

Recording Requested by
and when Recorded, return to:

County of Nevada
950 Maidu Ave
Nevada City CA 95959
Attn: Housing & Community Services

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

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

DEED OF TRUST AND SECURITY AGREEMENT

THIS DEED OF TRUST AND SECURITY AGREEMENT (“**Deed of Trust**”) is made as of May 19, 2026 by Penn Valley Pacific Associates II, A California Limited Partnership, a California limited partnership (“**Trustor**”) to First American Title Company as trustee (“**Trustee**”) for the benefit of County of Nevada, a Public Body Corporate and Politic (“**Beneficiary**”).

RECITALS

- A. Trustor owns fee simple title to the real property as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (“**Land**”).
- B. Trustor has agreed to and will construct 31 units of senior affordable housing (the “**Project**”) on the Land.
- C. Trustor and Beneficiary have entered into the Loan Agreement dated on even date herewith (“**Loan Agreement**”) pursuant to which Beneficiary will provide a loan in an amount not to exceed \$2,306,128.00 (the “**Loan**”).
- D. As a condition to making the Loan, Beneficiary has required that Trustor enter into this Deed of Trust and grant to Trustee for the benefit of Beneficiary, a lien and security interest in the Property (as defined below) to secure repayment of the Loan.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant in Trust. Trustor irrevocably grants and conveys the Land to Trustee, in trust, with power of sale, together with all improvements now or hereafter erected on the property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain a part

of the Property secured by this Deed of Trust; and all of the foregoing, together with the Land are hereinafter referred to as the "**Property**".

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including (without limiting the generality of the foregoing) all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said Property and intended to be installed herein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 4.1 herein; and

TOGETHER WITH all Trustor's interest in all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are, or shall be attached to said building or buildings in any manner.

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs, and other personal property now or hereafter appropriated for use on the Property, whether stored on the

Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

All of the foregoing, together with the Property, is herein referred to as the “**Security.**” To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

FOR THE PURPOSE OF SECURING (collectively the “**Secured Obligations**”):

(a) Payment of just indebtedness of Trustor to Beneficiary as set forth in the Loan Note (as defined in Article 1 below) until paid or cancelled. Said principal and other payments shall be due and payable as provided in the Note. Said Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced; and

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor’s obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and

(c) Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents (defined in Section 1.3 below).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE I DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust;

1.1. The term “**Loan Note**” means the promissory note in the principal amount of \$2,306,128.00 dated of even date herewith executed by the Trustor in favor of the Beneficiary, the payment of which is secured by this Deed of Trust. (A copy of the Loan Note is on file with the Beneficiary and terms and provisions of the Loan Note are incorporated herein by reference).

1.2. The term “**Loan Agreement**” means that certain Loan Agreement between Trustor and Beneficiary, dated of even date herewith providing for the Beneficiary to provide to the Trustor: a Loan in an amount not to exceed \$2,306,128.00 to the Trustor made to provide partial financing for the development of the Property.

1.3. The term “**Loan Documents**” means this Deed of Trust, the Note, the Loan Agreement, and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Property.

1.4. The term “**Note**” shall refer, collectively, to the Loan Note.

1.5. The term “**Principal**” means the amount required to be paid under the Note.

ARTICLE II MAINTENANCE AND MODIFICATION OF THE PROPERTY AND SECURITY

2.1. Maintenance and Modification of the Property by Trustor.

(a) The Trustor agrees that at all times prior to full payment of the sum owed under the Note, the Trustor will, at the Trustor’s own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

(b) Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security of any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security or the Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

(c) Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, materialmen, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the office of the recorder of the County of Nevada, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

2.2. Granting of Easements. Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those existing or contemplated as of the date thereof, or required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone and telegraph, or those required by law. As to these exceptions, Beneficiary will grant and/or direct the Trustee to grant such easements.

**ARTICLE III
TAXES AND INSURANCE; ADVANCES**

3.1. Taxes, Other Governmental Charges and Utility Charges.

(a) Trustor shall pay, or cause to be paid, at least fifteen (15) days prior to the date of delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided however, the Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefore on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments, Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section 3.1 shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments charges and levies.

(b) In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced thereof by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

3.2. Provisions Respecting Insurance.

(a) Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

(b) All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand thereof at any time prior to the Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust.

3.3. Advances. In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Documents, the Beneficiary, after at least seven (7) days prior notice to Beneficiary, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced thereof by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured

hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of eight percent (8%) per annum or the maximum rate permitted by law.

ARTICLE IV DAMAGE, DESTRUCTION OR CONDEMNATION

4.1. Awards and Damages. All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (b) any damage to or destruction of the Property or in any part thereof by insured casualty, and (c) any other injury or damage to all or any part of the Property (“**funds**”) shall be used by Trustor to restore the Property and, to the extent such funds cannot be used for such purpose, they are hereby assigned to and shall be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any funds 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 Beneficiary shall determine at its sole option. The Beneficiary 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 of adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of the Beneficiary under this Section 4.1 are subject to the rights of any senior mortgage lender.

ARTICLE V AGREEMENTS AFFECTING THE PROPERTY; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

5.1. Other Agreements Affecting Property. The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

5.2. Agreement to Pay Attorneys’ Fees and Expenses. In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of any obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand thereof, pay to the Beneficiary the reasonable fees of such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of eight percent (8%) per annum or the maximum rate permitted by law.

5.3. Payment of the Principal. The Trustor shall pay to the Beneficiary the principal and any other payments including interest as set forth in the Loan Agreement and the Loan Note in the amounts and by the times set out therein.

5.4. Personal Property. To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of trust shall constitute a security agreement under the California Commercial Code.

5.5. Financing Statement. The Trustor shall execute and deliver to the Beneficiary such financing statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with their terms. The Beneficiary is authorized to file a copy of any such financing statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

5.6. Operation of the Security. The Trustor shall operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Documents.

5.7. Inspection of the Security. At any and all reasonable times upon seventy-two (72) hours' notice and subject to the rights of tenants, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

5.8. Nondiscrimination. The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE VI HAZARDOUS MATERIALS

6.1. Trustor shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept, stored or used in, on, or about the Property by Trustor, or the agents, employees, contractors or invitees of Trustor except for materials commonly used in construction activities similar to those related to the Project, or in the operation and maintenance of the Property

and the Improvements, in each case in compliance with all applicable laws, and shall not cause any release of Hazardous Materials into, onto, under or through the Property. If any Hazardous Material is discharged, released, dumped, or spilled in, on, under, or about the Property and results in any contamination of the Property or adjacent property, or otherwise results in the release or discharge of Hazardous Materials in, on, under or from the Property, Trustor shall promptly take all actions at Trustor's sole expense as are necessary to comply with all Environmental Laws (as defined below).

6.2. "Hazardous Materials" means any substance, material or waste which is or becomes regulated by any federal, state or local governmental authority, and includes without limitation:

(a) petroleum or oil or gas or any direct or indirect product or by-product thereof;

(b) asbestos and any material containing asbestos;

(c) any substance, material or waste regulated by or listed (directly or by reference) as a "hazardous substance", "hazardous material", "hazardous waste", "toxic waste", "toxic pollutant", "toxic substance", "solid waste" or "pollutant or contaminant" in or pursuant to, or similarly identified as hazardous to human health or the environment in or pursuant to, the Toxic Substances Control Act (15 U.S.C. 2601, et seq.); the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Authorization Act (49 U.S.C. Section 5101, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901, et seq.), the Federal Water Pollution Control Act (33 U.S.C. Section 1251), the Clean Air Act (42 U.S.C. Section 7401, et seq.), the California Underground Storage of Hazardous Substances Act (California Health and Safety Code Section 25280, et seq.), the California Hazardous Substances Account Act (California Health and Safety Code Section 25300, et seq.), the California Hazardous Waste Act (California Health and Safety Code Section 25100, et seq.), the California Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code Section 25249.5, et seq.), and the Porter-Cologne Water Quality Control Act (California Water Code Section 13000, et seq.), as they now exist or are hereafter amended, together with any regulations promulgated thereunder;

(d) any substance, material or waste which is defined as such or regulated by any "Superfund" or "Superlien" law, or any Environmental Law; or

(e) any other substance, material, chemical, waste or pollutant identified as hazardous or toxic and regulated under any other federal, state or local environmental law, including without limitation, asbestos, polychlorinated biphenyls, petroleum, natural gas and synthetic fuel products and by-products.

6.3. "Environmental Law" means all federal, state or local statutes, ordinances, rules, regulations, orders, decrees, judgments or common law doctrines, and provisions and conditions of permits, licenses and other operating authorizations regulating, or relating to, or imposing liability or standards of conduct concerning:

(a) pollution or protection of the environment, including natural resources;

(b) exposure of persons, including employees and agents, to Hazardous Materials (as defined above) or other products, raw materials, chemicals or other substances;

(c) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities;

(d) the manufacture, use or introduction into commerce of chemical substances, including without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal; or

(e) the use, release or disposal of toxic or hazardous substances or Hazardous Materials or the remediation of air, surface waters, groundwaters or soil, as now or may at any later time be in effect, including but not limited to the Toxic Substances Control Act (15 U.S.C. 2601, et seq.); the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Authorization Act (49 U.S.C. Section 5101, et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901, et seq.), the Federal Water Pollution Control Act (33 U.S.C. Section 1251), the Clean Air Act (42 U.S.C. Section 7401, et seq.), the California Underground Storage of Hazardous Substances Act (California Health and Safety Code Section 25280, et seq.), the California Hazardous Substances Account Act (California Health and Safety Code Section 25300, et seq.), the California Hazardous Waste Act (California Health and Safety Code Section 25100, et seq.), the California Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code Section 25249.5, et seq.), and the Porter-Cologne Water Quality Control Act (California Water Code Section 13000, et seq.), as they now exist or are hereafter amended, together with any regulations promulgated thereunder.

6.4. Trustor shall immediately advise the Beneficiary in writing if at any time it receives written notice of

(a) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Development pursuant to any applicable Environmental Law; and

(b) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (a) and (b) above are hereinafter referred to as “**Hazardous Materials Claims**”).

6.5. The Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys’ fees in connection therewith paid by Trustor. Trustor shall indemnify, defend (with counsel reasonably acceptable to Beneficiary) and hold harmless the Beneficiary and its council-members, board-members, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal,

or presence of Hazardous Materials on, under, or about the Development including without limitation:

- (a) all foreseeable consequential damages;
- (b) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and
- (c) all reasonable costs and expenses incurred by the Beneficiary in connection with clauses (a) and (b), including but not limited to reasonable attorneys' fees, provided that no Indemnitee shall be entitled to indemnification under this Section for matters caused by such Indemnitee's gross negligence or willful misconduct. This obligation to indemnify shall survive termination of this Agreement.

6.6. Without the Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the Beneficiary's reasonable judgment, impair the value of the Beneficiary's security hereunder; provided, however, that the Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the Beneficiary's consent before taking such action, provided that in such event Trustor shall notify the Beneficiary as soon as practicable of any action so taken. The Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if either:

- (a) a particular remedial action is ordered by a court of competent jurisdiction,
- (b) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action;
- (c) Trustor establishes to the reasonable satisfaction of the Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of the Beneficiary's security hereunder; or
- (d) the action has been agreed to by the Beneficiary.

6.7. Trustor hereby acknowledges and agrees that

- (a) this Section is intended as the Beneficiary's written request for information (and Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and
- (b) each representation and warranty in this Deed of Trust (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect

to the environmental condition of the Property is intended by the Parties to be an “environmental provision” for purposes of California Code of Civil Procedure Section 736.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

7.1. Events of Default.

(a) The following shall constitute Events of Default following the expiration of any applicable notice and cure periods:

(i) failure to make any payment to be paid by Trustor under the Loan Documents;

(ii) failure to observe or perform any of Trustor’s other covenants, agreement or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination, after the expiration of applicable notice and cure periods;

(iii) failure to make any payment or perform any of Trustor’s other covenants, agreements, or obligations under any other debt instruments secured by the Property, which default shall not be cured within the times and in the manner provided therein.

7.2. Acceleration of Maturity.

(a) If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid principal and interest of the Note shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Loan Documents), and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

7.3. The Beneficiary’s Right to Enter and Take Possession.

(a) If an Event of Default shall have occurred and be continuing, the Beneficiary may:

(i) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default (as defined below) hereunder or invalidate any act done in response to such Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitle to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(ii) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(iii) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Security to be sold ("**Notice of Default and Election to Sell**"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of Nevada County; or

(iv) Exercise all other right and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby, or provided by law.

7.4. Foreclosure by Power of Sale.

(a) Should the Beneficiary elect to foreclose by exercise of power of sale herein contained, the Beneficiary shall give notice to the Trustee (the "**Notice of Sale**") and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(b) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then required by law and after recordation of such Notice of Default and Election to Sell and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(c) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (i) the unpaid principal and interest amount of the Note; (ii) all other amounts owed to Beneficiary under the Loan Documents, (iii) all other sums then secured hereby; and (iv) the remainder, if any, to Trustor.

(d) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further

notice make such sale at the time fixed by the last postponement, or may in its discretion, give a new Notice of Sale.

7.5. Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereto), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application thereof. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

7.6. Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

7.7. No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to or any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

(b) If the Beneficiary (i) grants forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, cosigner, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except

as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Deed of Trust by altered thereby.

7.8. Suits to Protect the Security. The Beneficiary shall have the power to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

7.9. Trustee May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitle to file such proofs of claim and other documents as may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

7.10. Waiver. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

ARTICLE VIII MISCELLANEOUS

8.1. Amendments. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

8.2. Reconveyance by Trustee. Upon written request of Beneficiary stating that all of the Secured Obligations have been performed in full, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

8.3. Notices. If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and

(a) If intended for Beneficiary shall be addressed to:

County of Nevada
Housing and Community Services

950 Maidu Avenue
Nevada City, CA 95959
Attn: [Tyler Barrington]

(b) If intended for Trustor shall be addressed to:

Penn Valley Pacific Associates II,
A California Limited Partnership
430 E. State Street, Ste.100
Eagle, ID 83616
Attn: Caleb Roope

With a copy to:

Lone Oak II-BBP, LLC,
A Limited Liability Company
1455 Butte House Rd,
Yuba City, CA 95993-2701
Attn: Gustavo Becerra

And:

PNC Bank, National Association
c/o PNC Real Estate
805 SW Broadway, Suite 2200
Portland, OR 97205
Attn: Asset Manager

And

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attn: Shane Deaver

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is affected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

8.4. Successors and Joint Trustors. Where an obligation is created herein binding upon Trustor, that obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee. Where Trustor is more than one entity or person, all obligations of Trustor shall

be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

8.5. Captions. The Captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

8.6. Invalidity of Certain Provisions. Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

8.7. Governing Law. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

8.8. Gender and Number. In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

8.9. Deed of Trust, Mortgage. Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

8.10. Actions. Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

8.11. Substitution of Trustee. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, continuing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

8.12. Statute of Limitations. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

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

8.14. Limited Partner's Right to Cure. Any limited partner of Trustor shall have the right (but not the obligation) to cure an Event of Default by Trustor. Beneficiary shall provide notice of Default by Trustor only to such limited partners that have requested notice hereunder, at the same time, and in the same manner, as notice is provided to Trustor. Limited partner's right to cure shall not extend any cure provision hereunder. Beneficiary agrees to accept a cure by any limited partner of Trustor.

8.15 Extended Use Agreement. Notwithstanding anything contained in the Loan Documents, Beneficiary hereby acknowledges and agrees that the State of California, acting through the California Tax Credit Allocation Committee (“Tax Credit Allocating Body”), intends to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the “Code”). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the Property is acquired by foreclosure or by instrument in lieu of foreclosure, even though such foreclosure or instrument in lieu of foreclosure would cause the termination of any such extended use agreement required by the Tax Credit Allocating Body. In the event the extended use agreement required by the Tax Credit Allocating Body is recorded against the Property, Beneficiary agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii).

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the date first above written.

TRUSTOR

PENN VALLEY PACIFIC ASSOCIATES II, A CALIFORNIA LIMITED PARTNERSHIP,
a California limited partnership

By: TPC HOLDINGS IX, LLC,
an Idaho limited liability company
Its: Administrative General Partner

By: Pacific West Communities, Inc.,
an Idaho corporation
Its: Manager

By: _____
Name: Caleb Roope
Its: President and CEO

By: LONE OAK II-BBP, LLC,
a California Limited Liability Company
Its: Managing General Partner

By: Building Better Partnerships, Inc.,
a California Nonprofit Public Benefit Corporation
Its: Manager

By: _____
Name: Gustavo Becerra
Its: President

EXHIBIT A
Legal Description

Real property in the City of Penn Valley, County of Nevada, State of California, described as follows:

PARCEL 1, AS SHOWN ON THE PARCEL MAP FILED FOR RECORD JULY 18, 2018 IN VOL. 21 OF PARCEL MAPS PAGE 55 OF NEVADA COUNTY RECORDS.

APN: 051-151-065-000