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Recording requesting by:
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El Dorado County
Health and Human Services Agency
ATTN: HCED
3057 Briw Road, Suite A
Placerville, CA 95667

Space above this line for Recorder's use

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)
DEED OF TRUST,
ASSIGNMENT OF RENTS, SECURITY AGREEMENT
AND
FIXTURE FILING
(Multi-Family Construction & Permanent Financing)
LOAN NUMBER 11-HOME-6952

THIS DEED OF TRUST is dated as of _____, 2012, and is made by Mercy Housing California 55, a California Limited Partnership (the "Borrower"), whose address is listed herein, to Fidelity National Title Company, a California corporation, as trustee (the "Trustee"), whose address is 8950 Cal Center Drive, Building 3, Suite 100, Sacramento, California 95826, for the benefit of the County of El Dorado, a political subdivision of the State of California (the "Beneficiary" or "Lender"), whose address is 3057 Briw Road, Suite A, Placerville, CA 95667.

A. Borrower, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys, transfers and assigns to Trustee, in trust, with power of sale and right of entry and possession, all of Borrower's rights, title and interest now held or hereafter acquired in and to the following: (1) All of that certain real property located at Sunset Lane and Becken Lane, Shingle Springs, California, (Assessor's Parcel Numbers 090-430-21-100 and 090-430-22-100), County of El Dorado, and more fully described in Exhibit A, attached hereto and made a part hereof (the "Property"); (2) All buildings, improvements and fixtures now or hereafter erected thereon, and all appurtenances, easements, and articles of property now or hereafter affixed to, placed upon or used in connection with the Property and owned by Borrower or in which Borrower has an interest; (3) All rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures, including, but not limited to, all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating

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Prep: 02/29/12 Draft
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plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, Venetian blinds and other furnishings, now or hereafter attached to the Property; and (4) all accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents notes, drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds arising from or related to the Property; together with all replacements, proceeds, additions and accessions to the foregoing, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said Property are herein referred to as the "Property and Improvements." The listing of specific rights or property shall not be interpreted as a limit of the general terms of this Deed of Trust.

B. The interests herein conveyed are for the purpose of securing to Lender (1) the repayment of the indebtedness evidenced by Borrower's note dated on or about even date herewith, in the principal sum of THREE MILLION AND 00/100 Dollars (\$3,000,000.00) (the "Note"), or such lesser amount as shall equal the aggregate amount disbursed to Borrower by Beneficiary, together with interest thereon according to the terms of the Note, and any and all amendments, modifications, extensions or renewals of the Note; (2) the performance of the covenants and agreements of Borrower herein contained, or contained in the Note, the Standard Agreement between Beneficiary and the California Department of Housing and Community Development dated August 31, 2011 (the "Standard Agreement"), the Regulatory Agreement by and between the Borrower and Beneficiary dated on or about even date herewith (the "Regulatory Agreement"), or the Development Agreement by and between the Borrower and the Beneficiary dated on or about even date herewith (the "Development Agreement"); and (c) any other obligation of Borrower to Beneficiary now or hereafter created, whether acquired by assignment from third parties or otherwise, where such obligation specifically recites that it is secured by this Deed of Trust.

1. The Note is evidence of the loan made by Beneficiary to Borrower (the "HOME Loan") pursuant to the Home Investment Partnerships Program ("HOME Program") for the new construction of a 40-unit rental project located at Sunset Lane and Becken Lane, Shingle Springs, California, (Assessor's Parcel Numbers 090-430-21-100 and 090-430-22-100), County of El Dorado (the "Project").

2. The HOME Loan is further subject to the provisions of the Standard Agreement, the Development Agreement and the Regulatory Agreement (collectively, the "Loan Documents"). The Loan Documents, among other things, govern, regulate and restrict development and construction of the Project.

C. Borrower covenants that Borrower has the right to grant and convey the Property and Improvements, and that Borrower will warrant and defend generally the title of the Property and Improvements against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Lender's interest in the Property. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest, on the indebtedness evidenced by the Note. All payments received by Lender under the Note shall be applied by Lender first to interest payable on the Note, and second to principal due on the Note, except for the last payment which is due at the end of the term and shall be any outstanding principal balance of the Note and any interest accrued but not yet paid.

2. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this Paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall pay when due all encumbrances, charges and liens, with interest in accordance with the term thereof, on the Property or any portion which are inferior or superior to this Deed of Trust. Borrower shall have the right to contest, in good faith, any claim or lien provided that Borrower does so in a diligent manner, without prejudice to the Lender, and without any delays in the completion of the construction work. Borrower shall provide a bond or surety satisfactory to Lender in an amount adequate, as determined by Lender, to cover any amounts disputed by the Borrower.

3. Hazard Insurance.

a. Borrower shall keep the improvements now existing or hereafter erected or placed on the Property, insured against loss of fire or flood, as required, or hazards under a policy approved by Lender and which provides "special form" coverage in an amount at least equal to the replacement value of the structure. In addition, Borrower shall insure against loss all furniture, equipment, and other personal property owned by Borrower related to the operation of the Property as a residential facility. The foregoing requirements shall apply to any and all structures now or hereafter placed on the Property.

b. The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender; provided that such approval shall not be unreasonably withheld. All premiums on insurance policies shall be paid by Borrower making payment, when due, directly to the insurance carrier, or in a manner agreed to by the Lender.

c. All insurance policies and renewals thereof shall be with loss payable to the Lender. Lender shall have the right to hold the policies and renewals thereof, and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

d. Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not hereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, subject to the rights of senior lienholders, if any, the insurance proceeds shall be applied to the sums secured by this Deed of Trust with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

e. Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of the payment or payments specified in the Note or change the amount of such payments. If under Paragraph 19 hereof the Property is acquired by Lender, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

f. In the event the Borrower fails to maintain insurance coverage, Lender may purchase insurance in such amounts and in such coverages as it may elect and all amounts paid therefore shall become part of the principal of the loan and shall be secured by this Deed of Trust. Purchase of insurance by the Lender shall not be considered a waiver of any right to appropriate remedies under this Deed of Trust.

4. Liability Insurance. Borrower shall keep general liability insurance for the Property and Improvements in the amount and type as required by Lender. The insurance carrier shall be chosen by the Borrower subject to approval by the Lender; provided, that such approval shall not be unreasonably withheld. All premiums shall be paid by Borrower. Lender shall be named as an additional loss payee.

5. Preservation and Maintenance of Property. Borrower agrees: (a) to keep the Property and Improvements in decent, safe, sanitary and tenantable condition and repair and permit no waste thereon or thereto; (b) not to commit or suffer to be done or exist on or about the Property or Improvements any condition causing the Property to become less valuable; (c) not to construct any buildings or improvements on the Property other than the buildings and improvements contemplated by the Loan Documents or add to, remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property other than as contemplated by the Loan Documents; (d) to repair, restore, or rebuild promptly any buildings or improvements on the Property which may become

damaged or be destroyed while subject to the lien of this Deed of Trust; (e) to comply with all applicable laws, ordinances and governmental regulations affecting the Property or Improvements, or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor any covenant, condition or restriction affecting the Property; (f) not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property or Improvements without the Lender's prior written consent; and (g) not to alter the use of all or any part of the Property without prior written consent of Lender.

6. Protection of Lender's Security.

a. Borrower shall appear and defend any action or proceeding purporting to affect the security hereof or the rights of the Lender. 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 affects Lender's interest in the Property or Improvements, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or descent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorneys' fees and entry upon the Property to make repairs.

b. Any amounts disbursed by Lender pursuant to this Paragraph 6, 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 payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the legal rate of interest. Nothing contained in this Paragraph 6 shall require Lender to incur any expense or take any action hereunder.

7. Inspection. Lender may make or cause to be made reasonable entries upon any inspections of the Property, provided that Lender shall give Borrower and occupant reasonable notice prior to any such inspection.

8. Condemnation.

a. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender subject to the rights of senior lienholders. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, subject to any claims of prior lienholders, with the excess, if any, paid to Borrower. In the event of the partial taking of the Property, unless Borrower and Lender otherwise agree in writing, and subject to any claims of

prior lienholders, there shall be applied to the sums secured by this Deed of Trust such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Deed of Trust immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Borrower.

b. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds, at Lender's option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

c. Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of payment or payments specified in the Note or change the amount of such payments.

9. Awards and Damages. All judgments, awards of damages, settlements, claims paid and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property or Improvements by or under assertion of the power of eminent domain, (b) any damage to or destruction of the Property or Improvements or any part thereof by insured casualty, and (c) any other taking, injury or damage to all or any part of the Property or Improvements, are hereby assigned to and shall be paid to the Lender. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Lender shall determine at its option. The Lender shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Lender may be released to Borrower upon such conditions as the Lender may impose for its disposition. Application of all or any part of the amounts collected and received by the Lender or the release thereof shall not cure or waive any default under this Deed of Trust. Any and all rights granted to Lender by this Paragraph shall specifically be subject to the rights of the holders of senior liens and encumbrances approved by Lender.

10. Uniform Commercial Code Security Agreement, Financing Statement and Fixture Filing.

a. This Deed of Trust is a security agreement and financing statement under the Uniform Commercial Code for the benefit of Lender as secured party for any of the items specified above as part of the Property or Improvements which, under applicable law, may be subject to a security interest pursuant to the Uniform

Commercial Code, and Borrower hereby grants Lender a security interest in said items. This Deed of Trust is filed as a fixture filing and covers goods which are or are to become fixtures. The address of the principal place of business of Lender (secured party) from which information concerning the security interest may be obtained and the mailing address of Borrower (debtor) are set forth in this Deed of Trust. The types or items of collateral are described in Paragraph A of this Deed of Trust. Borrower agrees that the Lender may file any appropriate document in the appropriate index as a financing statement for any of the items specified above as part of the Property or Improvements. In addition, Borrower agrees to execute and deliver to the Lender, upon the Lender's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this instrument in such form as the Lender may require to perfect a security interest with respect to said items. Borrower also agrees to execute and deliver to Lender, upon Lender's request, any and all documents in such form as the Lender may require to perfect a security interest in any structure placed on the property. Borrower shall pay all costs of filing such financing statements or recording Lender's legal interest in any structure, and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record or title searches for financing statements, liens, and releases thereof, as the Lender may reasonably require. Without the prior written consent of Lender, Borrower shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto, except as otherwise expressly permitted by Lender. Upon an acceleration as provided in Paragraph 19 hereof, the Lender shall have the remedies of a secured party under the Uniform Commercial Code and, at the Lender's option, may also invoke the other remedies provided in this Deed of Trust, in the Note and in Loan Documents as to such items. In exercising any of said remedies, the Lender may proceed against the items of real property and any items of personal property specified above as part of the Property and Improvements separately or together and in any order whatsoever, without in any way affecting the availability of the Lender's rights or remedies under the Uniform Commercial Code or of the other remedies provided in this Deed of Trust, in the Note, in the Loan Documents, or by law.

b. Borrower agrees that the filing of any financing statement in the records normally having to do with personal property shall not be construed as in any way derogating from or impairing this Deed of Trust and the intention of the parties hereto that those portions of the Property and Improvements herein declared part of the real estate are, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether any such item is physically attached to the Property or any such item is referred to or reflected in any such financing statement so filed at any time.

c. Similarly, the mention in any such financing statement of (1) compensation for damage to or destruction of the Property or Improvements by

insured casualty, or (2) any judgment, award, or other compensation for a taking of the Property and/or Improvements by eminent domain, or (3) the rents, royalties, issues, accounts and profits of the Property and Improvements under leases, shall never be construed as in any way altering any of the Lender's rights as determined by this Deed of Trust or impugning the priority of the Lender's lien granted hereby or by any other recorded document, but such mention in the financing statement is declared to be for the protection of the Lender in the event that any court or judge shall at any time hold with respect to (1), (2), or (3) of this Paragraph that notice of the Lender's priority of interest to be effective against a particular class of person, including without limitation the federal government or any subdivision or entity thereof, must be filed as provided for in the Uniform Commercial Code.

11. Borrower Not Released. Extension of the time for payment of the sums secured by this Deed of Trust granted by Lender to Borrower or any successor in interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment by reason of any demand made by the original Borrower or Borrower's successors in interest.

12. Forbearance by Lender not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

13. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

14. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 18 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

15. Notice. Except for any notice required under applicable law to be given in another manner, any notices, demands and communications between the Lender and the Borrower shall be sufficiently given if, and shall not deemed given unless dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with the delivery receipt, to the address of the Lender shown below. Such written notices, demands and communications shall be effective on the date shown on the

delivery receipt as the date delivered, the date on which delivery was refused, or the date upon which delivery was attempted. For the purposes of this section the address of the Lender is:

El Dorado County
Health and Human Services Agency
ATTN: HCED
3057 Briw Road, Suite A
Placerville, CA 95667

Either the Borrower or Lender may designate another address for service of notices, demands or other communications by notice to the other party in the manner provided herein.

16. Governing Law; Severability. This Deed of Trust shall be governed by the laws of the State of California. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, except as set forth in the Note and to this end the provisions of the Deed of Trust and the Note are declared to be severable.

17. Borrower's Copy. Borrower shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.

18. Transfer of the Property; Assumption.

a. If all or any part of the Property or Improvements, or an interest therein, is sold or transferred by Borrower without Lender's prior written consent, excluding exceptions set forth in the Note or Regulatory Agreement, if any, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person to whom the Property or Improvement is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this Paragraph and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.

b. If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with Paragraph 15 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Paragraph 19 hereof.

19. Acceleration; Remedies.

a. Except as provided in Paragraph 18 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, the Note, including the covenants to pay when due any sums secured by this Deed of Trust, or the Loan Documents, Lender shall mail notice to Borrower as provided in Paragraph 15 hereof specifying: (a) the breach; (b) the action required to cure such breach; (c) a date, no less than 30 days from the date the notice is mailed to Borrower, by which such breach must be cured; and (d) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property and Improvements. However, in the event of a nonmonetary breach which cannot reasonably be cured within the time period set forth in such notice, the loan may not be accelerated hereunder if within said designated time period Borrower has given written notice to Lender of Borrower's intention to cure said breach, has commenced to cure such breach and has diligently prosecuted and effected such cure which shall be completed no later than 60 days from the date notice of such breach is given. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this Paragraph, including, but not limited to, reasonable attorneys' fees.

b. If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property and Improvements to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property and Improvements at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property and Improvements at any sale.

c. Trustee shall deliver to the purchaser Trustee's deed conveying the Property and Improvements so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (1) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence; (2) to all sums secured by this Deed of Trust; and (3) the excess, if any, to the person or persons legally entitled thereto as determined by Trustee.

20. Assignment of Rents; Appointment of Receiver; Lender in Possession.

a. As additional security hereunder, Borrower hereby assigns to Lender the rents of the Property and Improvements, provided that Borrower shall, prior to acceleration under Paragraph 19 hereof or abandonment of the Property, have the right to collect such rents as they become due and use them in accordance with the provisions of the Loan Documents.

b. Upon acceleration under Paragraph 19 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and Improvements and to collect the rents of the Property and Improvements including those past due. All rents collected by Lender or the Receiver shall be applied first to payment of the costs of management of the Property and Improvements and collection of rents including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received. The provisions of this Paragraph and Paragraph 19 shall operate subject to the claims of prior lienholders.

21. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and Improvements and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property and Improvements without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any. The recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

22. Substitute Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property and Improvements, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

23. Request for Notice. Borrower requests that copies of the notice of default and notice of sale be sent to Borrower's address.

24. Statement of Obligation. Lender may collect a fee not to exceed \$15 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

25. Use of Property. Borrower shall not permit or suffer the use of any of the Property or Improvements for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.

26. Regulatory Agreement Controls. In the event of any inconsistencies between the terms set forth in the Regulatory Agreement and the terms of this Deed of Trust, the terms of the Regulatory Agreement shall control.

27. Tax Credit Requirement. Notwithstanding anything to the contrary contained herein 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 property encumbered by this deed of trust, the following rule contained in Section 42(h)(6)(E)(ii) of the Internal Revenue Code of 1986, as amended ("Code"), 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 Code.

28. Subordination. This Deed of Trust is subordinate to that certain deed of trust recording concurrently herewith in favor of Lender securing a loan in the amount of \$1,400,000.

In Witness Whereof, Borrower has executed this Deed of Trust on the date first set forth above.

BORROWER

BORROWER'S ADDRESS

MERCY HOUSING CALIFORNIA 55, LP
A CALIFORNIA LIMITED PARTNERSHIP

3120 Freeboard Drive, Suite 202,
West Sacramento, CA 95691

By: Sunset Lane Apartments, LLC,
its general partner

By: Mercy Housing Calwest,
member/manager

By: _____

Dated: _____

Name:

Title:

All signatures must be acknowledged

**EXHIBIT A TO DEED OF TRUST
LEGAL DESCRIPTION**

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA,
COUNTY OF EL DORADO, UNINCORPORATED AREA, AND IS DESCRIBED AS
FOLLOWS:

A PORTION OF SECTION 1, TOWNSHIP 9 NORTH, RANGE 9 EAST, M.D.B.&M.
DESCRIBED AS FOLLOWS:

PARCELS A AND B, AS SHOWN ON THAT CERTAIN PARCEL MAP FILED IN
THE OFFICE OF THE COUNTY RECORDER, COUNTY OF EL DORADO, STATE
OF CALIFORNIA ON SEPTEMBER 12, 1979 IN BOOK 25 OF PARCEL MAPS AT
PAGE 32.

Assessor's Parcel No.: 090-430-21-100

Assessor's Parcel No.: 090-430-22-100