

APN: 031-053-220-000

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Lake County Housing Commission
255 N. Forbes Street
Lakeport, CA 95453
Attn: Administrator

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383, and
27388.1

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS
(COLLIER AVENUE – MHSA-HHAP LOAN)**

This Deed of Trust, is made as of [_____], between Collier Avenue Associates LP, a California limited partnership, herein called **Trustor**, whose address is: 499 Leslie Street, Ukiah, CA 95482, Attn: Chief Executive Officer, Fidelity National Title Company of California, a California corporation, herein called **Trustee**, and the Lake County Housing Commission, a public body, corporate and politic, herein called **Beneficiary**,

Witnesseth: That Trustor **IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE**, that property located at 6853 Collier Avenue in the unincorporated area of Nice in the County of Lake, California, described as follows:

SEE EXHIBIT A, incorporated herein by this reference.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph C.10 of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing:

(1) Performance of each agreement of Trustor incorporated by reference or contained herein. (2) Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the principal sum of up to One Million Four Hundred Forty-Nine Thousand One Hundred Forty-Four Dollars and Thirteen Cents (1,449,144.13) executed by Trustor in favor of Beneficiary or order. (3) Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

To Protect the Security of This Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, including the provisions set forth in EXHIBIT B and EXHIBIT C of this Deed of Trust, which are incorporated by this reference; that Trustor will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address.

[Signature on Following Page]

TRUSTOR:

COLLIER AVENUE ASSOCIATES LP, a
California limited partnership

By: Collier Avenue Associates LLC, a California
limited liability company, its general partner

By: Rural Communities Housing
Development Corporation, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Ryan LaRue
Chief Executive Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

Exhibit A
Property Description

Exhibit B

Deed of Trust Addendum

B.1. Section 42 Requirements. Notwithstanding anything to the contrary contained in the Deed of Trust to which this Exhibit is attached or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the security encumbered by this Deed of Trust, the following rule contained in 26 U.S.C. Section 42(h)(6)(E)(ii), as amended, shall apply:

For a period of three (3) years from the date of Foreclosure, with respect to any unit that had been regulated by the Regulatory Agreement with the California Tax Credit Allocation Committee, (i) none of the tenants occupying those units at the time of Foreclosure may be evicted or their tenancy terminated (other than for good cause), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Internal Revenue Code.

B.2. Casualty or Condemnation Proceeds. Notwithstanding anything to the contrary contained in the Deed of Trust to which this Exhibit is attached or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that, subject to the rights of all senior lenders, in the event of a casualty or condemnation of the Property, the Beneficiary shall permit the Trustor to use any proceeds from such event to rebuild or otherwise restore the improvements located on the Property.

B.3. Conflict. In the event of any conflict between this Exhibit and any other provision of the Deed of Trust, this Exhibit shall control. This Exhibit is hereby incorporated into, and made a part of, the Deed of Trust by this reference.

B.4. Standstill. Notwithstanding anything to the contrary in the promissory note (the "Note"), this Deed of Trust or any other of the Loan Documents (as defined in the Loan Agreement, as defined in the Note), the Beneficiary must obtain the prior written consent of Borrower's limited partner, which consent may be granted or denied in the sole and absolute discretion of Borrower's limited partner, prior to the Trustor exercising any rights or remedies under the Note or this Deed of Trust.

B.5. Transfers. Notwithstanding anything to the contrary contained in the Loan Documents, (a) any transfer permitted under the other Loan Documents or Trustor's partnership agreement as of the date hereof ("Partnership Agreement") shall be permitted (each, a "Permitted Transfer"), (b) no Permitted Transfer shall cause a default under the Loan Documents, and (c) Beneficiary shall not receive any fee or other amounts from Trustor in connection with a Permitted Transfer.

B.6. Refinancing of Senior Loans. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor may refinance any loans secured by deeds of trust senior in lien priority to the Deed of Trust (the "Senior Indebtedness") without the prior consent of the Beneficiary (the "Refinanced Indebtedness"), and the Beneficiary hereby agrees to subordinate the loan secured by this Deed of Trust (the "Loan") and all documents securing or evidencing the Loan, including, but not limited to, this Deed of Trust and the Note, to the Refinanced Indebtedness and the lien of any deed of trust or mortgage securing the Refinanced Indebtedness, provided that (i) the principal balance of the Refinanced Indebtedness does not exceed the then outstanding principal balance of the Senior Indebtedness plus the costs of refinancing the Senior Indebtedness and (ii) the scheduled maturity date of the Senior Indebtedness is not modified.

B.7. Notices. Notwithstanding anything to the contrary contained in this Deed of Trust, notices to the Trustor shall be given in the manner and to the addresses as described in the Loan Agreement.

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Exhibit C

Conventional Terms

To Protect the Security of This Deed of Trust, Trustor Agrees:

C.1 To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon: not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

C.2 To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default hereunder or invalidated any act done pursuant to such notice.

C.3 To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such actions or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

C.4 To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, the Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior to or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

C.5 To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

That any award of damages in connection with any condemnation for public use or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him/her/them in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

C.6 That any award of damages in connection with any condemnation for public use or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him/her them in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

C.7 That by accepting payment of any sum secured hereby after its due date, beneficiary does not waive his right either to require prompt payment when due all other sums so secured or to declare default for failure so to pay.

C.8 That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may; reconvey any part of said property, consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof

C.9 That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy this document (unless directed in such request to retain it).

C.10 That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at

any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to adequacy of any security for the indebtedness hereby secured enter upon and take possession of said property or any part thereof, in his/her/their own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

C.11 That upon default by trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not the repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

C.12 Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without

conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

C.13 That this Deed applies to inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

C.14 That trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

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