

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of San Luis Obispo
Community Development Department
919 Palm Street
San Luis Obispo, CA 93401-3249
Attn: Community Development Director

No fee for recording pursuant to
Government Code Section 27383

(Space above for Recorder's Use)

The undersigned declare that there is no documentary
transfer tax on this matter.

**PURCHASE MONEY DEED OF TRUST, DEED OF TRUST COVENANTS,
ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING
(Avila Ranch – Workforce Unit)**

THIS PURCHASE MONEY DEED OF TRUST, DEED OF TRUST COVENANTS,
ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "**Deed
of Trust**") is made as of this [enter date] day [enter month and year], by [enter homeowner
name] ("**Trustor**"), the buyer of the real property described herein below, whose address is:

[Enter property address], San Luis Obispo, California

To [enter Trustee] ("**Trustee**") in favor of the CITY OF SAN LUIS OBISPO, a California
charter city and municipal corporation, whose address is 919 Palm Street, San Luis Obispo,
California 93401 ("**Beneficiary**" or "**City**").

WHEREAS, this Deed of Trust secures the obligations of the Trustor contained in that
certain Occupancy, Resale, and Refinancing Restriction Agreement, with Option to Purchase and
Promissory Note Secured by Deed of Trust in favor of the City executed by Trustor on [enter
date] and recorded in the Official Records of the County of San Luis Obispo at substantially the
same time as this Deed of Trust (the "**City Note**"), covering certain real property owned by
Trustor in the County of San Luis Obispo, State of California, commonly known as [enter
property address] (the "**Real Property**") and more particularly described in Exhibit A to this
Deed of Trust.

WHEREAS, Trustor is able to purchase the Real Property at an affordable, below market
price pursuant to the terms and conditions of the City Note.

WHEREAS, Beneficiary and Trustor desire to ensure that the Real Property remain
affordable to Workforce-income households for a period of not less than ten (10) years.

NOW, THEREFORE, THIS DEED OF TRUST WITNESSETH:

Trustor, in consideration of the indebtedness referred to below and the trust herein created, irrevocably grants, conveys, transfers and assigns to Trustee, and its successors and assigns, in trust, power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under the Real Property;

TOGETHER WITH all structures and improvements now existing or hereafter erected on the Real Property, all easements, rights and appurtenances thereto or used in connection therewith, all rents, royalties, issues, profits, revenues, income and other benefits thereof or arising from the use or enjoyment of all or any portion thereof (subject, however, to the right, power and authority given herein to Trustor to collect and apply such rents, royalties, issues, profits, revenues, income and other benefits prior to an Event of Default hereunder), all interests in and rights, royalties and profits in connection with all minerals, oil and gas and other hydrocarbon substances thereon or therein, development rights or credits, air rights, water, water rights (whether riparian, appropriative or otherwise and whether or not appurtenant) and water stock, all intangible property and rights relating to the Real Property or the operation thereof or used in connection therewith, including, without limitation, trade names and trademarks and all furniture and fixtures, now or hereafter located in, or on, or attached or affixed to, or used or intended to be used in connection with, the Real Property, including, but without limitation, all heating, lighting, laundry, incinerating, gas, electric and power equipment, pipes, plumbing, fire prevention and fire extinguishing, refrigerating, ventilating and communication apparatus, air cooling and air conditioning apparatus, shades, awnings, blinds, curtains, drapes, attached floor coverings, including rugs and carpeting and other installed appliances, attached cabinets, trees, plants and other items of landscaping, shall, to the fullest extent permitted by law and for the purposes of this Deed of Trust, be deemed to be part and parcel of, and appropriated to the use of, the Real Property and, whether or not affixed or annexed thereto, be deemed conclusively to be real property and conveyed by this Deed of Trust, and Trustor agrees to execute and deliver, from time to time, such further instruments and documents as may be required by Beneficiary to confirm the lien of this Deed of Trust on any of the foregoing;

TOGETHER WITH all of the estate, interest, right, title, other claim or demand which Trustor now has or may hereafter acquire in 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 the Security (as hereinafter defined), including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages;

TOGETHER WITH all of the estate, interest, right, title and other claim or demand which Trustor now has or may hereafter acquire with respect to the unearned premiums accrued, accruing or to accrue and the proceeds of insurance in effect with respect to all or any part of the foregoing. All of the foregoing property referred to in this Deed of Trust, together with the Real Property, is herein referred to as the "**Security**."

ARTICLE 1. PURPOSE AND CONSIDERATION.

This trust deed is established for the purpose of securing, in such order of priority as Beneficiary may elect:

- (a) The repayment of the indebtedness evidenced by the City Note, in the principal sum of [enter loan amount] Dollars ("**Principal**"), and any and all late charges, interest costs or fees required thereunder and all extensions, renewals, modifications, amendments and replacements thereof. The amount of the City Note is the monetary difference between the Security's Affordable Sales Price and the Security's Appraised Market Value at the time of the sale, as those terms are defined in the City Note.
- (b) The payment of all other sums which may be advanced by or otherwise be due to Trustee or Beneficiary under any provision of this Deed of Trust with interest (if any) thereon at the rate provided herein or therein.
- (c) Performance of all covenants of Trustor made in this Deed of Trust.
- (d) Compliance with all covenants and restrictions as set forth in the City Note and this Deed of Trust.

ARTICLE 2. TRUSTOR RESTRICTIONS.

To protect the security of this Deed of Trust, Trustor and Trustee hereby covenant and agree as follows:

2.01 Restrictions on Use and Occupancy. The Security shall be used solely for owner-occupied housing and occupied solely by Workforce income households, as defined in the City Note, the terms and restrictions of which are incorporated by this reference as if fully set forth herein.

2.02 Restrictions on Sale. The Security shall be sold or otherwise transferred only to Eligible Households, as defined in the City Note. Sales prices shall be based on and consistent with the City Note.

2.03 Term of Use, Occupancy and Sale Restrictions. Trustor agrees that the above restrictions to the use, occupancy and sale of the Security shall remain in effect for a period of not less than ten (10) years. All future transfers of interest in the Security, except for the sale to and occupation by eligible Workforce income households, shall be prohibited for the Term. Any sale, lease, rental, hypothecation, or other transfer of the Security in violation of this Deed of Trust or the City Note shall be void, as provided below.

2.04 City Option. Pursuant to the City Note, upon resale of the Security or default under the terms of this Deed of Trust or the City Note, Trustor and Trustee agree that the City shall have an option to purchase the Security at the then current appraised value, as further described in the City Note.

2.05 Performance of Obligations Secured. Trustor shall promptly pay when due the indebtedness evidenced by the City Note and any late charges, costs and/or fees provided for in the City Note and shall further perform fully and in a timely manner all other obligations of Trustor contained herein or in the City Note.

ARTICLE 3. INSURANCE REQUIREMENTS

3.01 Trustor shall keep the Security and all improvements thereon insured against loss or damage by fire with extended all-risk coverage clauses, including vandalism and malicious mischief clauses, in an amount not less than one hundred percent (100%) of the full replacement cost of such improvements with a company or companies and in such form and with such endorsements as may be approved or required by Beneficiary.

3.02 Trustor shall also maintain in full force and effect a policy of homeowners' general liability insurance insuring Trustor against liability for bodily injury, property damage and personal injury arising out of the operation, use or occupancy of the Security. The amount of such insurance shall be subject to the Beneficiary's reasonable approval and subject to periodic increases based upon increased liability awards or the reasonable recommendation of Trustor's professional insurance advisor. Trustor shall name Beneficiary as an additional insured under such policy. Such insurance shall be primary with respect to any insurance maintained by Beneficiary and shall not call on Beneficiary's insurance for contributions.

3.03 Trustor shall pay all premiums for the insurance policies required to be maintained under this Deed of Trust within fifteen (15) days after Trustor's receipt of a copy of the premium statement or other evidence of the amount due. At least thirty (30) days prior to the expiration of such policy, Trustor shall deliver to Beneficiary a renewal of such policy.

3.04 Any insurance which Trustor is required to maintain under this Deed of Trust shall include a provision requiring that the insurance carrier give Beneficiary not less than thirty (30) days written notice prior to any cancellation or modification of such coverage. If Trustor (i) fails to deliver any policy or renewal to Beneficiary required under this Deed of Trust within the prescribed time period or (ii) if any such policy is canceled or modified to reduce the amount or type of coverage without Beneficiary's consent and no substituted comparable coverage is obtained by Trustor prior to such cancellation or modification, Beneficiary may obtain such insurance. In such case, Trustor shall reimburse Beneficiary for the cost of such insurance within fifteen (15) days after receipt of a statement that indicates the cost of such insurance and upon proof that Beneficiary has paid said statement.

3.05 Trustor shall maintain all insurance required under this Deed of Trust with companies holding a general policy rating of A-8 or better, as set forth in the most current issue of Best Key Rating Guide. Trustor acknowledges that the insurance described in this Section is for the primary benefit of Beneficiary. Beneficiary makes no representation as to the adequacy of such insurance to protect Trustor's or Beneficiary's interests. Therefore, Trustor shall obtain any additional property or liability insurance that Trustor deems necessary to protect Beneficiary and Trustor, in the exercise of reasonable judgment.

3.06 Notwithstanding anything to the contrary contained herein, Trustor's obligation to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Trustor; provided, however, that Beneficiary shall be named as an additional insured thereunder and that the coverage afforded Beneficiary will not be reduced or diminished by reason of the use of such blanket policy of insurance and provided further that the requirements set forth herein are otherwise satisfied.

3.07 All of the above-mentioned insurance policies or certificates of insurance must be satisfactory to Beneficiary. Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, insolvency of insurance companies or payment or defense of lawsuits, and Trustor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

3.08 Condemnation and Insurance Proceeds.

a. Any award of damages in connection with any taking or condemnation, or for injury to the Security by reason of public use, or for damages for private trespass or entry onto the Security is hereby assigned and shall be paid to Beneficiary as further security for all obligations secured by this Deed of Trust. Upon receipt of such proceeds, Beneficiary may hold the proceeds as further security or apply or release them in the same manner and with the same effect as provided in this Deed of Trust for the disposition of proceeds of fire or other insurance.

b. Any insurance proceeds or awards in connection with any casualty or damage or injury to the Security covered by insurance ("**Insurance Proceeds**") are hereby assigned to Beneficiary to be held and applied by Beneficiary in the manner hereinafter provided. Beneficiary may, at its option, and at its own expense, appear in and prosecute in its own name any action or proceeding to enforce any cause of action for such Insurance Proceeds. All Insurance Proceeds shall be applied by Beneficiary upon any indebtedness secured by this Deed of Trust and in any order determined by Beneficiary or, at the option of Beneficiary, the entire amount so collected or any part of that amount may be released to Trustor. This application or release shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice.

c. Trustor, immediately upon obtaining knowledge of the institution of any proceedings relating to condemnation or other taking of or damage or injury to the Security or any portion thereof, or knowledge of any casualty damage to the Security or damage in any other manner, shall immediately notify Beneficiary in writing. Beneficiary may participate, at its own expense, in any such proceedings and may join Trustor in adjusting any loss covered by insurance.

ARTICLE 4. TAXES, LIENS AND OTHER ITEMS.

Trustor shall pay, when due, all taxes, bonds, assessments, fees, liens (including prior trust deed liens), charges, fines, impositions and any and all other items which are attributable to or affect the Security and which may attain a priority over this Deed of Trust or the indebtedness or evidence of indebtedness secured hereby, by making payment prior to delinquency directly to the

payee thereof. Trustor may initiate proceedings to contest any such taxes, bonds, assessments, fees, liens, charges, fines, impositions or other items so long as Trustor takes steps to ensure that Beneficiary's security is not threatened in any manner. Trustor shall pay all costs of the proceedings, including any costs or fees incurred by Beneficiary. Upon the final determination of any proceeding or contest, Trustor shall immediately pay the amounts due, together with all costs, charges, interest and penalties incidental to the proceedings.

ARTICLE 5. RENTS AND PROFITS.

Trustor acknowledges and agrees that the Security shall at all times be occupied by the Trustor as the Trustor's primary residence and shall not be leased or rented during the term of the City Note and this Deed of Trust, except as otherwise provided in the City Note.

Notwithstanding the foregoing, any rents, royalties, issues, profits, revenue, income and other benefits of the Security arising from the use and enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto (the "**Rents and Profits**"), whether now due, past due, or to become due, and including all prepaid rents and security deposits, are hereby absolutely, presently and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in the payment of the principal and all other sums payable on the City Note and of all other sums payable under this Deed of Trust. It is understood and agreed that neither the foregoing assignment of Rents and Profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under Article 5 hereof shall be deemed to defeat the owner-occupied restriction set forth in the City Note or to make Beneficiary a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Security or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Further, the appointment of a receiver for the Security by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of the Security or any part thereof by such receiver, shall not be deemed to make Beneficiary a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Security or the use, occupancy, enjoyment or operation of all or any portion thereof.

ARTICLE 6. PRESERVATION AND MAINTENANCE OF SECURITY.

Trustor shall keep the Security and every part thereof in good condition and repair and shall not permit or commit any waste, impairment or deterioration of the Security nor commit, suffer or permit any act upon or use of the Security in violation of law or applicable order of any governmental authority, whether now existing or hereafter enacted and whether foreseen or unforeseen, including, without limitation, violation of any zoning, building or environmental protection statutes, ordinances, regulations, orders and restrictions or in violation of any covenants, conditions or restrictions affecting the Security or bring or keep any article upon any of the Security or cause or permit any condition to exist thereon which would be prohibited by or could invalidate any insurance coverage maintained or required hereunder to be maintained by Trustor on or with respect to any part of the Security and further shall do all other acts which from the character or use of the Security may be reasonably necessary to protect the security hereof, the specific enumerations herein not excluding the general. Trustor shall completely

restore and repair promptly and in a good and workmanlike manner any building, structure or improvement thereon which may be damaged or destroyed and pay, when due, all claims for labor performed and materials furnished therefor, whether or not insurance or other proceeds are available to cover, in whole or in part, the costs of any such restoration or repair. Trustor shall notify Beneficiary immediately in writing of any damage to the Security in excess of Ten Thousand Dollars (\$10,000.00).

ARTICLE 7. PROTECTION OF SECURITY: COSTS AND EXPENSES.

Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee and shall pay all reasonable costs and expenses, including, without limitation, costs of evidence of title and reasonable attorney's fees, in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary to foreclose this Deed of Trust or to enforce or establish any other rights or remedies of Beneficiary hereunder. If Trustor fails to perform any of the covenants or agreements in this Deed of Trust or if any action or proceeding is commenced which affects Beneficiary's interest in the Security or any part thereof, including, but not limited to, eminent domain, code enforcement or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, relating to bankruptcy, insolvency, arrangement, reorganization or other form of debtor relief, or to a decedent, then Beneficiary or Trustee may, but without obligation to do so and upon ten (10) days' prior written notice to and demand upon Trustor (unless a shorter notice period is necessary to protect Beneficiary's interest in the security hereof, in which case only reasonable notice and demand under the circumstances shall be required) and without releasing Trustor from any obligation hereunder, make such appearances, disburse such sums and take such action as Beneficiary or Trustee deems necessary or appropriate to protect Beneficiary's interest, including, but not limited to, disbursement of reasonable attorney's fees, entry upon the Security to make repairs or otherwise protect the security hereof, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of either Beneficiary or Trustee appear to be prior or superior hereto. Trustor further agrees to pay all reasonable expenses of Beneficiary (including fees and disbursements of counsel) reasonably related to the protection of the rights of Beneficiary hereunder, and enforcement or collection of payment of the Note, whether by judicial or non-judicial proceedings, or in connection with any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding of Trustor, or otherwise. Beneficiary shall give Trustor ten (10) days' prior written notice before disbursing any amounts pursuant to this Article. Any amounts disbursed by Beneficiary or Trustee pursuant to this Section shall be additional indebtedness of Trustor secured by this Deed of Trust as of the date of disbursement. All such amounts shall be payable by Trustor immediately without demand. Nothing contained herein shall be construed to require Beneficiary or Trustee to incur any expense, make any appearance or take any other action.

ARTICLE 8. ACCELERATION; REMEDIES.

Upon Trustor's breach of any covenant or agreement of Trustor in the City Note or this Deed of Trust, including, but not limited to, the covenants to pay, when due, any sums secured by this Deed of Trust, the Beneficiary, prior to acceleration, will mail by express delivery, return receipt

requested notice to Trustor specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is received by Trustor as shown on the return receipt, by which such breach is to be cured; and (4) 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 Security. The notice will also inform Trustor of Trustor's right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of default or any other defense of Trustor to acceleration and sale. If the breach is not cured on or before the date specified in the notice, the Beneficiary, at the Beneficiary's option, may: (a) 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 California law; (b) 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 Security, 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 breach hereunder or invalidate any act done in response to such breach and, notwithstanding the continuance in possession of the Security, the Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any uncured breach, including the right to exercise the power of sale; (c) commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; (d) deliver to Trustee a written declaration of default and demand for sale, pursuant to the provisions for notice of sale found at California Civil Code Sections 2924 et seq., as amended from time to time; or (e) exercise all other rights 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.

The Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorneys' fees.

ARTICLE 9. TRUSTOR'S RIGHT TO REINSTATE.

Notwithstanding the Beneficiary's acceleration of the sums secured by this Deed of Trust, Trustor will have the right to have any proceedings begun by the Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Security pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if: (a) Trustor pays Beneficiary all sums which would be then due under this Deed of Trust and Trustor cures all breaches of any other covenants or agreements of Trustor contained in the City Note or this Deed of Trust; (b) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in the City Note or this Deed of Trust, and in enforcing the Beneficiary's and Trustee's remedies, including, but not limited to, reasonable attorneys' fees; and (c) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Security and Trustor's obligation to perform the obligations and pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure

by Trustor, this Deed of Trust and the obligations secured hereby will remain in full force and effect as if no acceleration had occurred.

ARTICLE 10. SUPERIORITY OF FIRST LENDER
DOCUMENTS.

Notwithstanding any provision herein, this Deed of Trust shall not diminish or affect the rights of a senior lender, which for purposes of these documents shall be deemed also to include the California Housing Finance Agency, its successors and assigns, hereinafter collectively referred to as the "**First Lender**") under the its Deed of Trust or any subsequent First Lender deeds of trust hereafter recorded against the Security in compliance with the requirements of the City Note.

Notwithstanding any other provision hereof, the provisions of this Deed of Trust shall be subordinate to the lien of the First Lender Deed of Trust and shall not impair the rights of the First Lender, or such lender's assignee or successor in interest, to exercise its remedies under the First Lender Deed of Trust in the event of default under the First Lender Deed of Trust by the Trustor. Such remedies under the First Lender Deed of Trust include (1) the right of foreclosure; (2) acceptance of a deed or assignment in lieu of foreclosure or (3) the right to sell the Security to any person at a fair market value price subsequent to exercising its rights under the deed of trust; provided, however, that in no case may a First Lender, exercising foreclosure assignment in-lieu of foreclosure or sale, obtain value or rights to value greater than the value of the outstanding indebtedness on the first mortgage at the time of the debt clearing action. After such foreclosure or acceptance of a deed in lieu of foreclosure, this Deed of Trust shall be forever terminated and shall have no further effect as to the Security or any transferee thereafter; provided, however, if the holder of such First Lender Deed of Trust acquired title to the Security pursuant to a deed or assignment in lieu of foreclosure and no notice of default was recorded against the Security by such holder in connection therewith, this Deed of Trust shall automatically terminate upon such acquisition of title, only if: (i) the City has been given written notice of default under such First Lender Deed of Trust with a sixty (60)-day cure period (which requirement shall be satisfied by recordation of a notice of default under California Civil Code Section 2924); and (ii) the City shall not have cured or commenced to cure the default within such sixty (60)-day period or commenced to cure and given its firm commitment to complete the cure in form and substance acceptable to the First Lender.

ARTICLE 11. MISCELLANEOUS

11.01 Successors and Assigns Bound. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the Beneficiary and Trustor subject to the provisions of this Deed of Trust.

11.02 No Assumption of Deed of Trust by Subsequent Buyers. Trustor acknowledges that this Deed of Trust is given in connection with the purchase of the Security as part of an effort by the City to assist in the purchase of the Security by [*insert income level*] income households. Consequently, this Deed of Trust is not assumable by subsequent purchasers nor by the successors and assigns of the Trustor.

11.03 Notices. Except for any notice required under applicable law to be given in another manner, all notices required pursuant to this Deed of Trust shall be in writing and may be given by personal delivery or by registered or certified mail, return receipt requested, to the party to receive such notice at the addressed set forth below:

TO THE CITY:

City of San Luis Obispo
Community Development Department
919 Palm Street
San Luis Obispo, CA 93401-3249
Attn: Community Development Director

TO THE TRUSTOR:

Attn: _____

TO THE TRUSTEE:

Attn: _____

Any notice shall be deemed delivered on the first business day that delivery is attempted or upon receipt, whichever is sooner. As used herein, "business day" means any day other than a Saturday, Sunday, or any state or federal holiday on which financial institutions in San Luis Obispo County are authorized or required to close for observance thereof. The parties may subsequently change addresses by providing written notice of the change in address to the other parties in accordance with this Section.

11.04 Nondiscrimination. The Trustor covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, color, religion, creed, age, disability, sex, sexual orientation, marital status, ancestry or national origin in the sale, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor or any person claiming under or through the Trustor establish or permit any such practice or practices of discrimination or segregation with reference to the use, occupancy, or transfer of the Security. The foregoing covenant shall run with the land.

11.05 Nonliability for Negligence, Loss, or Damage. Trustor acknowledges, understands and agrees that the relationship between Trustor and Beneficiary is solely that of two separate parties

in an arm's length transaction, and that Beneficiary neither undertakes nor assumes any responsibility for or duty to Trustor to select, review, inspect, supervise, pass judgment on, or inform Trustor of the quality, adequacy or suitability of the Security or any other matter. Beneficiary owes no duty of care to protect Trustor against negligent, faulty, inadequate or defective building or construction or any condition of the Security and Trustor agrees that neither Trustor, or Trustor's heirs, successors or assigns shall ever claim, have or assert any right or action against Beneficiary for any loss, damage or other matter arising out of or resulting from any condition of the Security and will hold Beneficiary harmless from any liability, loss or damage for these things.

11.06 Reconveyance. Upon payment of all sums secured by this Deed of Trust, and following the expiration of the Term of the City Note, Beneficiary will request Trustee to reconvey the Security and will surrender this Deed of Trust and the City Note to Trustee. Trustee will reconvey the Security without warranty and without charge to the person or persons legally entitled thereto. Such person or persons will pay all costs of recordation, if any.

11.07 Substitute Trustee. The Beneficiary, at the Beneficiary's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. The successor trustee will succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first above written.

TRUSTOR:

By: _____

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.

Signature of Notary Public

(SEAL ABOVE)

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY