without further act or deed by Trustee. It is acknowledged and agreed that neither Trustee nor Lender is a fiduciary to Borrower. Lender, at Lender's option, in its sole discretion may from time to time, by an instrument in writing, appoint a successor trustee to any Trustee appointed hereunder, which instrument when executed and acknowledged by Lender and recorded in the office of the recorder of the county or counties where the Property is situated, shall be prima facie proof of

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proper substitution of such successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law, and thereafter shall be the Trustee hereunder. Said instrument shall contain the name of the original Lender, Trustee and Borrower hereunder and the book/reel and page/image (or recorder's serial number) where this Deed of Trust is recorded, and the name and address of the successor trustee.

21. REQUEST FOR NOTICES: Borrower requests that copies of any notice of default and notice of sale hereunder be sent to Borrower at Borrower's address stated above.

22. STATEMENT OF OBLIGATION: Lender may collect a fee not to exceed the maximum allowed by applicable law for furnishing any statement of obligation or statement regarding the condition of or balance owing under the Note or secured by this Deed of Trust. Borrower shall pay Lender's and Trustee's fees, charges and expenses for any other statement, information or services furnished by Lender or Trustee in connection with the Loan Documents. Said services may include, but shall not be limited to, the processing by Lender or Trustee, or both, of assumption, substitutions, modifications, extensions, renewals, subordinations, rescissions, changes of owner, recordation of map, plat or record of survey, grants of easements, and full and partial reconveyances, and the obtaining by Lender of any policies of insurance pursuant to any of the provisions contained in this Deed of Trust.

23. NO MERGER: In the event the Lender or Borrower succeeds to different estates or interests in the Property with or without any outstanding intervening estates or interest, no merger of estates or interest shall be deemed to have occurred without the Lender's written consent.

24. VARIABLE RATE; FUTURE ADVANCES: As may be required by the terms of the Note or the Loan Agreement, Lender may make advances of principal to Borrower (which amounts shall bear interest under the Note), may accept partial payments or entire payments of such advances, and interest thereon, and may re-advance principal previously repaid by Borrower (which amounts shall bear interest under the Note), provided that the amount of principal outstanding shall not exceed the face amount of the Note as set forth on the first (1st) page of this Deed of Trust, plus such amounts of interest as may be added to principal and such other interest, charges and fees, as may be otherwise be accrued and outstanding under the Note from time-to-time. The terms of the Note and the Loan Agreement are incorporated herein by this reference as though set forth in full. For so long as this Deed of Trust remains of record and not fully reconveyed, any such advance (or readvance), and interest thereon, shall remain fully secured by this Deed of Trust and shall have priority over any encumbrance, mortgage, deed of trust, or other obligation or interest in the Property or secured by the Property (individually each "Junior Encumbrance" and collectively the "Junior Encumbrances") which is granted, conveyed, assigned, attaches to, becomes perfected, or otherwise encumbers the Property, or any portion thereof or interest therein, after the date of recordation of this Deed of Trust (or which is concurrently herewith or hereafter subordinated by express agreement to this Deed of Trust), whether such Junior Encumbrance is prior to or subsequent in time to the making of such advance or the accrual of such interest. The lien and priority of this Deed of Trust shall remain as aforesaid, notwithstanding that the amount outstanding and unpaid under the Note may be reduced to zero, and any subsequent advance and interest thereon shall retain the same priority over Junior Encumbrances as this Deed of Trust has as of the date of its recordation (or by such express subordination agreement). The Note may provide for an adjustable interest rate, accrual of interest, adjustments of interest, addition of interest to principal and accrual of interest thereon, negative amortization and other terms and conditions which may have the effect of increasing the amount outstanding above the maximum principal sum of the Note set forth on the first (1st) page of this Deed of Trust, all of which are and shall be secured by this Deed of Trust. It is the intent of this Article 24 that this Deed of Trust shall encumber the Property, that Borrower shall be entitled to no reconveyance in full thereof, and that any Junior Encumbrance (whether rendered such by priorities in time or by express subordination to this Deed of Trust) at all times be subordinated entirely to all sums and obligations secured by this Deed of Trust, whether or not under applicable law such sum or obligation would otherwise be deemed an "optional advance" and whether or not the lien of this Deed of Trust under applicable law would otherwise be deemed to have expired by reason of a satisfaction of the debt secured hereby, until (a) the terms under the Loan Agreement allowing for further advances have absolutely expired; (b) all sums secured hereby have been fully paid, with interest; and (c) this Deed of Trust has actually been

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reconveyed in full. Any holder of a Junior Encumbrance, by becoming such holder, or by subordinating hereto, shall be deemed to have notice of this Article 24 and all other terms of this Deed of Trust and the Loan Agreement, as well as notice of all other Loan Documents. The waiver by Lender of any term, condition, remedy, or provision of any of said documents which could enable Lender to withhold further advances or to demand immediate payment of all or portions of principal or interest shall not give rise to any loss of priority whatsoever as against any such Junior Encumbrance. In addition to all of the foregoing, this Deed of Trust may secure one or more future advances ("Future Advances"), and interest thereon, but only when the same is evidenced by a promissory note or other evidence of indebtedness which recites that it is secured by this Deed of Trust. It is expressly acknowledged and agreed that Lender has no obligation whatsoever to make any Future Advances to Borrower.

25. INTERPRETATION: Wherever used in this Deed of Trust, unless the context otherwise indicates a contrary intent, or unless otherwise specifically provided herein, the word "Borrower" shall mean and include both Borrower and any subsequent owner or owners of the Property, and the word "Lender" shall mean and include not only the original Lender hereunder but also any future owner and holder, including pledgees, of the Note secured hereby. In this Deed of Trust whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the neuter includes the feminine and/or masculine, and the singular number includes the plural and conversely. In this Deed of Trust, the use of the word "including" shall not be deemed to limit the generality of the term or clause to which it has reference, whether or not non-limiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The captions and headings of the Articles and Sections of this Deed of Trust are for convenience only and are not to be used to interpret, define or limit the provisions hereof.

26. GOVERNING LAW; JURISDICTION AND VENUE; SEVERABILITY: The loan secured by this Deed of Trust is made pursuant to the laws of the State of California and the rules and regulations promulgated thereunder, and this Deed of Trust, the Note, the Loan Agreement, the other Loan Documents, and any other obligation which this Deed of Trust secures shall be construed and governed by such laws, rules and regulations. Jurisdiction and venue shall be appropriate in any state court within the City and County of San Francisco, State of California, or the County of Contra Costa, State of California, or the federal courts located in the Northern District of California, at Lender's election. Borrower waives any right Borrower may have to assert the doctrine of forum non-conveniens or to object to such venue and hereby consents to any court-ordered relief. The parties hereby waive the right to trial by jury in any action or proceeding relating to this Deed of Trust, any transaction under this Deed of Trust and/or contemplated under this Deed of Trust, or any other claim (including tort or breach of duty claims) or dispute howsoever arising between Lender and Borrower. In the event that any provision or clause of this Deed of Trust or the Note is invalid, such invalidity shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the invalid provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable.

27. TIME OF ESSENCE: Time is declared to be of the essence in this Deed of Trust and of every part hereof.

28. NO THIRD PARTY BENEFITS; INDEMNIFICATION OF LENDER: This Deed of Trust, the Note, the Loan Agreement, and the other Loan Documents are made for the sole benefit of Borrower and Lender and their respective successors and assigns, and no third party (including, without limitation, any junior or senior creditor or encumbrancer or any partner, shareholder, officer or director of Borrower or any contractor, subcontractor, materialman, or other provider of goods, labor or services to the Property) shall be deemed to have acquired any rights, protections, remedies or other legal interest of any kind under or by reason of any of the foregoing. Whether or not Lender elects to employ any or all the rights, powers or remedies available to it under this Deed of Trust, Lender shall have no obligation or liability of any kind to any third party by reason of any of the foregoing or any of Lender's actions or omissions pursuant thereto or otherwise in connection with this transaction. Borrower shall indemnify, defend and hold harmless Lender against any claim, lawsuit, or cause of action brought for any injury, damage or liability of any kind alleged to have arisen out of any failure of Borrower or Lender to perform its obligations in this transaction, or any negligent or improper performance thereof, or any action or

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remedies taken by Lender hereunder, whether by reason of a Default or otherwise, and at Lender's election, shall defend Lender therein at Borrower's own expense by counsel satisfactory to Lender or shall pay the Lender's costs and attorneys' fees if Lender chooses to defend itself on any such claim, and shall indemnify Lender from and against any and all liabilities, damages, costs, and losses arising from any such claim.

29. **SUCCESSORS AND ASSIGNS:** Subject to the restrictions upon transfers of Borrower's interest contained herein, all of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of, the heirs, administrators, executors, legal representatives, successors and assigns of Borrower and the successors in trust of Trustee and the endorsees, transferees, successors and assigns of Lender.

30. **JOINT AND SEVERAL:** In the event Borrower is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

31. **WARRANTY OF AUTHORITY:** Each individual executing this Deed of Trust on behalf of herself or himself or a trust, partnership, corporation or other legal entity represents and warrants that she or he has all requisite right, power and authority to do so and to bind such person or entity to each and all of the terms hereof.

32. **LENDER AND BORROWER HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS DEED OF TRUST, OR ANY INSTRUMENT OR DOCUMENT DELIVERED IN CONNECTION WITH THIS DEED OF TRUST OR THE TRANSACTIONS CONTEMPLATED HEREBY, OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF, OR ANY OTHER CLAIM OR DISPUTE HOWSOEVER ARISING (INCLUDING TORT AND CLAIMS FOR BREACH OF DUTY), BETWEEN LENDER AND BORROWER.**

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust the date and year first above set forth.

BORROWER:

TRINITY LUTHERAN CHURCH, a corporation

By: [Signature]
Its: Richard Richardson
President

By: [Signature]
Its: Sharon Coates
SECRETARY

Borrower's Tax I.D. No. 88-0070020

**ALL SIGNATURES MUST BE NOTARIZED;
ATTACH APPROPRIATE ACKNOWLEDGEMENT FORM**

**ATTACH DESCRIPTION OF LAND
AS EXHIBIT "A"**

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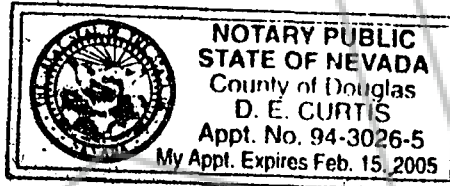
STATE OF NEVADA

COUNTY OF Douglas

) ss.
)

On October 10, 2002 before me, D E Curtis, Notary Public, personally appeared Richard Richardson, personally known to me 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.



D.E. Curtis
Notary Public

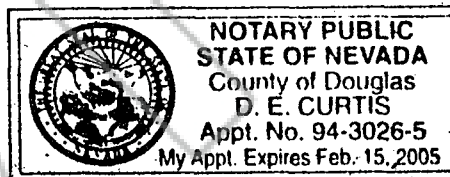
STATE OF NEVADA

COUNTY OF Douglas

) ss.
)

On October 10, 2002 before me, D E Curtis, Notary Public, personally appeared Sharon Coates, personally known to me 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.



D.E. Curtis
Notary Public

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EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

All that real property situated in the County of Douglas , State of Nevada, bounded and described as follows:

All that certain lot, piece or parcel of land lying in a portion of the Northeast 1/4 of the Southeast 1/4 and the Southeast 1/4 of Section 32, Township 13 North, Range 20 East, M.D.B. & M., on the Northerly side of Mill Street in the town of Gardnerville, Douglas County, Nevada, and more particularly described by metes and bounds as follows to-wit:

PARCEL 1:

Beginning at a point on the Southeast corner of the parcel, on the Northerly line of Mill Street and the Westerly line of Douglas Avenue, if produced, said point of beginning being described as bearing South 45°06' West, a distance of the 466.20 feet from the so-called Mill Street Monument of said Town of Gardnerville, said Mill Street Monument being further described as bearing South 29°03' West, a distance of 942.71 feet from the ne quarter corner common to Sections 32 and 33, Township 13 North, Range 20 East, thence from the point of beginning South 45°01' West, along the Northerly line of Mill Street a distance of 296.20 feet to a point at the Southwesterly corner of the parcel, on the Easterly side of the Springmeyer Ditch; thence North 58° 03' 30" West, along the Easterly side of said ditch a distance of 277.20 feet to a point at the Northwesterly corner of the parcel; thence North 45° 01' East, a distance of 358.91 feet to the Northeasterly corner of the parcel; thence South 44° 59' East, along the Westerly line of Mill Street, if produced, a distance of 270.00 feet to the point of beginning, said parcel. All bearings are correlated with the State Highway through Main Street in Gardnerville.

A.P.N. 25-301-01

PARCEL 2:

Together with a perpetual easement, or right of way, over and across the following described lands for ingress and egress to the said above described church lands, to-wit:

Being that certain piece or parcel of land lying in a portion of the Northeast 1/4 of the Southeast 1/4 of Section 32, Township 13 North, Range 20 East, M.D.B. & M., on the Northerly side of Mill Street in the Town of Gardnerville, Douglas County, Nevada, and more particularly described by metes and bounds as follow to-wit:

Beginning at a point at the Southwest corner of the parcel, on the Northerly line of Mill Street and the West-line of Douglas Avenue, if produced, said point of beginning being described as bearing South 45° 06' West, a distance of 466.20 feet from the so-called Mill Street Monument of said Town of Gardnerville, said Mill Street Monument being further described as bearing South 29° 03' West, a distance of 942.71 feet from the one-quarter corner common to Sections 32 and 33, Township 13 North, Range 20 East; thence from this point of beginning North 44° 59' West along the Westerly line of Douglas Avenue, if produced, a distance of 270.00 feet to a point at the Northwesterly corner of the parcel; thence North 45° 01' East, a distance of 50.00 feet to the point at the Northeasterly corner of the parcel; thence South 44° 59' East; along the Easterly line of Douglas Avenue, if produced, a distance of 270.00 feet to a point at the Southeasterly corner of the parcel, on the Northerly line of Mill Street; thence South 45° 01' West, along the Northerly line of Mill Street, a distance of 50.00 feet to the point of beginning, said parcel.

All bearings are correlated with the State Highway through Main Street of Gardnerville.
(N44°54'W.)

The above metes and bounds description appeared previously in that certain document recorded February 18, 1993 in Book 293, page 2967 as Document No. 299887 of Official Records.

COPY

REQUESTED BY
FIRST AMERICAN TITLE CO.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2002 OCT 17 PM 12: 27

LINDA SLATER
RECORDER

\$44⁰⁰ PAID *KØ* DEPUTY

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