

When Recorded, Send to:
State of Nevada
Nevada Housing Division, HOME Program
1535 Old Hot Springs Rd Suite #50
Carson City, Nevada 89706

Assessors Parcel No: 1320-30-213-018

DEED OF TRUST AND ASSIGNMENT OF RENTS

December 31, 2015
Date

1. **Parties.** THIS DEED OF TRUST, is by and between

Grantor
Borrower Kingsbury Village, LP
Trustee Stewart Title
Beneficiary
Lender Nevada Housing Division

2. **Grant.** In consideration of and as security for the obligations described below, Borrower irrevocably grants, bargains and sells to Trustee, in trust, with power of sale, all that real property located in Douglas County, Nevada,

More particularly described in Exhibit A hereto

TOGETHER with the improvements erected on the real property, and all easements, reversions, appurtenances, rents (subject to the specific provisions herein), royalties, mineral, oil and gas rights and profits, geothermal rights, water, water rights, and water stock, and all fixtures, equipment and other personal property now or subsequently affixed or placed upon the real property, all of which shall be referred to herein as the "Property."

3. **Obligations Secured.** These grants are given to secure Borrower's payment of all amounts due and the full performance of all obligations of Borrower under:

- a. Agreement To Use HOME Investment Partnerships Program (HOME) Funds dated October 23, 2015, ("The Loan"),
- b. Promissory Note dated same day as this deed of trust and
- c. any document representing future advances by Lender to Borrower which refer to this Deed of Trust; and
- d. this Deed of Trust, and all amounts advanced by Lender for the payment of insurance or for the protection of the Property or Lender's lien granted hereunder, whether or not obligatory; and
- e. all other loan documents now or hereafter executed in connection with this loan transaction, including but not limited to all Borrower's Certificates, Borrower's Affidavits, Environmental Agreements, Assignments of Leases; and
- f. together with all renewals, revisions, modifications, amendments, and extensions to any of the foregoing.

COVENANTS

Borrower and Lender agree to each of the following.

4. Insurance.

a. So long as Borrower owes money to Lender, Borrower agrees to maintain insurance in amounts approved, from time to time, and with insurers approved by Lender as follows:

(1) insurance with respect to improvements against loss or damage by fire or any risk included under "fire and extended coverage" policies and any other hazard Lender requires, in an amount approved from time to time by Lender, with a replacement cost endorsement without depreciation;

(2) public liability and property damage insurance applicable to the Property with an endorsement naming Lender as an additional insured as its interest may appear;

(3) flood insurance if the Property is designated as part of a flood plain or otherwise comes under the requirements of the Federal Flood Insurance Act of 1968 as amended, or any similar law.

b. All insurance maintained by Borrower shall:

(1) except for liability insurance, contain a standard non-contributory mortgagee's endorsement in favor of Lender;

(2) except for liability insurance, provide that, insurance proceeds shall be payable to Lender, and in the case of hazard insurance, pursuant to the Nevada Standard Mortgagee Clause no. 438BFUNS or other mortgagee clause;

(3) provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Lender or Borrower or any other person;

(4) provide that no cancellation, reduction in amount or material change in coverage shall be effective until at least 30 days after receipt by Lender and Borrower of written notice; and

(5) contain only such deductibles, if any, as Lender may approve in writing, and be reasonably satisfactory to Lender in all other respects.

c. Any insurance may, at Borrower's option, be provided through a blanket policy or policies.

d. Upon the execution of this Deed of Trust and thereafter not less than 30 days prior to the expiration date of any policy, Borrower will deliver to Lender the original of any policy or renewal policy required by this Deed of Trust, bearing notations evidencing the payment of premiums, except that, in lieu of the policy, Borrower may, with Lender's consent, deliver a certificate of the insurer, satisfactory to Lender in substance and in form, as to the issuance and effectiveness of the policy and the amount of coverage afforded thereby accompanied by a certified copy of such policy. Delivery of the policy of insurance shall constitute assignment to Lender of any returned premiums.

e. Should Borrower fail to provide insurance as above, Lender may, but is not required to, procure insurance to protect its interests, and Borrower agrees to pay the cost of such insurance together with interest at the legal rate.

5. Damage or Destruction; Application of Insurance.

a. Borrower hereby assigns to Lender all proceeds of all insurance policies regarding the operation of the Property, and in the event that Borrower is paid any such proceeds, Borrower agrees that it is holding such proceeds as a trustee for Lender and to immediately pay them to Lender.

b. Any amounts paid to Lender under any hazard insurance policy may be applied by Lender to the repayment of any obligations secured hereby in the order Lender determines, or at the option of Lender, the entire amount or any part, may be applied to repair or restore the Property or released to Borrower. The application or release shall not cure or waive any default or notice of default, or invalidate any act done pursuant to a Notice of Default. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date or amounts of any payments required by the Loan or herein. No prepayment fee is due as a result of insurance proceeds received by Lender.

6. Preservation and Maintenance of Property. Borrower shall keep the Property in good repair and shall not permit or commit waste, impairment, or deterioration of the Property or remove, demolish or materially alter any building or other property subject to this Deed of Trust. In the event that any improvements or personal property is damaged or destroyed, Borrower agrees to promptly rebuilt or replace the improvements or personal property in a workmanlike manner, and to pay all charges and satisfy all liens in connection therewith. Borrower also agrees to cause all tenants and licensees to use and operate the Property in accordance with all laws, and not to commit illegal activities thereon. Lender may make or cause to be made reasonable entries upon and inspection of the Property, provided that Lender shall give Borrower notice prior to any inspection.

7. Warranty of Title. Except as otherwise disclosed to Lender in a policy of title insurance accepted by Lender in connection with the Loan, Borrower represents and warrants to Lender that it is the sole owner of the Property in fee simple absolute and without any defects, liens, encumbrances (except tenant leases), easements, adverse claims or other limitations to title or any options to purchase, agreements to sell, or other defects in title.

8. Environmental Agreements. If Borrower has entered into any separate environmental agreements and certificates making certain representations, warranties, covenants and agreements regarding the Property, all obligations of Borrower in any such agreement are secured by this Deed of Trust, and in the event of any misrepresentation, breach or inaccuracy, or default under that agreement Beneficiary may, at Beneficiary's option, act on such agreement independently or may declare a default under this Deed of Trust.

9. Condemnation.

a. **Assignment of Awards:** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or any part thereof, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Borrower waives any legal or equitable interest in the award and any right to require an appointment of the award. Borrower agrees that Lender is entitled to apply the award in accordance with this paragraph without demonstrating that its security has been impaired.

b. **Right of Lender to Settle Award:** If the Property is abandoned by Borrower, or if after notice to Borrower that the condemner offers to make an award or settle a claim for damages Borrower fails to respond within 30 days after the date of the notice, Lender is authorized to settle with the condemner and collect the proceeds.

c. **Application of Award:** The amount paid to Lender may be applied by Lender to the Note or other secured debt, and in the order Lender determines, or at the option of Lender the entire amount, or any part, may be applied to repair or restoration of the Property or released to Borrower. The application or release shall not cure or waive any default or notice of default or invalidate any act done pursuant to a notice of default. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly installments required by the Note nor change the amount of the installments. No prepayment fee is due as a result of condemnation proceeds received by Lender.

10. **Limitations on Transfer.** If the Property or any part thereof, or any interest therein, is sold by contract of sale or otherwise, agreed to be sold, conveyed, or alienated by the Borrower or by operation of law, or otherwise, or the Property is further encumbered, or there is a material change in the identity or control of the Borrower (all of the foregoing events are referred to as "Transfers"), then all obligations secured by this Deed of Trust, irrespective of the maturity dates of the obligations, at the option of the Lender, and without demand or notice, shall immediately become due and payable, unless the Transfer occurs as a result of a death. Failure to exercise the option or consent to a Transfer shall not constitute waiver of the right to exercise this option in the event of a subsequent Transfer. Lender does not waive its rights to accelerate pursuant to this paragraph if it accepts a payment on an obligation secured by this Deed of Trust after Lender receives notice of the occurrence of a Transfer. If a Transfer occurs, with or without Lender's consent, Borrower waives all surety ship defenses, including the right to compel suit against the principal debtor. This paragraph shall not prevent Borrower from entering into leases of the Property in the ordinary course of Borrower's business, if the leases do not contain an option to purchase.

11. **Fee for Permitting Assumption.** Lender or Lender's agent may charge a fee of ONE PERCENT OF THE UNPAID BALANCE of the Loan as an assumption fee for a change in the party or parties making the payments secured by this Deed of Trust, if Lender agrees to a transfer by Borrower of its interest in the Property to another person.

12. **Adoption of Statutory Covenants.**

a. The following Covenants, Nos. 1, 3, 4 (rate of interest is the default rate stated in the Note), 5, 6, 7 (attorneys' fees in the amount provided for in the Note), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust, provided, however, that the express covenants of this Deed of Trust shall control to the extent that the same are inconsistent with Covenant Nos. 1, 3, 4, 5, and 9 and, provided further, that Covenant Nos. 6, 7 and 8 shall control over the express covenants of this Deed of Trust to the extent the same are inconsistent with Covenant Nos. 6, 7 and 8.

b. The power of sale under this Deed of Trust shall not be exhausted by any one or more sales (or attempts to sell) as to all or any portion of the Property remaining unsold, but shall continue unimpaired until all of the Property has been sold by exercise of the power of sale herein contained and all indebtedness of Borrower to Lender under the Deed of Trust, the Note or other loan documents has been paid in full.

13. **Protection of Lender's Security.** If Borrower fails to perform any obligations herein or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender, may make any appearance, disburse any sums and take any action necessary to protect Lender's interest, including, but not limited to, purchasing insurance, entering into contracts for the repair or management of the property, paying reasonable attorneys' fees and costs and entering the Property to make repairs. Any amounts disbursed by Lender pursuant to this paragraph, together with interest from date of disbursement at the legal rate, shall become additional indebtedness of Borrower secured by this Deed of Trust, payable upon demand.

14. **Assignment of Rents; Lender in Possession.**

a. Borrower hereby assigns and transfers to Lender all of Borrower's interest in all security deposits, cleaning deposits, and rents collected or due under any leases, subleases, franchises, rental agreements, and further assigns to Lender the issues, and profits of the Property.

b. This is a present and unconditional assignment, subject only to prior assignments or security interests approved by Lender.

c. Regardless of whether default has occurred hereunder, Lender has the right to take possession of all cash and un-deposited checks on the premises, and has the power and authority to collect rents, issues, and profits as they become due at any time without notice, either in person, by agent or by a receiver appointed by a court, and without

regard to the adequacy of any security for the indebtedness hereby secured, and without taking possession of the real or personal property. Lender may in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid. Lender may endorse checks payable to Borrower if Lender reasonably believes that the checks include funds assigned hereby.

d. License to Collect. Until otherwise notified by Lender, Borrower may collect and hold deposits, rents, issues and profits of the Property.

e. Collection does not cure defaults. The collection of such rents, issues, and profits by Lender, or the application thereof to the indebtedness, shall not cure or waive any default hereunder or invalidate any act done in response to such default.

f. Restriction on Further Assignments. Borrower will not, without prior written consent of Lender further assign the rents, issues or profits, or any part thereof, from the Property or any part thereof, and any attempted assignment will be void as against Lender in addition to being an event of default under this Deed of Trust.

g. Lender not Mortgagee in Possession. If Lender collects the rents, it shall not be deemed to be a mortgagee in possession of the Property, and Borrower agrees that, except for an obligation to account for all rents collected and how they were applied, Lender shall have no duties to Borrower.

15. Lender's Right to Deal With Property. Without affecting the liability of any person, including Borrower, for the payment of any secured debt or the lien of this Deed of Trust on the Property for the full amount of any unpaid indebtedness, Lender and Trustee are empowered as follows:

a. Lender may, without notice, do any one or more of the following: (1) release any person liable for the payment of any of the indebtedness; (2) extend the time or otherwise alter the terms of payment of any of the indebtedness; (3) accept additional security; (4) alter, substitute or release any property securing the indebtedness.

b. Trustee may, without liability and without notice, upon written request of Lender: (1) consent to the making of any map or plat of the Property; (2) join in granting any easement or creating any easement or creating any restriction thereon; (3) join in any subordination or other agreement affecting this Deed of Trust; (4) reconvey, without any warranty, any part of the Property.

16. Events of Default. Borrower shall be in default under this Deed of Trust if any one or more of the following events occur:

a. Borrower fails to pay any amount due under or honor or perform any provision of, or there occurs a breach of or default under any obligation secured hereby;

b. Borrower fails to perform or comply with any of the terms of this Deed of Trust or any other document executed in connection with the Loan;

c. The Property or any portion of it becomes property of a bankruptcy estate or the subject of any bankruptcy proceedings, or part of a decedent's estate, or there occurs a petition for the appointment of any trustee, receiver or liquidator of any material part of the Property;

d. Borrower defaults on any indebtedness secured by a Deed of Trust or security agreement which is either prior or subordinate to the lien of this Deed of Trust;

e. Any taking by eminent domain or a conveyance as a result thereof unless the entire award is paid to Lender, as provided above.

17. Remedies on Default. In the event of a default, Lender may, in any order it chooses, undertake any one or

combination of the following remedies, and all of these remedies are cumulative and in addition to any other remedy given hereunder or under the laws or principles of equity of Nevada:

- a. declare a default under the Loan or any other obligation secured hereby or any other agreement executed in connection with the Loan (such as environmental agreements, assignments of leases or the like) and pursue any remedy available thereunder; and
- b. invoke any of its rights hereunder, including, but not limited to the collection of rents, taking any action to protect its security, and exercising the power of sale of the real property; and
- c. have a receiver appointed as a matter of right without regard to the sufficiency of the Property or any other security or guaranty and without any showing contemplated by NRS 107.100.
- d. Notwithstanding any provision herein, this Deed of Trust is expressly subordinate to and in junior lien position to any outstanding indebtedness of Borrower to the U.S. Department of Agriculture, provided through the Farmers Home Administration or successor agency thereof, under Section 515 of the U.S. Housing Act of 1949.

18. **Waivers.** Acceptance of a late or partial payment or performance shall not constitute a waiver of any other or future default. Any lack of diligence by Lender or any failure to exercise any right or remedy shall not be construed as a waiver of the default or any rights or remedies unless such a waiver is expressed in writing. Any waiver applies only to the specific default or right or remedy indicated therein and does not operate as a continuing waiver of the default, right or remedy, or of any other or future defaults, rights or remedies, nor does any waiver imply a course of dealing, course of conduct, or obligation to make any further waivers or forbearances.

19. **Binding Effect; Construction.** The covenants of the Deed of Trust shall be binding on, and the rights created shall inure to, the respective successors and assigns of Lender and Borrower. Each of the undersigned is obligated and liable jointly and severally with each other of the undersigned. The captions and headings of the paragraphs are for convenience only and are not to be used to interpret or define its provisions.

20. **Notice.** Unless otherwise required by statute, any notice provided for herein shall be deemed received when actually received or five calendar days after mailed first class, postage prepaid, to the parties at the addresses indicated above, whichever is earlier.

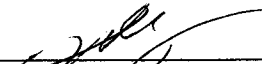
21. **Governing Law; Severability.** This Deed of Trust shall be governed by the law of Nevada. Should any provision or clause herein be deemed illegal, contrary to public policy, unenforceable or beyond the limits of law or equity by any court or regulatory agency competent to so rule, and if the offending provision can be modified to conform to the limits of validity, then it shall be deemed, ipso facto, to be modified to be within the limits of validity or enforceability, and shall be enforced as such. If the offending provision cannot be so modified, then it shall be excised from this Deed of Trust. In any event, all remaining provisions shall remain in full force and effect. Any reimbursements, payments or monetary adjustments in favor of the Borrower shall be credited as a prepayment of the Loan, without penalty.

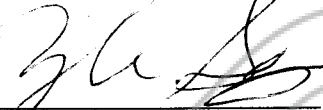
22. **Certain Legal Proceedings.** Should Lender or Trustee, or both, become parties to any action to enjoin foreclosure, or other legal proceedings instituted by Borrower, or by any third party, or should Borrower institute or be subject to any bankruptcy, reorganization, receivership or other proceeding in relation to creditors, then all attorneys' fees and costs incurred by Lender or Trustee, or both, in any of those proceedings, shall be secured by this Deed of Trust and shall be paid by Borrower upon demand, and if not paid, shall be recovered from the Property.

Kingsbury Village, LP, a Nevada limited partnership

By: Kingsbury Village, LLC, a Nevada limited liability company, its general partner

By: The James L. and Mary A. Gregory Family Trust, Managing Member

By: 
James L. Gregory, Co-Trustee

By: 
Mary A. Gregory, Co-Trustee

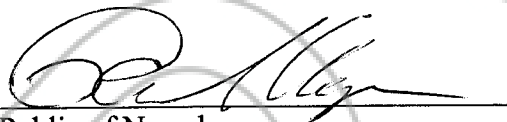
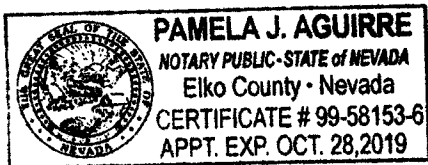
[Acknowledgments on following page.]

STATE OF NEVADA)
)
COUNTY OF ELKO)

ACKNOWLEDGMENT

The undersigned, a Notary Public in and for the County and State aforesaid, certifies that James L. Gregory, personally appeared before me this day and acknowledged the execution of the foregoing instrument by him as Co-Trustee of The James L. and Mary A. Gregory Family Trust, the Managing Member of Kingsbury Village, LLC, the general partner of Kingsbury Village, LP, a Nevada limited partnership.

WITNESS my hand and official stamp or seal this 30th day of December, 2015



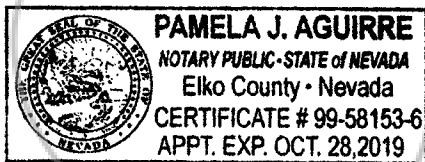
Notary Public of Nevada
My commission expires: 10-28-19

STATE OF NEVADA)
)
COUNTY OF ELKO)

ACKNOWLEDGMENT

The undersigned, a Notary Public in and for the County and State aforesaid, certifies that Mary A. Gregory, personally appeared before me this day and acknowledged the execution of the foregoing instrument by her as Co-Trustee of The James L. and Mary A. Gregory Family Trust, the Managing Member of Kingsbury Village, LLC, the general partner of Kingsbury Village, LP, a Nevada limited partnership.

WITNESS my hand and official stamp or seal this 30th day of December, 2015



Notary Public of Nevada
My commission expires: 10-28-19

EXHIBIT "A"

The land referred to herein is situated in the State of Nevada, County of Douglas, described as:

All that real property being a portion of Section 30, Township 13 North, Range 20 East, M.D.B.&M, particularly described as follows:

COMMENCING at the Southeasterly corner of Lot 1, Block C, Westwood Village Unit No. 1, as shown on the map of Westwood Manor Phase 1, Douglas County, Nevada, filed in the Office of the County Recorder of Douglas County, State of Nevada, on September 29, 1981 Instrument No. 60744; thence North $01^{\circ}03'20''$ East 373.15 feet to the True Point of Beginning of this description; thence North $88^{\circ}56'40''$ West 179.97 feet; thence South $01^{\circ}03'20''$ West 66.00 feet; thence North $88^{\circ}56'40''$ West 20.00 feet; thence South $01^{\circ}03'20''$ West 24.00 feet; thence North $50^{\circ}03'16''$ West 198.22 feet; thence North $35^{\circ}53'50''$ East 117.15 feet; thence North $27^{\circ}48'10''$ East 117.15 feet; thence North $23^{\circ}37'20''$ East 229.47 feet; thence along the arc of a curve concave Northerly having a radius of 710.00 feet, a central angle of $10^{\circ}18'15''$ and the tangent to which bears South $77^{\circ}49'32''$ East 64.02 feet, an arc distance of 127.69 feet to a point of reverse curve; thence along the arc of a tangent curve to the right having a radius of 20.00 feet and a central angle of $89^{\circ}11'07''$, an arc distance of 31.13 feet; thence South $01^{\circ}03'20''$ West 413.86 feet to the True Point of Beginning of this description.

This legal description was previously recorded in Document No. 322985.