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9 Secured Creditor American National
10 Insurance Company

11 **UNITED STATES DISTRICT COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

17 GINA CHAMPION-CAIN and ANI
18 DEVELOPMENT, LLC, et al.,

19 Defendants and Relief Defendants.
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Case No. 3:19-CV-01628-LAB-AHG

**JOINT MOTION FOR ORDER
GRANTING LENDER RELIEF FROM
LITIGATION STAY TO PURSUE
FORECLOSURE AS TO 3515
HANCOCK STREET PROPERTY**

Judge: Hon. Larry Alan Burns

JOINT MOTION

PLEASE TAKE NOTICE that Krista Freitag, the duly appointed receiver (“Receiver”) for ANI Development, LLC, American National Investments, Inc. and their subsidiaries and affiliates, including 3515 Hancock Street, LLC (collectively, “Receivership Entities”), the Securities and Exchange Commission (the “Commission”), defendant Gina Champion-Cain, and non-party American National Insurance Company (“ANICO”) (collectively, “Parties”), by and through their respective counsel of record, hereby stipulate to and jointly move for an order lifting the litigation stay (“Litigation Stay”) imposed by this Court’s September 3, 2019 Order Granting the Parties’ Joint Motion and Stipulated Request for a Preliminary Injunction Order and (1) Order Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; and (4) Appointing a Permanent Receiver (the “Receivership Order”), ECF No. 6, so that ANICO may pursue a foreclosure sale and/or other remedies to gain possession of the property located at 3515 Hancock St., San Diego, CA 92110, the legal description of which is attached hereto as **Exhibit 1** (the “Hancock Property”).

RECITALS

This Joint Motion is made with reference to the following:

1. The Hancock Property is comprised of four parcels of real property located in San Diego County, California (APN Nos. 441-530-48-00, 441-530-49-00, 441-530-50-00, & 441-530-51-00) that includes a commercial building and parking lot that served as the corporate headquarters for the Receivership Entities. The Hancock Property was purchased in September 2015 by 3515 Hancock Street, LLC, a Receivership Entity, for \$3.4 million.

2. On January 17, 2018, ANICO made a loan to 3515 Hancock Street, LLC in the original principal amount of \$4,250,000. The loan is evidenced by a Promissory Note dated January 17, 2018 made by 3515 Hancock Street, LLC and payable to ANICO (“Note”). The Note is attached hereto as **Exhibit 2**.

1 3. The Note is secured by a Deed of Trust, Assignment of Rents, Security
2 Agreement and Fixture Filing dated January 17, 2018 (the “Deed of Trust”) granted by
3 3515 Hancock Street, LLC in favor of ANICO and filed in the Official Public Records of
4 San Diego County, California under document number 2018-0018273. The Deed of
5 Trust is attached hereto as **Exhibit 3**.

6 4. The Hancock Note is also secured by, among other security, (1) the Absolute
7 Assignment of Leases and Rents dated January 17, 2018, executed by 3515 Hancock
8 Street, LLC and ANICO and recorded with the County Recorder of San Diego County,
9 California under document number 2018-0018274 (“Hancock Assignment”), (2) the UCC
10 Financing Statement in the name of 3515 Hancock Street, LLC filed with the California
11 Secretary of State under document number 18-7628348532 (“UCC Filing Statement”),
12 and (3) an Income Stream Guaranty (“Hancock Guaranty”) dated January 17, 2018
13 executed by 3515 Hancock Street, LLC and Gina Champion-Cain. The Hancock
14 Assignment, the UCC Financing Statement, and the Hancock Guaranty are attached
15 hereto as **Exhibits 4, 5, and 6** respectively.

16 5. Prior to the Receiver's appointment, the Defendants hired several contractors
17 to make various improvements to the Hancock Property. The work reportedly
18 commenced in early April 2019 and all contractors reportedly pulled off the job (prior to
19 completion of the contemplated improvements) on August 30, 2019. According to
20 various mechanic’s lien documents, the contractors were not paid for certain portions of
21 the work.

22 6. On August 28, 2019, the Commission filed an action captioned *SEC v. Gina*
23 *Champion-Cain, et al.* (the “SEC Action”), alleging that Gina Champion-Cain and ANI
24 Development, LLC (collectively, “Defendants”) violated federal securities laws. (ECF
25 No. 1.)

26 7. On August 28, 2019, the Commission and Defendants filed a Joint Motion
27 and Stipulated Request for a Preliminary Injunction and an Order Freezing Assets and
28 Appointing a Permanent Receiver. (ECF No. 2.)

1 8. On September 3, 2019, the Court entered the Receivership Order. (ECF No.
2 6.) Among other things, sections XIII and XIV of the Receivership Order imposed a
3 preliminary injunction and litigation stay that precludes all persons and entities from
4 pursuing claims against Receivership Entities and commencing, prosecuting, continuing
5 or enforcing any suit or proceeding against any of the Receivership Entities (the
6 “Litigation Stay”) or engaging in self-help, without permission from this Court.

7 9. On October 2, 2019, ANICO’s counsel sent a letter to the Receiver’s counsel
8 stating that amounts were owed in connection with the Loans and providing the Receiver
9 with copies of the loan documents evidencing ANICO’s senior secured interests in the
10 Hancock Property. The Receiver has not paid rent or made any debt service payments to
11 ANICO since the SEC Action was filed.

12 10. On October 16, 2019, ANICO’s counsel sent a notice of default to the
13 Receiver and 3515 Hancock Street, LLC informing them that 3515 Hancock Street, LLC
14 had triggered multiple Events of Default (as defined in the Note and Deed of Trust) under
15 the Note, the Deed of Trust, and other loan documents. A copy of the notice of default is
16 attached as **Exhibit 7**.

17 11. ANICO has accelerated and demanded immediate payment in full of the
18 outstanding principal balance of the Loan, all accrued and unpaid interest thereon and all
19 of the other obligations due and owing under the Note, Deed of Trust, Hancock
20 Assignment, the Hancock Guaranty and other documents and instruments evidencing,
21 securing or relating to the Note (collectively, “Loan Documents”). ANICO asserts that,
22 as of April 1, 2020, 3515 Hancock Street, LLC owes in excess of \$4.8 million to ANICO.
23 Neither 3515 Hancock Street, LLC nor Champion-Cain have paid any of these
24 accelerated amounts.

25 12. Since her appointment, the Receiver has continued to use the Hancock
26 Property as the office headquarters for the Receivership Entities, including the remaining
27 corporate-level employees who are critical to the ongoing operations and the Receiver's
28 duties under the Receivership Order.

1 13. Due to the Defendants' failure to pay the contractor for work on
2 improvements to the Hancock Property, there are several mechanic's liens recorded
3 against the Hancock Property in amounts that exceed \$400,000. As a result, the total
4 amount potentially owing to all of the secured creditors is in excess of \$5.2 million.

5 14. The Receiver initially determined that very little, if any, equity in the
6 Hancock Property could be realized for the benefit of the receivership estate. The
7 Receiver, therefore, did not make debt service payments to ANICO or pay the property
8 tax installments that were due in December 2019 (or April 2020). Given the property tax
9 and creditor amounts owing (over \$5.2 million), the Receiver also determined that
10 engaging a broker to market the Hancock Property, and potentially paying the broker a
11 commission of at least 4% of the purchase price (i.e. \$200,000 on a hypothetical
12 \$5 million transaction), would not be feasible.

13 15. The Receiver, however, did receive certain unsolicited expressions of
14 interest in the Hancock Property from potential purchasers. Based on these expressions
15 of interest and the likelihood that there would be no equity that could be realized for the
16 benefit of the receivership estate, the Receiver obtained a preliminary title report, and
17 solicited an appraisal and property condition report. The appraisal estimated the as-is
18 value to be \$5,010,000. The appraisal also noted that the cost to complete the
19 construction to the interior of the building would be approximately \$350,000, but would
20 only increase the estimated value to \$5,364,000.

21 16. Given this appraised value and in a final attempt to generate a recovery from
22 the Hancock Property for the receivership estate, the Receiver conferred with ANICO on
23 several occasions to see if she could, (a) negotiate discounted payoffs with the
24 mechanic's lien holders and ANICO, and (b) work to materialize an offer through her in-
25 house broker from the unsolicited expressions of interest from potential buyers. To date,
26 while progress was made with the mechanic's lien holders, no formal offers for the
27 Hancock Property have been received.
28

1 17. Thus, ANICO has requested that the Receiver, the Commission, and
 2 Champion-Cain stipulate that ANICO may have relief from the Litigation Stay in order to
 3 pursue a foreclosure sale and other remedies to gain possession of the Hancock Property
 4 in full satisfaction of the Loan.

5 18. The Receiver, in her reasonable judgment exercised in accordance with the
 6 duties of her appointment, believes (1) that ANICO has properly perfected security
 7 interests in the Hancock Property; (2) that the Hancock Property is encumbered with
 8 secured indebtedness in such an amount that there is effectively no equity in the property
 9 that can be realized for the benefit of the receivership estate; and (3) that the relief
 10 requested herein is appropriate because a sale or other transaction regarding the Hancock
 11 Property is highly unlikely to yield any return to the receivership estate.

12 19. After meeting and conferring, the Parties have agreed that, subject to
 13 approval of the Court and in accordance with the agreements specified in the Stipulation
 14 and Agreement below, ANICO shall be granted relief from the Litigation Stay to pursue a
 15 foreclosure sale and/or and other remedies to gain possession of the Hancock Property,
 16 and the Receiver and the Receivership Entities shall vacate the Hancock Property within
 17 the time agreed to below.

18 **STIPULATION AND AGREEMENT**

19 THEREFORE, the Commission, the Receiver, defendant Gina Champion-Cain,
 20 and American National Insurance Company hereby STIPULATE AND AGREE as
 21 follows:

22 1. The Litigation Stay shall be lifted so ANICO may conduct a foreclosure sale
 23 and/or pursue other remedies to gain possession of the Hancock Property in full
 24 satisfaction of the Loan without further order of the Court.

25 2. The Receiver and all Receivership Entities agree to and shall permanently
 26 vacate the Hancock Property on the later of (a) 112 days from the date that the Court
 27 enters an order granting the relief requested in this Stipulation, or (b) 10 days prior to a
 28 foreclosure sale.

1 3. The Receiver and the Receivership Entities shall continue the expenditure of
2 funds to insure and secure the Hancock Property through the date on which they vacate
3 the premises, and ANICO shall be responsible thereafter to secure and insure the
4 Hancock Property pending the foreclosure sale.

5 4. The Receiver and defendant Gina Champion-Cain will execute and deliver
6 to ANICO such documents as ANICO may reasonably request in order to take possession
7 of the Hancock Property via non-judicial foreclosure sale.

8 5. Nothing herein shall preclude the Receiver from soliciting or developing
9 offers for the Hancock Property pending the foreclosure sale. In the event an offer is
10 secured in an amount sufficient to pay secured claims, property taxes, and provide a net
11 recovery for the receivership estate, and the buyer has released contingencies, the
12 Receiver will confer with ANICO and seek Court approval of the sale.

13 6. All other provisions of this Court's prior orders shall remain in full force and
14 effect. This Court shall retain jurisdiction for the purpose of implementing and carrying
15 out the terms of this Joint Motion and Stipulation and to entertain any suitable application
16 or motion for additional relief within the jurisdiction of this Court.

17 IT SO STIPULATED.

18 Dated: April 21, 2020

FOLEY & LARDNER LLP

19 /s/ F. Phillip Hosp

20 F. Phillip Hosp

21 Attorneys for Secured Creditor

22 AMERICAN NATIONAL INSURANCE
COMPANY

23 Dated: April 21, 2020

**SECURITIES AND EXCHANGE
COMMISSION**

25 /s/ Kathryn C. Wanner

26 Kathryn C. Wanner

27 Attorneys for Plaintiff

28 SECURITIES AND EXCHANGE
COMMISSION

1 Dated: April 21,2020

**ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP**

2
3
4 /s/ Ted G. Fates

Edward G. Fates

5 Attorneys for Receiver

6 KRISTA FREITAG

7
8 Dated: April 21, 2020

SCHEPER KIM & HARRIS LLP

9
10 /s/ Angela M. Machala

Angela M. Machala

11 Attorneys for Defendant

12 GINA CHAMPION-CAIN

SIGNATURE CERTIFICATION

In accordance with Section 2(f)(4) of the Electronic Case Filing Administrative Policies and Procedures Manual, the filer hereby attests that all other signatories listed, and on whose behalf the filing is submitted, concur in the filing's content and have authorized the filing.

Dated: April 21, 2020

FOLEY & LARDNER LLP

/s/ F. Phillip Hosp

F. Phillip Hosp

Attorneys for Secured Creditor

AMERICAN NATIONAL INSURANCE
COMPANY

SEC v. Gina Champion-Cain, et al.
U.S. District Court, Southern District of California
Case No. 3:19-cv-01628-LAB-AHG

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EXHIBIT 1

EXHIBIT 1

LEGAL DESCRIPTION OF HANCOCK PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 4 OF PICKETT INDUSTRIAL CENTER, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6709 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 19, 1970.

APN: 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

EXHIBIT 2

PROMISSORY NOTE

\$4,250,000.00

January 17, 2018
San Diego, California

FOR VALUE RECEIVED, 3515 HANCOCK STREET, LLC, a California limited liability company ("**Maker**"), promises to pay to the order of AMERICAN NATIONAL INSURANCE COMPANY, a Texas insurance company (American National Insurance Company, its successors or assigns being hereinafter called "**Noteholder**") the sum of FOUR MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$4,250,000.00) together with interest from date hereof at the rate of four and 75/100ths percent (4.75%) per annum (the "**Contract Rate**") without relief from valuation and/or appraisal laws. Interest accruing on the date hereof to and including January 31, 2018, is payable on the date hereof, and thereafter monthly installments of principal and accrued interest in the amount of TWENTY-FOUR THOUSAND TWO HUNDRED TWENTY-NINE AND 99/100 DOLLARS (\$24,229.99) each, the first installment to become due and payable on March 1, 2018, and one of said installments to become due and payable on the same day of each and every succeeding calendar month thereafter until the entire indebtedness shall have been fully paid; provided, however, it is expressly agreed that the entire balance remaining unpaid on this Promissory Note (this "**Note**") shall become due and payable on February 1, 2028 (the "**Scheduled Maturity Date**"). As said installments are paid, they are to be applied first to the payment of interest accrued on the entire amount of said indebtedness unpaid at the time of said payment, and the balance, if any, shall be applied to the payment of principal.

In addition to the foregoing, Maker acknowledges and agrees that (i) the monthly installment described in the preceding paragraph is based on the Contract Rate and (ii) Noteholder may, but is not obligated, to recalculate the monthly installment due under this Note based upon any change in the rate of interest in effect under this Note, including, but not limited to, a change in interest rate resulting from calculation of interest at the Default Rate (as defined herein) as provided in this Note, and Maker agrees and promises to pay such recalculated monthly payment.

Maker understands that the monthly installments of interest and principal referred to above are based upon a hypothetical twenty-five (25) year amortization; that such installments will not amortize fully the principal balance by the Scheduled Maturity Date; that the final installment will be a "balloon" payment; and that Noteholder has no obligation to refinance such "balloon" payment.

Both principal and interest are payable at the office of American National Insurance Company, in the Mortgage and Real Estate Investments Department, 2525 South Shore Blvd., Suite 207, League City, Texas, 77573, or at such place as Noteholder may from time to time designate in writing.

This Note is given for a loan of \$4,250,000.00 and is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") of even date herewith from Maker to the trustee named therein, in favor of Noteholder on the property described in **Exhibit "A"** attached hereto and made a part hereof for all purposes (the "**Mortgaged Property**"). This Note, the Deed of Trust and all other documents and instruments evidencing, securing or relating to this Note

are sometimes individually referred to as a **“Loan Document”** and collectively as the **“Loan Documents”**.


It is expressly agreed that if: (a) Maker shall be in default in the payment when due of any principal, interest or installment of interest or principal and interest or any other sums due and payable pursuant to the terms, conditions, covenants, agreements, representations and warranties of this Note or any of the other Loan Documents; (b) Maker shall be in default under the other terms, conditions, covenants, agreements, representations or warranties contained in this Note or any other Loan Document, and such default shall continue beyond any applicable cure period provided herein or therein; or (c) Maker, or any drawer, acceptor, endorser, guarantor, surety or accommodation party or other person liable upon or for the payment of the indebtedness evidenced by this Note and/or for the performance of the landlord's obligations pursuant to any lease on any portion of the Mortgaged Property (each hereinafter called **“Other Liable Party”** or **“Other Liable Parties”**) (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy as a Debtor or seeking reorganization or an arrangement or otherwise to take advantage of any state or federal bankruptcy or insolvency law, (iii) makes an assignment for the benefit of creditors, (iv) files a petition for or consents to the appointment of a receiver of any of its assets or a part thereof, (v) without its consent, a petition in bankruptcy is filed against it, or an order, decree or judgment is entered by a court of competent jurisdiction appointing a receiver over its property, or approving a petition filed against it seeking a reorganization or an arrangement of it under any bankruptcy or insolvency law, and such petition, order, decree or judgment is not vacated, set aside or stayed within sixty (60) days from the date of entry, (vi) dissolves, or its existence as a legal entity terminates, other than any Permitted Transfers (as such term is defined in the Deed of Trust) or (vii) is a party to any merger or consolidation, other than any Permitted Transfers, is the subject of any transaction known as or similar to a leveraged buy-out or is involved in any material corporate restructuring, however designated, then Noteholder, in any of such events, shall have the right and option, without notice or demand, to accelerate the maturity of this Note and declare the entire unpaid balance of this Note, both outstanding principal and accrued but unpaid interest, immediately due and payable and/or may enforce such other rights as are available to Noteholder under the terms and conditions of any Loan Document or otherwise available at law or in equity. Upon such acceleration by Noteholder in the event of default as aforesaid, whether such event of default be voluntary or involuntary, Maker specifically agrees that Noteholder shall be entitled to collect the prepayment fee when due as hereafter provided in addition to the balance of indebtedness due under this Note. All rights and remedies available to Noteholder shall be cumulative and not exclusive, failure to exercise any of such rights upon default shall not constitute a waiver of the right to exercise any of them at any time, and the exercise or beginning to exercise of any one of such rights and remedies shall not preclude the simultaneous or later exercise of any or all of such rights and remedies.

Maker hereby agrees to pay any and all expenses incurred, including, but not limited to, reasonable attorneys' fees and expenses, if this Note is placed in the hands of an attorney or any other party for collection or if this Note is collected through probate, bankruptcy or other judicial proceedings.

Prior to an Event of Default (as defined in the Deed of Trust), unpaid principal shall bear interest from the date hereof at the Contract Rate hereinabove provided. From and after any Event of Default and continuing so long as Noteholder has not agreed in writing to a waiver or cure of such

Event of Default, all unpaid principal (whether or not overdue) and unpaid interest shall bear interest at the Maximum Nonusurious Rate (as hereinafter defined), or if there is no Maximum Nonusurious Rate, at a per annum rate equal to seventeen percent (17%) (hereinafter referred to as the "Default Rate"), whether or not Noteholder has exercised its option to accelerate the maturity of this Note and to declare the entire unpaid principal indebtedness and accrued interest due and payable; provided, however, that Noteholder, in its sole and absolute discretion, may elect in lieu of charging interest at the Default Rate to charge a rate of interest or impose a delinquency charge which is less than the amount which would result from applying the Default Rate provided for in the preceding sentence, but any such delinquency charge for any delinquent installment or other amount shall not exceed five percent (5%) of such delinquent installment or amount, as applicable. Any such election by Noteholder to charge such lesser amount shall not constitute a waiver of Noteholder's right to impose the Default Rate during the existence of any future Event of Default.

Upon an Event of Default and following acceleration of maturity by Noteholder as aforesaid, a tender of payment of the amount necessary to satisfy the entire indebtedness evidenced by this Note or secured by the Deed of Trust made at any time prior to a foreclosure sale shall be deemed to constitute an attempted evasion by Maker of the following restrictions on the right of prepayment and shall be deemed a voluntary prepayment hereunder, and such payment must therefore include a prepayment fee equal to the lesser of (a) the prepayment fee provided for in the next succeeding paragraph, or if such event occurs during the Prepayment Lockout Period (as defined below), eight percent (8%) on the then-outstanding principal balance of the loan, or (b) the maximum amount, which when added to all other interest charged, paid or contracted for hereunder, would not exceed the Maximum Effective Rate for the loan evidenced hereby.

Maker's Initials: 

This Note shall not be prepayable in whole or in part prior to or during the first five (5) loan years (the "Prepayment Lockout Period"). Maker reserves the privilege of paying this Note in full on any date after the expiration of the Prepayment Lockout Period, provided that in addition to the principal and accrued interest payable upon any such prepayment, Maker agrees and promises to pay an amount equal to a percentage of the amount of principal remaining unpaid on the payment date immediately preceding the date of such prepayment according to the following schedule: five percent (5%) during the sixth (6th) loan year; four percent (4%) during the seventh (7th) loan year; three percent (3%) during the eighth (8th) loan year; two percent (2%) during the ninth (9th) loan year; and one percent (1%) during the tenth (10th) loan year and thereafter until the loan evidenced hereby is paid in full; provided, however, that no payment described in this paragraph shall be due on payments made within one hundred twenty (120) days of the Scheduled Maturity Date or as a result of the application of insurance or condemnation proceeds to the repayment of the indebtedness due under this Note.

The term "loan year" is defined as any period of one (1) year commencing as of the date hereof, and each succeeding 1-year period.

Except as otherwise expressly provided in the Deed of Trust with respect to notice of default, Maker and all Other Liable Parties, jointly and severally, waive presentment for payment, protest and demand, notice of non-payment, protest, notice of protest, notice of acceleration, notice of the intent

to accelerate, the filing of suit and diligence in collecting this Note or enforcing any of the security herefor, and agree to the substitution, exchange or release of any such security or the release of any party primarily or secondarily liable hereon, and further agree that it will not be necessary for the holder hereof, in order to enforce payment of this Note by such holder, to first institute suit or exhaust its remedies against Maker or any Other Liable Party, or to enforce its rights against any security herefor, and consent to any one or more rearrangements, modifications, extensions or postponements of the time, amount or manner of payment on this Note or any terms or any other indulgences with respect thereto, without notice thereof to any of them and without discharging or reducing any of their liability hereunder. Noteholder may transfer this Note at any time, and the rights and privileges of Noteholder under this Note shall inure to the benefit of the Noteholder's successors and assigns.

It is the intention of Noteholder and Maker that this Note and all provisions hereof and of all other Loan Documents conform in all respects to the laws of the State of California and applicable federal law pertaining to usury. Notwithstanding any provision in this Note or in any of the other Loan Documents to the contrary, it is expressly provided that in no case or event should the aggregate amounts, which by applicable law are deemed to be interest with respect to this Note or any of the other Loan Documents ever exceed the Maximum Nonusurious Rate. In this connection, it is expressly stipulated and agreed that it is the intention of Noteholder and Maker to contract in strict compliance with applicable usury laws of the State of California and/or of the United States (whichever permits the higher rate of interest) from time to time in effect. Nothing in this Note or the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Nonusurious Rate. If under any circumstances the aggregate amounts contracted for, charged or paid with respect to this Note, whether by fulfillment of any provision hereof or of any mortgage, deed of trust, loan agreement or other document now or hereafter securing, evidencing or relating to the indebtedness evidenced hereby, which by applicable law are deemed to be interest, would produce an interest rate greater than the Maximum Nonusurious Rate, Maker and any other person obligated to pay this Note, stipulates that the amounts will be deemed to have been paid, charged or contracted for as a result of an error on the part of Maker, any other person obligated for the payment of this Note and Noteholder, and upon discovery of the error or upon notice thereof from Maker or the party making such payment, Noteholder or the party receiving such excess payment shall, at its option, refund the amount of such excess payment or credit the excess payment against any other amount due under this Note. In addition, all sums paid or agreed to be paid to the holder of this Note for the use, forbearance or detention of monies shall be, to the extent permitted by applicable law, amortized, prorated, allocated and spread through the full stated term of this Note so that the amount of interest on account of the indebtedness evidenced hereby does not exceed the maximum rate of interest permitted by law (the "Maximum Nonusurious Rate"). The provisions of this paragraph shall control all existing and future agreements between Maker and Noteholder. If the Maximum Nonusurious Rate is increased or removed by statute or other governmental action subsequent to the date of this Note, then the new Maximum Nonusurious Rate, if any, will be applicable to this Note from the effective date of the new Maximum Nonusurious Rate, unless such application is precluded by the statute or governmental action or by the general law of the jurisdiction governing this Note. As a condition precedent to any claim seeking usury penalties against Noteholder, Maker shall provide written notice to Noteholder advising Noteholder in reasonable detail of the nature and

amount of the violation, and Noteholder shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest in Maker or crediting such excess interest against the indebtedness then owing by Maker to such Noteholder.

Maker warrants and represents to Noteholder and all future holders of the indebtedness evidenced hereby, that (i) all loans evidenced by this Note shall be "business loans" as that term is used in the Depository Institutions Deregulatory and Monetary Control Act of 1980, as amended; (ii) this transaction is specifically exempt under Section 226.3(a) of Regulation Z issued by the Board of Governors of the Federal Reserve System, and Title I and Title V of the Consumer Credit Protection Act; and (iii) such loans evidenced by this Note are for business, commercial, investment or other similar purposes and not primarily for personal, family, household or agricultural use.

Except as otherwise specifically provided below, in the event of a default in the payment of this Note by Maker, or any other default under any other Loan Document, as it pertains to liability on the part of Maker, Noteholder's sole recourse shall be against the Mortgaged Property, and Noteholder shall not be entitled to recover any deficiency judgment against Maker if the foreclosure or recovery of such Mortgaged Property is not sufficient to pay the amount owed by Maker hereunder. Notwithstanding the foregoing limitation of liability as to Maker, Maker shall be fully liable: (i) for fraud or misrepresentation made in or in connection with this Note or any other Loan Document or the apparent purpose of which is to deprive Noteholder of the security for this Note; (ii) for failure to pay taxes, assessments, charges for labor or materials or any other charges which can create liens on any portion of the Mortgaged Property; (iii) for the misapplication of (a) proceeds of insurance covering any portion of the Mortgaged Property, (b) proceeds of the sale or condemnation of any portion of the Mortgaged Property or (c) rentals and security deposits received by or on behalf of Maker subsequent to the date on which Noteholder gives written notice of the posting of foreclosure notices or the exercise of Noteholder's assignment of rents; (iv) for failure to maintain, repair or restore the Mortgaged Property in accordance with any of the Loan Documents; (v) for any act or omission knowingly or intentionally committed or permitted by Maker which results in the waste, damage or destruction to the Mortgaged Property, but only to the extent such events are not covered by insurance proceeds which are received by Noteholder; (vi) for the return to Noteholder of all unearned advance rentals and security deposits paid by tenants of the Mortgaged Property or any guarantors of the leases of such tenants which are not rightfully refunded to or which are forfeited by such tenants or guarantors; (vii) for the return of, or reimbursement for, all personal property taken from the Mortgaged Property by or on behalf of Maker; (viii) for any liability of Maker pursuant to the provision contained in the Deed of Trust pertaining to hazardous or toxic materials or substances; (ix) for any liability of Maker pursuant to the Certificate and Indemnity Regarding Hazardous Substances of even date herewith executed by Maker and delivered to Noteholder in connection with the indebtedness evidenced by this Note; (x) for any delay after a default which is not cured, in deed over the Mortgaged Property to Noteholder or the failure to cooperate in a consensual foreclosure within ninety (90) days of Noteholder's request; (xi) for failure to maintain or alter the Mortgaged Property necessary to be in compliance with the ADA (as defined in the Deed of Trust); and (xii) for all court costs and reasonable attorneys' fees incurred in connection with the enforcement of one or more of the above subparagraphs (i) through (xi), inclusive. Additionally, the limitations on liability provided for in this paragraph shall not apply to any current or future guarantor of all or any portion of the indebtedness evidenced by this Note, and the liability of such

party shall be governed in all respects by the terms and conditions of the guaranty agreement executed by such party.

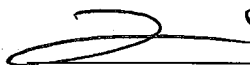
Time is of the essence for this Note. This Note shall be interpreted, construed and enforced in accordance with the internal laws of the State of California and applicable federal law, without regard to California law with respect to conflict of laws. Where the context so requires references to any gender shall include the others and references to the singular shall include the plural and vice versa. If any term, covenant, condition, agreement, representation or warranty of this Note or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term, covenant, condition, agreement, representation or warranty to persons or circumstances other than those as to which such term, covenant, condition, agreement, representation or warranty is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition, agreement, representation or warranty of this Note shall be valid and enforced to the fullest extent permitted by law.

[THE REMAINDER OF THIS PAGE INTENTIONALLY RESERVED]

IN WITNESS WHEREOF, this Note has been executed and delivered to be effective as of the day and year first above written.

MAKER:

3515 HANCOCK STREET, LLC,
a California limited liability company

A handwritten signature in black ink, appearing to read 'Gina Champion-Cain', is written over a horizontal line.

**GINA CHAMPION-CAIN, TRUSTEE OF THE
GINA CHAMPION-CAIN REVOCABLE TRUST
DATED JUNE 26, 2012**

EXHIBIT "A"

MORTGAGED PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 4 OF PICKETT INDUSTRIAL CENTER, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6709 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 19, 1970.

APN: 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

[Exhibit "A" to Promissory Note – 3515 Hancock Street, LLC]

GHA384514
10500-840

EXHIBIT 3

CHICAGO TITLE COMPANY
COMMERCIAL DIVISION

order # 58553

RECORDING REQUESTED BY:
WHEN RECORDED MAIL TO:
GREER, HERZ & ADAMS, L.L.P.
2525 South Shore Boulevard, Suite 203
League City, Texas 77573
Attn: Steven R. Burzinski, Esq.

DOC# 2018-0018273



Jan 17, 2018 02:39 PM

OFFICIAL RECORDS
Ernest J. Dronenburg, Jr.,
SAN DIEGO COUNTY RECORDER
FEES: \$390.00 (SB2 Atkins: \$225.00)
PCOR: N/A
PAGES: 41

(Space Above For Recorder's Use)

APN No(s). 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

DATE: JANUARY 17, 2018

TRUST DEED

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING

MADE BY

3515 HANCOCK STREET, LLC,
a California limited liability company

3515 Hancock Street
San Diego, California 92110
HEREINAFTER REFERRED TO AS **TRUSTOR**

TO

STEVEN R. BURZINSKI, ESQ.
Greer, Herz & Adams, L.L.P.
2525 South Shore Boulevard, Suite 203
League City, Texas 77573
HEREINAFTER REFERRED TO AS **TRUSTEE**

FOR THE BENEFIT OF

AMERICAN NATIONAL INSURANCE COMPANY
2525 South Shore Boulevard, Suite 207
League City, Texas 77573
Attn: Mortgage and Real Estate Investments Department
HEREINAFTER REFERRED TO AS **BENEFICIARY**

NOTE AMOUNT: \$4,250,000.00

THIS DOCUMENT IS ALSO A FIXTURE FILING IN ACCORDANCE WITH
§9502(c) OF THE CALIFORNIA UNIFORM COMMERCIAL CODE

California hereinafter referred to as the "**Governing Jurisdiction**"

1

GHA384533.3
10500-840

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

This Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (this "**Deed of Trust**" or this "**Agreement**") is made as of January 17, 2018 by 3515 HANCOCK STREET, LLC, a California limited liability company ("**Trustor**"), whose address is 3515 Hancock Street, San Diego, California 92110, to Steven R. Burzinski, Esq. ("**Trustee**"), whose address is c/o Greer, Herz & Adams, L.L.P., 2525 South Shore Boulevard, Suite 203, League City, Texas 77573 for the benefit of AMERICAN NATIONAL INSURANCE COMPANY, a Texas insurance company ("**Beneficiary**"), whose address is 2525 South Shore Boulevard, Suite 207, League City, Texas 77573, Attn: Mortgage and Real Estate Investments Department.

Trustor hereby irrevocably grants, transfers, and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under and grants to Beneficiary a security interest in any and all of the following described property which is (except where the context otherwise requires) herein collectively called the "**Mortgaged Property**", whether now owned or held or hereafter acquired:

(A) that certain real property owned in fee, more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference, together with all of the easements, rights, privileges, franchises and appurtenances thereunto belonging or in any wise appertaining (hereinafter referred to as the "**Premises**"), and all of the estate, right, title, interest, claim and demand whatsoever of Trustor therein or thereto, either at law or in equity, in possession or in expectancy, now or hereafter acquired;

(B) any and all structures, buildings and improvements of every kind and description now or at any time hereafter located on the Premises (hereinafter referred to as the "**Improvements**"; with the Premises, collectively, the "**Mortgaged Premises**"), including all equipment, apparatus, machinery, fixtures, fittings, and appliances and any additions to, substitutions for, changes in or replacements of the whole or any part thereof, including such of the foregoing as may be used in connection with the generating or distributing of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or sanitary purposes or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Premises or any portion thereof;

(C) (1) any and all articles of personal property and any additions to, substitutions for, changes in or replacements of the whole or any part thereof (hereinafter referred to as the "**Personal Property**"), including without limitation: any and all of the goods, articles of personal property, accounts, general intangibles, instruments, documents, furniture, furnishings, equipment and/or fixtures of every kind and nature whatsoever (including, without limitation, the items described in subsection (2) - (6) below) now or hereafter owned by Trustor, in or hereafter placed in, or used or which may become used, in connection with or in the operation of the

Mortgaged Premises, together with any and all additions thereto, replacements thereof, substitutions therefor and any and all proceeds thereof; (2) any and all rents, rentals, payments, compensations, revenues, profits, incomes, leases, licenses, concession agreements, insurance policies, plans and specifications, contract rights, accounts, escrowed funds, and general intangibles in any way relating to the Mortgaged Property or used or useful in the use, enjoyment, ownership or operation of the Mortgaged Property; (3) any and all names, trade names, signs, marks and trademarks under which the Mortgaged Property, or any part thereof, is known or operated and all of Trustor's rights to carry on the business of Trustor under all such name or names and any variant or variance thereof; (4) any and all deposits, awards, damages, payments, escrowed monies, insurance proceeds, condemnation awards or other compensation, and interests, fees, charges or payments accruing on or received from or to be received on any of the foregoing in any way relating to the Mortgaged Property, or the ownership, enjoyment or operation of the Mortgaged Property together with all proceeds of the foregoing described in this Section (C); (5) any and all cash, securities, un-certificated securities, investment property, securities accounts, financial assets, deposit accounts, securities entitlements and other personal property now or hereafter in or coming into or being credited to, or represented by any of the foregoing described in this Section (C), including, without limitation, any and all interest, dividends, rights, options, powers, splits and income thereon; and (6) any and all products, proceeds, substitutions and replacements of any of the above-described Personal Property.

(D) any and all right, title and interest of Trustor in and to all streets, roads and public places, opened or proposed, all ways, waters, water courses, water rights and powers, liberties, privileges, sewers, pipes, conduits, wires and other facilities furnishing utility or other services to the Mortgaged Premises located thereon, and all easements and rights of way, public or private, tenements, hereditaments, rights and appurtenances, now or hereafter used in connection with, belonging or appertaining to, the Mortgaged Premises (the "Appurtenances");

(E) any and all of the rents, royalties, issues, earnings, profits, revenue, income and other benefits of the Mortgaged Property, or arising from the use or enjoyment of all or any portion thereof, together with any other unrecorded lease or agreement pertaining thereto including, without limitation, any and all rents, royalties, issues, earnings, profits, revenues, income and other benefits generated by Trustor, any lessee, operator or concessionaire for the letting or other use of any room or space in the Mortgaged Premises and/or from any lease or concession therein or arising out of the operation of the business conducted therein or any part thereof (the "Rents and Profits"), and all right, title and interest of Trustor in and to all unrecorded leases, subleases, operating, occupancy, management and/or concession agreements of, or relating to the Mortgaged Property now or hereafter entered into and all right, title and interest of Trustor thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees, and other parties to such subleases, operating, occupancy, management and/or concession agreements, of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of said leases or applied to one or more of the installments of rent coming due immediately prior to the expiration of said terms;

(F) any and all intangible property and rights relating to the Mortgaged Property or the operation thereof, or used in connection therewith, including, but not limited to, all governmental permits relating to construction on the Mortgaged Property, all names under or by which the Mortgaged Property may at any time be operated or known, any and all rights to carry on business under any such names, or any variant thereof, all trade names and trademarks relating in any way to the Mortgaged Property, any goodwill in any way relating to the Mortgaged Property, and all other consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality in respect of the Mortgaged Premises (collectively, the “Licenses”), held by Trustor relating to the Mortgaged Property (the “Intangible Property”);

(G) any and all causes of action, claims, compensation and recoveries for any damage to or condemnation or taking of the Mortgaged Property, or for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to that real property, or for any loss or diminution in value of the Mortgaged Property (the “Claims”);

(H) any and all architectural, structural, mechanical and engineering plans and specifications prepared for construction of improvements on the Mortgaged Property and all studies, data and drawings relating thereto, and also all contracts and agreements of Trustor relating to the aforesaid plans and specifications or to the construction of improvements on the Mortgaged Property (the “Operational Plans”);

(I) any and all unrecorded contracts, agreements and equipment leases entered into by Trustor, excluding the leases and other agreements described in Section E hereof and any parking agreements, relating to the management, operation or maintenance of the Mortgaged Property, all unrecorded contracts, agreements and equipment leases entered into by any agent of Trustor on behalf of Trustor relating to the management, operation or maintenance of the Mortgaged Property; or any of the foregoing which affect all or any portion of the Mortgaged Premises (collectively, the “Contracts”);

(J) any and all accounts receivable arising from the operation of any business of Trustor on the Mortgaged Premises (collectively, the “Accounts Receivable”);

(K) any and all cash, securities, uncertificated securities, investment property, securities accounts, financial assets, deposit accounts, securities entitlements, and other personal property now or hereafter in or coming into or being credited to, or represented by any account(s) maintained for the benefit of Beneficiary as collateral for the indebtedness secured hereby, including, without limitation, all interest, dividends, rights, splits and income on such account(s); and all products, substitutions, and replacements of any of the collateral described in this subparagraph; and

(L) any and all proceeds (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards (the “Proceeds”).

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect (the following shall hereinafter collectively be referred to as the “**Indebtedness**”):

(1) due, prompt and complete observance, performance and discharge of each and every obligation, covenant and agreement contained in that certain unrecorded promissory note of even date herewith that represents a loan in the original principal amount of \$4,250,000.00 (hereinafter referred to as the “**Note**”), executed by Trustor to the order of Beneficiary and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or otherwise;

(2) payment of all other sums, with interest thereon at the rate of interest provided in the Note becoming due or payable under the provisions hereof;

(3) payment of such additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust; and

(4) due, prompt and complete observance, performance and discharge of each and every obligation, covenant and agreement of Trustor contained herein or in any other instrument heretofore or hereafter executed by Trustor having reference to or arising out of the indebtedness represented by the Note, save and except that certain Certificate and Indemnity Regarding Hazardous Substances dated of even date herewith by Trustor to Beneficiary (collectively, the “**Loan Documents**”).

ARTICLE I. COVENANTS OF TRUSTOR

Trustor covenants, warrants and agrees to and with Beneficiary and Trustee as follows:

1.01 Trustor will pay the principal and interest and all other sums becoming due with respect to the Note at the time and place and in the manner specified in the Note, according to the terms thereof.

1.02 Trustor has, on the date this Deed of Trust is recorded, good and marketable fee title to the Mortgaged Property subject to no lien, charge or encumbrance except such as are listed as exceptions to title in the title policy or policies, if any, insuring the lien of this Deed of Trust issued by a title company or companies acceptable to Beneficiary or which have been leased from third parties pursuant to lease agreements approved in writing by Beneficiary; Trustor owns or, upon acquisition thereof, will own the Personal Property free and clear of liens and claims not otherwise permitted hereunder; and this Deed of Trust is and will remain a valid and enforceable lien on the Mortgaged Property subject only to the exceptions referred to above. Trustor has full power and lawful authority to grant, assign, transfer and mortgage its interest in the Mortgaged Property in the manner and form hereby done or intended. Trustor will preserve its interest in and title to the Mortgaged Property and, prior to the transfer of the Mortgaged Property pursuant to foreclosure proceedings or a conveyance in lieu thereof, will warrant and

defend the same to Trustee and will warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever. Trustor shall promptly and completely observe, perform and discharge each and every obligation, covenant and agreement affecting the Mortgaged Property whether the same is prior and superior or subject and subordinate hereto, including, if the security hereunder is or, will be a condominium, community apartment, stock co-operative or part of a planned development, each and every provision under any Declaration of Covenants, Conditions and Restrictions pertaining to the condominium, community apartment, stock co-operative or planned development project.

1.03 (a) Trustor will, at its own cost and without expense to Trustee or Beneficiary, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Trustee or Beneficiary shall from time to time deem necessary for assuring, conveying, assigning, transferring and confirming unto Trustee and Beneficiary the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee or Beneficiary, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or filing, registering or recording this Deed of Trust.

(b) Trustor forthwith upon the recordation of this Deed of Trust, and thereafter from time to time, will cause this Deed of Trust and any security instruments creating a lien or evidencing the lien hereof upon the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Operational Plans, the Contracts, the Accounts Receivable and the Proceeds, and each instrument of further assurance, to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, the title of Trustee to and the security interest of Beneficiary in the Mortgaged Property.

(c) Trustor will pay all filing, registration and recording fees, and all expenses incident to the execution and acknowledgment of this Deed of Trust, and any deed of trust supplemental hereto, any security instrument with respect to the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Operational Plans, the Contracts, the Accounts Receivable and the Proceeds, and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note, this Deed of Trust, any deed of trust supplemental hereto, any security instrument with respect to the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Operational Plans, the Contracts, the Accounts Receivable and the Proceeds, or any instrument of further assurance.

1.04 (a) Trustor will keep the Mortgaged Property insured against loss or damage by fire with extended coverage property damage insurance, including all-risk insurance and insurance against any other risks or hazards that, in the opinion of Beneficiary, should be insured against to the amount of the full insurable value thereof on a replacement cost basis (or less in the discretion of Beneficiary) with a company or companies and in such form and with such

endorsements as are customarily maintained by companies engaged in the same or similar businesses in the same or similar location as determined by Beneficiary, and naming Beneficiary as an additional insured. Trustor shall also carry and maintain rental, rental value or business interruption insurance in an amount sufficient to cover not less than twelve (12) months of principal and interest payments under the Note and tax and insurance premiums for a period of not less than twelve (12) months in such form and with such endorsements as may be approved or required by Beneficiary. In addition, in the event the Federal Insurance Administration designates the Mortgaged Property to be in a special flood hazard area and flood insurance is available pursuant to the United States Flood Disaster Protection Act of 1973, Trustor hereby undertakes that it will acquire such flood insurance in an amount satisfactory to and with loss payable to Beneficiary. Trustor will also carry public liability insurance, in such form, amounts and with such companies as Beneficiary may from time to time require, with Beneficiary included thereon as a named insured under a standard mortgagee endorsement. Said insurance policies shall be endorsed with a standard non-contributory mortgage clause, and shall contain no co-insurance provision. Trustor shall cause duplicate originals or original certificates reasonably satisfactory to Beneficiary of any and all such insurance policies to be deposited with Beneficiary. At least ten (10) days prior to the date the premiums on each such policy or policies shall become due and payable, Trustor shall furnish to Beneficiary evidence of the payment of such premiums. Each of such policies shall contain an agreement by the insurer that the same shall not be canceled without at least thirty (30) days' prior written notice to Beneficiary. With respect to all insurance policies, except public liability insurance, Beneficiary is hereby authorized, but not required, on behalf of Trustor, to collect for, adjust or compromise any property losses under any insurance policy on the Mortgaged Property and to apply the loss proceeds as provided in Section 1.04(b) below.

(b) During the course of any construction or repair of the Improvements on the Mortgaged Property, Trustor shall procure and deliver to Beneficiary or shall cause Trustor's general contractor to procure and deliver to Beneficiary, at Trustor's own cost and expense, and Trustor shall maintain or cause to be maintained in full force and effect during the period of construction (including completed operations coverage for two years after construction of the Improvements has been completed) comprehensive public liability insurance, in such form, amounts and with such companies as may be approved or required by Beneficiary, and a policy or policies of contractor's liability and worker's compensation insurance, insuring Beneficiary and Trustor against any loss or liability on account of any occurrence on or about the Mortgaged Property resulting in the bodily injury to or the death of one or more persons and consequential damages arising therefrom, and property damage involving injury to or destruction of tangible property of third parties in an amount of not less than \$1,000,000.00. Each such policy shall confirm an affirmative covenant of the insurer thereunder to give written notice to Beneficiary of any cancellation or amendment of such policy at least thirty (30) days prior thereto.

(c) Any insurance proceeds paid to Beneficiary will be first applied in payment of the expenses, if any, incurred by Beneficiary in the collection of said insurance proceeds and second the balance, if any, will be held and disbursed by Beneficiary in accordance with the following provisions:

(i) (a) Should there exist an Event of Default at the time of a casualty or should there occur at any time thereafter an Event of Default; (b) should fifty percent (50%) or more of the rentable square feet of the Mortgaged Property be damaged; (c) should any insurance proceeds be remaining after the completion of all restoration work; (d) should Trustor fail to comply with the requirements for disbursing the insurance proceeds; or (e) should, in Beneficiary's judgment, the Mortgaged Property be unable to be restored prior to the maturity date of the Note, then in any of the said events, Beneficiary may, at its option, apply the insurance proceeds on the Indebtedness, in any order and whether due or not, or to the restoration of the Mortgaged Property, or to be released to Trustor, but any such application or release shall not cure or waive any default.

(ii) If the insurance proceeds have not been disbursed under the provisions of subparagraph (i) above, or if under subparagraph (i) above Beneficiary elects to permit the insurance proceeds to be used for restoration of the Mortgaged Property, the proceeds will be held and disbursed as follows:

(A) Should the insurance proceeds be less than \$100,000.00, Trustor shall immediately commence and complete the work of restoring the damaged property and Beneficiary will disburse the portion of the insurance proceeds to pay actual costs to replace, repair and restore the damaged property to Trustor upon (1) completion of the restoration work to a condition satisfactory to Beneficiary, (2) submission of a written report by Trustor that all restoration work has been completed and (3) receipt by Beneficiary of such evidence as Beneficiary may require that all mechanics and materialmen performing work or supplying materials for the restoration work have been fully paid.

(B) Should the insurance proceeds equal or be in excess of \$100,000.00, but less than \$250,000.00, Trustor shall cause plans and specifications ("Plans") for the restoration of the damaged property to be submitted to Beneficiary for approval. Upon receipt of Beneficiary's approval, Trustor shall forthwith commence and complete the restoration of the damaged property in accordance with the approved Plans. Beneficiary will disburse the portion of the insurance proceeds to pay the actual costs to repair and restore the damaged property to Trustor upon (1) completion of the restoration work to a condition satisfactory to Beneficiary, (2) submission of a written report by Trustor that all restoration work has been completed and (3) receipt by Beneficiary of such evidence as Beneficiary may require that all mechanics and materialmen performing work or supplying materials for the restoration work have been completely paid.

(C) If the insurance proceeds are equal or in excess of \$250,000.00: (1) Plans for the restoration of the damaged property and a cost estimate will both be prepared by an architect employed by Trustor and acceptable to Beneficiary. The Plans and cost estimates will be submitted to Beneficiary for approval. Upon receipt of Beneficiary's approval, Trustor will promptly commence and diligently pursue the restoration work in accordance with the approved Plans; (2) If prior to the commencement of, or at any time during the restoration work, Beneficiary shall determine that the total cost of the restoration work shall

exceed the balance of the insurance proceeds held in its possession, Trustor shall immediately pay, in cash, to Beneficiary the amount of such excess costs. Until the amount of said excess costs is paid to Beneficiary, Beneficiary shall not be obligated to disburse any of the insurance proceeds held by it. The insurance proceeds and the amount of excess costs paid by Trustor are hereinafter called the "**Construction Funds**". The amount of such excess costs paid by Trustor shall be disbursed prior to the disbursement of any of the insurance proceeds held by Beneficiary; and (3) The Construction Funds will be made available to Trustor as restoration repair work progresses pursuant to certificates of the architect approved by Beneficiary, submitted not more than once every thirty (30) days. There shall be delivered to Beneficiary such other evidences as Beneficiary may reasonably request, from time to time, during the restoration work, as to the progress of the work, the compliance with the approved Plans, the total cost of restoration work to date of request, the total cost needed to complete the restoration work, lien waivers or evidence of no liens against the Mortgaged Property. If at any time during the course of the restoration work, Beneficiary learns of facts concerning the restoration work which is materially adverse to Beneficiary, or payment or nonpayment of mechanics and materialmen, or inaccuracy of any information furnished with respect to it, Beneficiary may withhold the disbursement of funds until such time as it is prudent to continue to disburse the Construction Funds or may determine not to make any further disbursements of the Construction Funds and instead to apply all such funds remaining to the payment of the Indebtedness then outstanding, whether due or not at such time, without any prepayment premium, and in such order as determined by Beneficiary.

(d) In the event any portion of the Mortgaged Property is damaged as a result of an earthquake or other seismic activity that would be covered by earthquake insurance, Borrower shall promptly repair and restore the Mortgaged Property to its condition immediately prior to the earthquake or other seismic activity.

(e) Beneficiary shall not be required to hold any funds received by it described in this Section 1.04 in any account special or separate from Beneficiary's general account. No such funds shall be required to be placed in any interest bearing account, and any interest earned thereon shall constitute additional insurance proceeds to be applied as provided in this Deed of Trust.

1.05 Trustor, upon obtaining knowledge of the institution of any proceedings for the condemnation of the Mortgaged Premises or any portion thereof or knowledge of any casualty damage to the Mortgaged Property or damage of any other kind, will immediately notify Beneficiary. Beneficiary may participate in any proceedings in which the claim for compensation exceeds \$75,000 and join Trustor in adjusting any loss covered by insurance. All compensation, awards, proceeds, damages, claims, rights of action and payments to which Trustor may become entitled shall be paid over to Beneficiary. Beneficiary shall have the sole and absolute discretion, notwithstanding the fact that the security given hereby may not be impaired by a partial condemnation, to apply any part or all of the amount collected in connection with any condemnation proceeding: (a) upon any indebtedness secured hereby and in such order as Beneficiary may determine or (b) without reducing the indebtedness secured

hereby, to the reimbursement of Beneficiary for expenses incurred by it in the restoration of the Mortgaged Property. Such application shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary shall be under no obligation to question the amount of any compensation, awards, proceeds, damages, claims, rights of action or payments, and may accept the same in the amount in which the same shall be paid.

1.06 (a) Trustor, from time to time when the same shall become due, will pay and discharge all taxes of every kind and nature, including real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes, all general and special assessments, including assessments on appurtenant water stock, levies, permits, inspection and license fees, all water and sewer rents and charges and all other public charges, whether of a like or different nature, imposed upon or assessed against Trustor or the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property, or arising in respect of the occupancy, use or possession thereof. Trustor will, upon the request of Beneficiary, deliver to Beneficiary receipts evidencing the payment of all such taxes, assessments, levies, fees, rents and other public charges imposed upon or assessed against Trustor or the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

(b) The requirements for escrows for taxes and insurance have been conditionally waived by Beneficiary so long as no Termination of Escrow Waiver Event occurs. A **“Termination of Escrow Waiver Event”** means one or more of the following has occurred: (i) an Event of Default has occurred and is continuing; (ii) subject to clause (iii) below, the taxes and/or insurance on all or any portion of the Mortgaged Property have not paid prior to delinquency; (iii) the Trustor does not own the Mortgaged Property or the subject loan has been assumed by a borrower without Beneficiary’s prior written approval, which approval may be given or withheld in Beneficiary’s sole and absolute discretion; or (iv) Beneficiary sends written notice to Trustor that Beneficiary has determined in its sole and absolute discretion that a material adverse change has occurred in the financial capacity of any tenant that is obligated to pay for or reimburse Trustor for all or any portion of the taxes and/or insurance on all or any portion of the Mortgaged Property or the financial capacity of any guarantor of such tenant’s obligations. If a Termination of Escrow Waiver Event occurs, thereafter Trustor shall pay, in addition to the installments payable under the Note, on the same day as such installments are due and payable, a sum equal to 1/12th of the estimated annual taxes, hazard and rental insurance premiums, and special assessments, if any, next due on the Mortgaged Property. If the amount so paid is not sufficient to pay such taxes, insurance premiums and assessments when due, then Trustor will immediately deposit with Beneficiary amounts sufficient to pay the same. Funds deposited by Trustor pursuant to this provision shall be used to pay such taxes, insurance premiums and assessments when due, provided that Trustor has furnished Beneficiary with all tax statements, premium notices and other such notices promptly, but in no event more than ten (10) days following the receipt thereof. If there is a continuing Event of Default under this Deed of Trust, Beneficiary may elect, at any time after default, to apply the funds accumulated under this provision against the indebtedness secured hereby in any manner or order. No interest shall accrue or be allowed on any payments under the provisions of this paragraph. Beneficiary shall

not be required to deposit or hold monies in an account special or separate from its general funds. Trustor expressly releases Beneficiary from any liability to Trustor arising out of the maintenance by Beneficiary of an escrow as provided herein or for payment of any sums out of such escrow. Trustor further indemnifies Beneficiary against claims arising out of payment of taxes or insurance premiums where Trustor has failed to provide Beneficiary with tax statements and premium notices as required hereby. The maintenance by Beneficiary of an escrow for taxes and insurance shall not relieve Trustor of its obligations under this Deed of Trust respecting taxes and insurance on the Mortgaged Property if such escrow is insufficient or otherwise applied as provided in accordance with this Deed of Trust.

(c) Trustor will pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom, and in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the sole cost of Trustor, without expense to Trustee or Beneficiary.

(d) Notwithstanding anything to contrary contained herein, provided that the priority of this Deed of Trust is not in any way affected, Trustor may in good faith protest the payment of any tax or lien, which it believes is unwarranted or excessive and may defer payment of such tax or other lien-related claim pending conclusion of such contest if legally permitted to do so and provided Beneficiary's security is not jeopardized in Beneficiary's reasonable opinion.

1.07 All right, title and interest of Trustor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of and all additions and appurtenances to the Mortgaged Property, hereafter acquired by, or released to, Trustor or constructed, assembled or placed by Trustor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further deed of trust, conveyance, assignment or other act by Trustor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Trustor and specifically described in the granting clause hereof, but at any and all times Trustor will execute and deliver to Trustee any and all such further assurances, deeds of trust, conveyances or assignments thereof as Trustee or Beneficiary may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Deed of Trust.

1.08 This Deed of Trust shall be self-operative and constitute a Security Agreement with respect to the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Plans, the Contracts, the Accounts Receivable and the Proceeds; provided, however, that Trustor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Trustor, to execute, deliver and, if appropriate, to file with the appropriate filing officer or office such security agreements, financing statements or other instruments as Beneficiary may request or require in order to impose or perfect the lien or security interest hereof more specifically thereon.

1.09 (a) The Rents and Profits are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Deed of Trust. Except during the continuance of any Event of Default as set forth in Article II hereof, Trustor shall collect and receive all Rents and Profits (including security deposits) as trustee for the benefit of Beneficiary and shall apply the amount so collected first to the payment of the principal and interest and all other sums due and payable on the Note and to the payment of all other sums payable under this Deed of Trust and thereafter, so long as no event of default has occurred, the balance shall be retained for the account of Trustor. Nothing contained in this Section 1.09(a) or elsewhere in this Deed of Trust shall be construed to make Beneficiary a mortgagee in possession unless and until Beneficiary actually takes possession of the Mortgaged Property either in person or through an agent or receiver.

(b) Trustor will not, without the prior written consent of Beneficiary: (i) execute an assignment of any of its right, title or interest in the Rents and Profits, other than to Beneficiary; (ii) terminate or consent to the cancellation or accept the surrender of any material lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made, having an unexpired term of two (2) years or more; (iii) modify any material lease of the Mortgaged Property or any part thereof so as to shorten the unexpired term thereof or so as to decrease the amount of the rent payable thereunder; (iv) accept prepayments of any installments of rent to become due under any of said material leases in excess of one (1) month's rental or prepayments in the nature of security for the performance of the lessee's obligations thereunder in excess of an amount equal to one (1) month's rental; or (v) impair in any other material manner the Beneficiary's interest in the Mortgaged Property or the security of this Deed of Trust.

(c) Trustor will not execute any material lease of all or a substantial portion of the Mortgaged Property, except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed, all of the covenants conditions and agreements contained in all material leases of the Mortgaged Property now or hereafter existing on the part of the lessor thereunder to be kept and performed.

(d) Trustor shall furnish to Beneficiary, within thirty (30) days after a request by Beneficiary to do so, a written statement containing the names of all lessees of the Mortgaged Property, the terms of their respective material leases, the spaces occupied and the rentals payable thereunder and a copy of each such material lease.

1.10 To the extent not provided by applicable law, each future material lease of the Mortgaged Property or any part thereof shall provide that, in the event of the enforcement by Trustee or Beneficiary of the remedies provided for by law or by this Deed of Trust, the lessee thereunder will, if requested by Beneficiary or by any person succeeding to the interest of Trustor as the result of said enforcement, automatically become the lessee of any such successor in interest, without any change in the terms or other provisions of the respective material lease; provided, however, that said successor in interest shall not be bound by: (a) any payment of rent or additional rent for more than one (1) month in advance, except prepayments in the nature of

security for the performance by said lessee of its obligations under said material lease not in excess of an amount equal to one (1) month's rental; or (b) any amendment or modification in the material lease made without the consent of Beneficiary or any successor in interest. Each future material lease shall also provide that, upon request by said successor in interest, the lessee shall execute and deliver an instrument or instruments confirming its attornment.

1.11 Without the prior written consent of Beneficiary being first had and obtained, which consent Beneficiary may grant, condition or withhold in its sole and entire discretion, Trustor will not execute or deliver any pledge, security agreement, mortgage or deed of trust covering all or any portion of the Mortgaged Property ("Subordinate Mortgage"). If Beneficiary consents to a Subordinate Mortgage or in the event the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable under the provisions of any applicable law, Trustor will not execute or deliver any Subordinate Mortgage unless there shall have been delivered to Beneficiary not less than ten (10) days prior to the date thereof a copy thereof which shall contain express covenants to the effect that:

(a) the Subordinate Mortgage is in all respects subject and subordinate to this Deed of Trust;

(b) if any action or proceeding shall be brought to foreclose the Subordinate Mortgage (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), no tenant of any portion of the Mortgaged Property will be named as a party defendant, nor will any action be taken with respect to the Mortgaged Property which would terminate any occupancy or tenancy of the Mortgaged Property, or any portion thereof, without the consent of Beneficiary;

(c) the Rents and Profits, if collected through a receiver or by the holder of the Subordinate Mortgage, shall be applied first to the obligations secured by this Deed of Trust, including principal and interest due and owing on or to become due and owing on the Note, and then to the payment of maintenance expenses, operating charges, taxes, assessments and disbursements incurred in connection with the ownership and maintenance of the Mortgaged Property; and

(d) if any action or proceeding shall be brought to foreclose the Subordinate Mortgage, prompt notice of the commencement thereof will be given to Beneficiary.

1.12 Trustor will not commit any material waste on the Premises or make any change in the use of the Mortgaged Property that will in any way increase any ordinary fire or other hazard arising out of construction of the Improvements or operation of the Mortgaged Property, nor will Trustor make any application to any federal, state or local governmental authority ("Governmental Authority") for a change in zoning or a change in any other law, ordinance, statute, rule, order, decree, directive or regulation ("Laws") negatively affecting the Mortgaged Property, nor will Trustor consent to any such change without the written consent of Beneficiary. Trustor will at all times comply with all Laws of any Governmental Authority having or exercising jurisdiction over construction of the Improvements or otherwise affecting the

Mortgaged Property or any portion thereof, including, but not limited to, compliance in full with any legislation and regulations relating to the handicapped and regulations of the Environmental Protection Agency, and maintain and keep the Improvements in good operating order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith that are needful or desirable to that end. After completion of the Improvements, they shall not be removed, demolished or substantially altered, nor shall any of the Personal Property be removed, without the prior written consent of Beneficiary, except where appropriate replacements free of superior title, liens and claims are immediately made having a value at least equal to the value of the Personal Property so removed.

1.13 Trustor will, so long as it is the owner of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges as a limited liability company under the laws of the state of its organization and will comply with all Laws of any Governmental Authority or court applicable to Trustor or the Mortgaged Property or any part thereof, except where there failure to do so would not result in a material adverse effect on the Trustor or the Mortgaged Property.

1.14 (a) Trustor will keep adequate records and books of account on a tax basis in accordance with generally accepted accounting principles and will permit Trustee and Beneficiary, or their agents, accountants and attorneys, to visit and inspect the Mortgaged Property and examine Trustor's records and books of account and to discuss Trustor's affairs, finances and accounts with the officers, agents or principals of Trustor at such reasonable times as may be requested by Trustee or Beneficiary.

(b) For purposes of this Agreement, April 30th of each and every year is the "**Financial Statement Due Date**". The requirement for escrows for certified financial statements has been conditionally waived by Beneficiary so long as no Termination of Certified Statement Waiver Event occurs. A "**Termination of Certified Statement Waiver Event**" means the occurrence of one or more of the following: (i) an Event of Default has occurred and is continuing; or (ii) on or before the Financial Statement Due Date, Trustor has failed to deliver to Beneficiary (A) annual operating information relating to the Mortgaged Premises for each calendar year (or, with respect to the year in which this Agreement was executed by Trustor, the portion of the year for which Trustor owned the Mortgaged Premises) in the form required by the most recent version of the CRE Finance Council Investor Reporting Package, or such other form as required by Beneficiary from time to time, signed by a Manager, which includes the certification that, to the best of Trustor's knowledge, during the period of time covered by the particular statement, (B) no activity has been conducted upon the property in violation of any state, federal or local law, ordinance or regulation pertaining to toxic or hazardous materials, industrial hygiene or environmental conditions, (C) the Mortgaged Premises complies in all material respects with the Americans with Disabilities Act of 1990, as it may be amended from time to time, or any state-level equivalent statute (collectively, the "**ADA**") and (D) a detailed listing of all tenants leasing space in the Mortgaged Premises which listing evidences the rate, the term, the amount of space, annual rent, any other reimbursements paid by each tenant, and, where appropriate, sales information provided by such tenant on the form attached hereto as

Exhibit "C" attached hereto and incorporated herein for all purposes (or such other form a required by Beneficiary from time to time) signed by a Manager. If a Termination of Certified Statement Waiver Event occurs, thereafter Trustor shall furnish to Beneficiary on or before Financial Statement Due Date until the Indebtedness secured hereby has been fully paid, annual financial statements prepared by or for Trustor pertaining to Trustor's operation of the Mortgaged Premises, each such statement prepared in accordance with generally accepted accounting or management principles customarily used in the commercial real estate industry, consistently applied. The financial statements referenced herein shall also contain Trustor's certification that, during the period of time covered by the particular statement, to Trustor's knowledge, (y) no activity has been conducted upon the Mortgaged Premises in violation of any state, federal or local law, ordinance or regulation pertaining to Hazardous Materials, industrial hygiene or environmental conditions and (z) the Mortgaged Premises complies in all material respects with the ADA.

If Trustor does not deliver the financial statements as and when required by this paragraph, there shall be added to the Indebtedness and Trustor agrees to pay upon demand Two Hundred and 00/100 Dollars (\$200.00) for each calendar month or part thereof until the required financial statements are delivered to Beneficiary, provided that no such charge shall be assessed unless Beneficiary has provided Trustor thirty (30) days written notice of Trustor's failure to deliver such financial statements.

(c) Trustor, within three (3) days upon request in person or within five (5) days upon request by mail, will furnish a written statement duly acknowledged of the amount due on the Note, whether for principal or interest, and whether any offsets or defenses exist against the indebtedness secured hereby.

1.15 Trustor shall pay all costs, fees and expenses of Trustee, its agents and counsel in connection with the performance of its duties hereunder; Trustor shall pay all taxes (except federal and state income taxes) and any other governmental charges or impositions imposed by any Governmental Authority on Trustee or Beneficiary by reason of their interests in the Note or this Deed of Trust.

1.16 Beneficiary shall be subrogated, notwithstanding their release of record, to any mechanic's or vendor's lien or liens, superior titles, mortgages, deeds of trust, liens, encumbrances, rights, equities and charges of all kinds heretofore or hereafter existing on the Mortgaged Property to the extent that the same are paid or discharged from the proceeds of the Loan.

1.17 Trustor will, if the Note is mutilated, destroyed, lost or stolen, deliver to Beneficiary, in substitution therefor, a new promissory note containing the same terms and conditions as the Note with a notation thereon of the unpaid principal and accrued but unpaid interest. Trustor shall be furnished with satisfactory evidence of the mutilation, destruction, loss or theft of the Note, and also such security or indemnity as may be reasonably requested by Trustor; provided, however, that if the original beneficiary named herein is the then beneficiary

under this Deed of Trust, an unqualified indemnity from the original beneficiary named herein shall be deemed to be satisfactory security or indemnification.

1.18 If the Note provides any charge for prepayment, Trustor agrees to pay said charge even if and notwithstanding the fact that Trustor shall have defaulted in payments due under the Note or in the performance of any agreement hereunder, and Beneficiary, by reason thereof, shall have declared all sums secured hereby immediately due and payable.


BORROWER'S INITIALS (each signatory must initial)

1.19 Without affecting the liability of Trustor or of any other person who is or shall become bound by the terms of this Deed of Trust or who is or shall become liable for the performance of any obligation secured hereby, Beneficiary may, in such manner upon such terms and at such times as it deems best and without notice or demand, release any party now or hereafter liable for the performance of any such obligation, extend the time for such performance, accept additional security therefor, and alter, substitute or release any property securing such performance. No exercise or non-exercise by Beneficiary of any of its rights under this Deed of Trust, no dealing by Beneficiary with any person, firm or corporation and no change, impairment, loss or suspension of any right or remedy of Beneficiary shall in any way affect any of the obligations of Trustor hereunder or any security furnished by Trustor, or give Trustor any recourse against Beneficiary.

1.20 Except as otherwise specifically provided below, in the event of a default in the payment of the Note by Trustor, or any other default under any other Loan Documents, including, without limitation, this Deed of Trust, Beneficiary's sole recourse shall be against the Mortgaged Property, and Beneficiary shall not be entitled to recover any deficiency judgment against Trustor if the foreclosure or recovery of such Mortgaged Property is not sufficient to pay the amount owed by Trustor hereunder. Notwithstanding the foregoing limitation of liability as to Trustor, Trustor shall be fully liable: (i) for fraud or misrepresentation made in or in connection with the Note or any of the other Security Instruments or the apparent purpose of which is to deprive Beneficiary of the security for the Note; (ii) for failure to pay taxes, assessments, charges for labor or materials or any other charges which can create liens on any portion of the Mortgaged Property, provided, that the foregoing shall not require any equity owner to make additional capital contributions to Trustor; (iii) for the misapplication of (a) proceeds of insurance covering any portion of the Mortgaged Property, (b) proceeds of the sale or condemnation of any portion of the Mortgaged Property or (c) rentals and security deposits received by or on behalf of Trustor subsequent to the date on which Beneficiary gives written notice of the posting of foreclosure notices or the exercise of Beneficiary's assignment of rents; (iv) for failure to maintain, repair or restore the Mortgaged Property in accordance with any of the Security Instruments; (v) for any act or omission knowingly or intentionally committed or permitted by Trustor which results in the material waste, damage or destruction to the Mortgaged Property, but only to the extent such events are not covered by insurance proceeds which are received by Beneficiary; (vi) for the return to Beneficiary of all unearned advance

rentals and security deposits paid by tenants of the Mortgaged Property or any guarantors of the leases of such tenants which are not rightfully refunded to or which are forfeited by such tenants or guarantors; (vii) for the return of, or reimbursement for all Personal Property taken from the Mortgaged Property by or on behalf of Trustor which is not replaced with comparably valued Personal Property; (viii) for any liability of Trustor pursuant to the provision contained in this Deed of Trust pertaining to hazardous or toxic materials or substances; (ix) for any liability of Trustor pursuant to the Certificate and Indemnity Regarding Hazardous Substances executed by Trustor and delivered to Beneficiary in connection with the indebtedness evidenced by the Note; (x) for any delay by Trustor after an Event of Default, which is not cured, in deeding over the Mortgaged Property to Beneficiary, or failure by Trustor to cooperate in a consensual foreclosure within ninety (90) days of Beneficiary's request, provided that if the applicable Event of Default is being contested in good faith by Trustor, it shall not be deemed to be an Event of Default for purposes of determining whether a delay or failure to cooperate has occurred under this clause (x) until there has been a judicial determination in the applicable proceeding that such Event of Default occurred; (xi) except as disclosed in writing to Beneficiary prior to the funding of the Loan, for failure to maintain or alter the Property in compliance with the ADA; and (xii) for all court costs and reasonable attorneys' fees incurred in connection with the enforcement of one or more of the above subparagraphs (i) through (xi), inclusive. Additionally, the limitations on liability provided for in this paragraph shall not apply to any current or future guarantor of all or any portion of the indebtedness evidenced by this Note, and the liability of such party shall be governed in all respects by the terms and conditions of the guaranty agreement executed by such party, including, without limitation, that certain Income Stream Guaranty executed by Gina Champion-Cain, an individual ("**Guarantor**") in favor of Beneficiary and executed concurrently herewith ("**Guaranty**").

1.21 Trustor covenants: (a) that no substances, including, without limitation, asbestos or any substance containing asbestos and deemed hazardous under any of the Hazardous Material Laws (defined below), the group of organic compounds known as polychlorinated biphenyls, flammable explosives, radioactive materials, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included, within the definition of hazardous or toxic waste, materials or substances ("**Hazardous Materials**") under any law relating to environmental conditions and industrial hygiene, including, without limitation: the Resource Conservation and Recovery Act of 1976 ("**RCRA**"), 42 U.S.C. sec. 6901 *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("**CERCLA**"), 42 U.S.C. sec. 9601-9657, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("**SARA**"); the Hazardous Materials Transportation Act, 49 U.S.C. sec. 6901 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. sec. 1251 *et seq.*; the Clean Air Act, 42 U.S.C. sec. 741 *et seq.*; the Clean Water Act, 33 U.S.C. sec. 7401 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. sec. 2601-2629; the Safe Drinking Water Act, 42 U.S.C. sec. 300f-300j; and all similar federal, state and local environmental statutes, ordinances and the regulations, orders and decrees now or hereafter promulgated thereunder (collectively, the "**Hazardous Material Laws**"), shall be installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, in, on or under the Mortgaged Property, except to the extent ordinarily present in connection

with the operation of the Mortgaged Property in commercially reasonable quantities and in strict compliance with applicable laws, ordinances and regulations; (b) that no activity shall be undertaken on the Mortgaged Property which would cause (i) the Mortgaged Property to become a hazardous waste treatment, storage or disposal facility as such terminology is defined and classified under any Hazardous Material Laws, (ii) a release or threatened release of Hazardous Material from the Mortgaged Property in violation of any Hazardous Material Laws, or (iii) the discharge of Hazardous Material into any watercourse, body of surface or subsurface water or wetland, or the discharge into the atmosphere of any Hazardous Material which would require a permit under any Hazardous Material Laws and for which no such permit has been issued; (c) that no activity shall be undertaken or permitted to be undertaken, by the Trustor on the Mortgaged Property which would result in a violation under any Hazardous Material Laws, and (d) to obtain and deliver to Beneficiary, within a reasonable time following completion of the actions as have been required to be taken by the appropriate governmental agency, certifications of engineers or other professionals reasonably acceptable to Beneficiary, in form and substance reasonably satisfactory to Beneficiary, certifying that all necessary and required actions to clean up, remove, contain, prevent and eliminate all releases or threats of release of Hazardous Materials on or about the Mortgaged Property to the levels required by the appropriate governmental agencies have been taken, and that upon completion of such action, the Mortgaged Property is, to the knowledge of such professional, then in compliance with applicable Hazardous Material Laws as then in effect and applicable to such actions.

1.22 Upon reasonable notice to the Trustor, Beneficiary shall have the right to enter and inspect the Mortgaged Property, or to cause a licensed environmental engineer to enter and inspect the Mortgaged Property, which inspection shall be conducted to determine the existence, location, nature and magnitude of any past or present release or threatened release of any Hazardous Materials into, onto, beneath or from the Mortgaged Property on either of the following: (a) upon reasonable belief of the existence of a past or present release or threatened release of any Hazardous Material into, onto, beneath or from the Mortgaged Property not previously disclosed in writing to the Beneficiary in conjunction with the making, renewal or modification of the Note, or (b) after the commencement of nonjudicial or judicial foreclosure proceedings against the Mortgaged Property. In the case of an emergency, no prior notice for the exercise of the foregoing rights by Beneficiary shall be required. If Beneficiary, or the licensed environmental engineer selected by Trustor, is refused the right of entry and inspection by the Trustor, or by a tenant of the Mortgaged Property, or the Beneficiary, or such licensed governmental engineer, is otherwise unable to enter and inspect the Mortgaged Property without a breach of the peace, the Beneficiary may, upon petition, obtain a court order from a court of competent jurisdiction to exercise the Beneficiary's rights hereunder. In this regard, Trustor hereby consents to the appointment of a receiver by the court empowered by law to appoint a receiver for the Mortgaged Property, in an action brought by Beneficiary to enforce its rights hereunder.

1.23 Neither Trustor nor any Guarantor, nor any persons or entities holding any legal or beneficial interest in Trustor or any Guarantor, nor any of their respective affiliates, is or will be an entity or person (a) that is listed in the Annex to, or is otherwise subject to the provisions

of Executive Order 13224 issued on September 24, 2001 (“**EO13224**”), (b) whose name appears on the United States Treasury Department’s Office of Foreign Assets Control (“**OFAC**”) most current list of “Specifically Designated Nationals and Blocked Persons” (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/tllsdn.pdf>), (c) who commits, threatens to commit or supports “terrorism”, as that term is defined in EO13224, or (d) who is otherwise affiliated with any entity or person listed above (any entity or person described in the foregoing clauses (a) through (d) is referred to as a “**Prohibited Person**”). Trustor covenants and agrees that neither Trustor nor any Guarantor, nor any persons or entities holding any legal or beneficial interest in Trustor or any Guarantor, nor any of their respective affiliates will (y) conduct any business, nor engage in any transaction or dealing, with any Prohibited Person, including, but not limited to the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Prohibited Person, or (z) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in EO13224. Trustor further covenants and agrees to deliver to Beneficiary from time to time any such certification regarding the facts set forth in this paragraph or other evidence of their continuing accuracy as may be requested by Beneficiary in its sole discretion.

1.24 Special Purpose Entity. Trustor represents, warrants and covenants as follows:

(a) Limited Purpose. The sole purpose conducted or promoted by Trustor is to engage in the following activities:

(i) to acquire, own, hold, lease, operate, manage, maintain, develop and improve the Mortgaged Property (or an undivided interest therein) and to contract for the operation, maintenance, management and development of the Mortgaged Property;

(ii) to enter into and perform its obligations under the Loan Documents;

(iii) to sell, transfer, service, convey, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with the Mortgaged Property to the extent permitted under the Loan Documents; and

(iv) to engage in any lawful act or activity and to exercise any powers permitted to corporations organized under the laws of the State of California that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above mentioned purposes.

(b) Limitations on Debt, Actions. Notwithstanding anything to the contrary in the Loan Documents or in any other document governing the formation, management or operation of Trustor, Trustor shall not:

(i) guarantee any obligation of any person or entity, including any affiliate, or become obligated for the debts of any other person or entity or hold out its credit as being available to pay the obligations of any other person or entity;

(ii) engage, directly or indirectly, in any business other than as required or permitted to be performed under this Section 1.24(b)(ii);

(iii) incur, create or assume any debt other than (A) the loan evidenced by the Note and (B) unsecured trade payables incurred in the ordinary course of its business that are related to the ownership and operation of the Mortgaged Property and which shall (w) not exceed two percent (2%) of the outstanding balance of the loan evidenced by the Note, (x) not be evidenced by a note, (y) be paid within sixty (60) days and (z) otherwise expressly be permitted under the Loan Documents;

(iv) make or permit to remain outstanding any loan or advance to, or own or acquire any stock or securities of, any person or entity, except that Trustor may invest in those investments permitted under the Loan Documents;

(v) to the fullest extent permitted by law, engage in any dissolution, liquidation, consolidation, merger, sale or other transfer of any of its assets outside the ordinary course of Trustor's business;

(vi) buy or hold evidence of indebtedness issued by any other person or entity (other than cash or investment-grade securities);

(vii) form, acquire or hold any subsidiary (whether corporate, partnership, limited liability company or other) or own any equity interest in any other entity;

(viii) own any asset or property other than the Mortgaged Property (or an undivided interest therein) and incidental personal property necessary for the ownership or operation of the Mortgaged Property; or

(ix) take any action under any bankruptcy or debtor relief law without the unanimous written approval of all shareholders of Trustor.

(c) Separateness Covenants. In order to maintain its status as a separate entity and to avoid any confusion or potential consolidation with any affiliate, Trustor represents and warrants that in the conduct of its operations since its organization it has observed, and covenants that it will continue to observe, the following covenants:

(i) maintain books and records and bank accounts separate from those of any other person or entity;

(ii) maintain its assets in such a manner that it is not costly or difficult to segregate, identify or ascertain such assets;

(iii) comply with all organizational formalities necessary to maintain its separate existence;

(iv) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

(v) maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other person or entity and not have its assets listed on any financial statement of any other person or entity; except that Trustor's assets may be included in a consolidated financial statement of its affiliate so long as appropriate notation is made on such consolidated financial statements to indicate the separateness of Trustor from such affiliate and to indicate that Trustor's assets and credit are not available to satisfy the debts and other obligations of such affiliate or any other person or entity;

(vi) prepare and file its own tax returns separate from those of any person or entity to the extent required by applicable law, and pay any taxes required to be paid by applicable law;

(vii) allocate and charge fairly and reasonably any common employee or overhead shared with affiliates;

(viii) not enter into any transaction with affiliates except on an arm's-length basis on terms which are intrinsically fair and no less favorable than would be available for unaffiliated third parties, and pursuant to written, enforceable agreements;

(ix) conduct business in its own name, and use separate stationery, invoices and checks;

(x) not commingle its assets or funds with those of any other person or entity;

(xi) not assume, guarantee or pay the debts or obligations of any other person or entity;

(xii) correct any known misunderstanding as to its separate identity;

(xiii) not permit any affiliate to guarantee or pay its obligations (other than limited guarantees and indemnities set forth in the Loan Documents);

(xiv) not make loans or advances to any other person or entity;

(xv) pay its liabilities and expenses out of and to the extent of its own funds;

(xvi) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities; provided, however, that the foregoing shall not require any equity owner to make additional capital contributions to Trustor; and

(xvii) cause the officers, employees, agents and other representatives of Trustor to act at all times with respect to Trustor consistently and in furtherance of the foregoing and in the best interests of Trustor.

Failure of Trustor to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of Trustor as a separate legal entity.

ARTICLE II. EVENTS OF DEFAULT

The following shall constitute events of default (each an “**Event of Default**”) hereunder:

2.01 The failure to make any payment of interest on the Note, or to make any payment of an installment of principal, when and as the same shall become due and payable, or the failure to make any other payments required under the Note, when and as the same shall become due and payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, in each case, as is provided in the Note and in this Deed of Trust including without limitation, the failure to make any payments of insurance premium or tax required by Sections 1.04 and 1.06(a) hereof to be paid, or the failure to make the deposits required by Section 1.06(b) hereof.

2.02 A default by Trustor in the due, prompt and complete observance and performance of any obligation, covenant and agreement contained in Sections 1.02, 1.03, 1.04, 1.05 or 1.06(c) of this Deed of Trust, and, except as expressly provided therein, the continuation of such default ten (10) days after written notice thereof from Beneficiary to Trustor.

2.03 A default by Trustor in the due, prompt and complete observance and performance of any obligation, covenant and agreement contained in the Note or in this Deed of Trust but not specified in Sections 2.01 or 2.02 above, and the continuation of such default thirty (30) days after written notice thereof from Beneficiary to Trustor, or if such default is not susceptible of cure during such thirty (30) day period, the failure to commence and diligently pursue the cure of same during such 30-day period.

2.04 The appointment pursuant to an order of a court of competent jurisdiction of a trustee, receiver or liquidator of Trustor or of the Mortgaged Property or any part thereof, which appointment is not vacated or stayed within sixty (60) days from the date thereof.

2.05 The filing by Trustor of a petition in bankruptcy or a petition for an arrangement or a reorganization pursuant to the Federal Bankruptcy Act or any similar law, federal or state, or the adjudication of Trustor as a bankrupt or as insolvent by a decree of a court of competent jurisdiction, or the making of an assignment for the benefit of creditors, which adjudication or

assignment is not vacated, set aside or stayed within sixty (60) days after the entry or assignment thereof, or the admission by Trustor in writing of its inability to pay its debts generally as they become due, or the giving of consent by Trustor to the appointment of a receiver or receivers of all or any part of its property.

2.06 The filing by any of the creditors of Trustor of a petition in bankruptcy against Trustor or a petition for reorganization of Trustor pursuant to the Federal Bankruptcy Act or any similar law, federal or state, and the same is not discharged within sixty (60) days after the date of filing thereof.

2.07 The occurrence of any of the events enumerated in Sections 2.04 through 2.06 above with regard to Guarantor, or the property of Guarantor, or the revocation, limitation or termination of the obligations of Guarantor, except in accordance with the express written terms of the instrument of guaranty; or, if Trustor is a trust or trustee of a trust, the occurrence of any of the events enumerated in Sections 2.04 through 2.06 above with regard to such trustee or any owner, or general partner of any owner, of more than ten percent (10%) of the beneficial interests of such trust.

2.08 The imposition of a tax, other than a state or federal income tax, on or payable by Trustee or Beneficiary by reason of their ownership of the Note or this Deed of Trust, and Trustor has not paid said tax, or it would be illegal for Trustor to pay said tax, or if the payment of said tax by Trustor would result in the violation of the usury laws of the Governing Jurisdiction.

2.09 The sale, conveyance, transfer, disposition or further encumbrance of the Mortgaged Property, or any part thereof, or any interest therein, either voluntarily, involuntarily or otherwise, or agreement so to do, without the prior written consent of Beneficiary (any such sales, conveyances, transfers, dispositions or further encumbrances as are consented to by Beneficiary in writing being "**Permitted Transfers**").

2.10 The sale, conveyance, transfer or disposition of any direct membership interests in Trustor or, other than to an affiliate, partner, member of Trustor or its affiliates, partners, or members including without limitation trusts formed for estate planning purposes, indirect membership interests in Trustor, in each case, without the prior written consent of Beneficiary (such approved transfers also being deemed "**Permitted Transfers**").

2.11 A default occurs under the Guaranty following any expiration of any notice or cure period provided therein.

ARTICLE III. REMEDIES

Upon the occurrence and during the continuance of any Event of Default, Trustee and Beneficiary shall have the following rights and remedies:

3.01 Beneficiary may declare the entire principal of the Note then outstanding (if not then due and payable), and accrued but unpaid interest thereon to be due and payable immediately, and, notwithstanding any stated maturity in the Note or any other term or provision of the Note or this Deed of Trust to the contrary, the outstanding principal amount of the Note and the accrued but unpaid interest thereon shall become and be immediately due and payable.

3.02 Whether or not Beneficiary exercises the option provided in Section 3.01 above, Beneficiary, in person or by agent, may, without any obligation so to do and without notice or demand upon Trustor and without releasing Trustor from any obligation hereunder: (i) make any payment or do any act which Trustor has failed to make or do; (ii) enter upon, take possession of, manage and operate the Mortgaged Property or any part thereof; (iii) make or enforce, or, if the same be subject to modification or cancellation, modify or cancel any leases of the Mortgaged Property or any part thereof upon such terms or conditions as Beneficiary deems proper; (iv) obtain and evict tenants, and fix or modify rents, make repairs and alterations and do any acts which Beneficiary deems proper to protect the security hereof; and (v) with or without taking possession, in its own name or in the name of Trustor, sue for or otherwise collect and receive rents, royalties, issues, profits, revenue, income and other benefits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. Upon request of Beneficiary, Trustor shall assemble and make available to Beneficiary at the Premises any of the Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, the collection of any rents, royalties, issues, profits, revenue, income or other benefits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice of default hereunder or invalidate any act done pursuant to any such notice; and, notwithstanding continuance in possession of the Mortgaged Property, or any part thereof, by Beneficiary, Trustee or a receiver, and the collection, receipt and application of rents, royalties, issues, profits, revenue, income or other benefits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon or after the occurrence of a default, including the right to exercise the power of sale. Any of the actions referred to in this Section 3.02 may be taken by Beneficiary, either in person or by agent, with or without bringing any action or proceeding, or by receiver appointed by a court, and any such action may also be taken irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured. Further, Beneficiary, at the expense of Trustor, either by purchase, repair or construction, may from time to time maintain and restore the Mortgaged Property, or any part thereof and complete construction of the Improvements uncompleted as of the date thereof and in the course of such completion may make such changes in the contemplated Improvements as Beneficiary may deem desirable and may insure the same.

3.03 Beneficiary shall be entitled, without notice and to the full extent provided by law, to the appointment by a court having jurisdiction of a receiver to take possession of and protect the Mortgaged Property or any part thereof, and operate the same and collect the Rents and Profits.

3.04 Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust or to enforce any of the covenants and agreements hereof.

3.05 Beneficiary may elect to cause the Mortgaged Property or any part thereof to be sold as follows:

(a) Beneficiary may proceed as if all of the Mortgaged Property were real property in accordance with subparagraph (d) below, or Beneficiary may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the Mortgaged Premises without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with subparagraph (c) below, separate and apart from the sale of real property, the remainder of the Mortgaged Property being treated as real property.

(b) Beneficiary may cause any such sale or other disposition to be conducted immediately following the expiration of any grace period herein provided (or immediately upon the expiration of any redemption or reinstatement period required by law), or Beneficiary may delay any such sale or other disposition for such period of time as Beneficiary deems to be in its best interest. Should Beneficiary desire that more than one (1) such sale or other disposition be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interests.

(c) Should Beneficiary elect to cause any of the Mortgaged Property to be disposed of as personal property as permitted by subparagraph (a) above, it may dispose of any part thereof in any manner now or hereafter permitted by the Uniform Commercial Code of the Governing Jurisdiction (the "UCC") or in accordance with any other remedy provided by law. Any such disposition may be conducted by an employee or agent of Beneficiary or Trustee. Both Trustor and Beneficiary shall be eligible to purchase any part or all of such property at any such disposition. Any such disposition may be either public or private as Beneficiary may elect. Subject to the provisions of the UCC, Beneficiary shall have all of the rights and remedies of a Secured Party under the UCC. Expenses of retaking, holding, preparing for sale, selling or the like shall include Beneficiary's reasonable attorneys' fees and legal expenses, and upon such default, Trustor, upon demand of Beneficiary, shall assemble such personal property and make it available to Beneficiary at the Premises, a place which is hereby deemed reasonably convenient to Beneficiary and Trustor. Beneficiary shall give Trustor at least five (5) days' prior written notice of the time and place of any public sale or other disposition of such property or of the time at or after which any private sale or any other intended disposition is to be made, and if such notice is sent to Trustor, in the manner provided for the mailing of notices herein, it shall constitute reasonable notice to Trustor.

(d) Should Beneficiary elect to sell the Mortgaged Property or any part thereof that is real property or that Beneficiary has elected to treat as real property, upon such election, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of

sale as may then be required by law, and without the necessity of any demand on Trustor, Trustee, at the time and place specified in the notice of sale, shall sell the Mortgaged Property, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States, subject, however, to the provisions of Section 3.07 below. Trustee may, and upon request of Beneficiary shall, from time to time postpone the sale by public announcement thereof at the time and place noticed therefor. If the Mortgaged Property consists of several lots or parcels, Beneficiary may direct that the same be sold as a unit or be sold separately and, if to be sold separately, Beneficiary may designate the order in which such lots or parcels shall be offered for sale or sold. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession.

(e) In the event of a sale or other disposition of the Mortgaged Property, or any part thereof, and the execution of a deed or other conveyance pursuant thereto, the recitals therein of facts, such as default, the giving of notice of default and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, sale, purchase, payment of purchase money and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts; and any such deed or conveyance shall be conclusive against all persons as to such facts recited therein.

(f) The acknowledgment of the receipt of the purchase money, contained in any deed or conveyance executed as aforesaid, shall be sufficient discharge to the grantee of all obligations to see to the proper application of the consideration therefor as hereinafter provided. The purchaser at any trustee's or foreclosure sale hereunder may disaffirm any easement granted or rental or lease contract made in violation of any provision of this Deed of Trust and may take immediate possession of the Mortgaged Property free from, and despite the terms of, such grant of easement and rental or lease contract.

(g) Upon the completion of any sale or sales made by Trustee or Beneficiary, as the case may be, under or by virtue of this Article III, Trustee or any officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Trustee is hereby irrevocably appointed the true and lawful attorney-in-fact of Trustor in its name and stead to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property or any part thereof and the rights so sold and for that purpose Trustee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, Trustor hereby ratifying and confirming all that its said attorney or any substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Trustor, if so requested by Trustee or Beneficiary, shall ratify and confirm any such sale or sales by executing and delivering to Trustee or to such purchaser or purchasers all such instruments as may be advisable in the judgment of Trustee or Beneficiary, for the purpose as may be designated in such request.

Any such sale or sales made under or by virtue of this Article III, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Trustor in and to the properties and rights so sold, and shall be a perpetual bar, both at law and in equity, against Trustor and any and all persons claiming or who may claim the same, or any part thereof, from, through or under Trustor.

(h) Trustor hereby expressly waives any right that it may have to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto.

3.06 The purchase money, proceeds or avails of any sale made under or by virtue of this Article III, together with all other sums that may then be held by Trustee or of this Article III, or otherwise, shall be applied as follows:

FIRST: To the payment of the costs and expenses of the sale, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and of any judicial proceedings wherein the same may be made and to the payment of all expenses, liabilities and advances made or incurred by Trustee under this Deed of Trust, together with interest at the Default Rate on all advances made by Trustee and all taxes or assessments, except for any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold, and further including all costs of publishing, recording, mailing and posting notice, the cost of any search and/or other evidence of title procured in connection therewith and the cost of any revenue stamps on any deed of conveyance.

SECOND: To the payment of any and all sums expended under the terms hereof, not then repaid, with accrued interest at the rate provided in the Note and all other sums required to be paid by Trustor pursuant to any provisions of this Deed of Trust or of the Note, including all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust or in connection with the enforcement hereof, together with interest at the rate provided in the Note on all advances.

THIRD: To the payment of the principal and interest then due, owing and unpaid upon the Note, including the prepayment premium, if any, with interest on the unpaid principal at the rate provided in the Note from the due date of any such payment of principal until the same is paid.

FOURTH: The remainder, if any, to the person or persons legally entitled thereto.

3.07 Upon any sale or sales made under or by virtue of this, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Mortgaged Property or any part thereof and, in lieu of paying cash therefor, may make settlement for the purchase price

by. crediting upon the indebtedness or other sums secured by this Deed of Trust the net sales price after deducting therefrom the expenses of sale and the costs of the judicial proceedings, if any, and any other sums which Trustee or Beneficiary is authorized to deduct under this Deed of Trust, and, in such event, this Deed of Trust, the Note and documents evidencing expenditures secured hereby shall be presented to the person or persons conducting the sale in order that the amount so used or applied may be credited upon said indebtedness as having been paid.

3.08 (a) Upon the occurrence of any Event of Default and upon written demand by Beneficiary, Trustor will pay to Beneficiary the entire principal of the Note then outstanding, and all accrued but unpaid interest thereon, including any prepayment premium, and, after the happening of said Event of Default, will also pay to Beneficiary interest at the rate provided in the Note on the then unpaid principal of the Note, and the sums required to be paid by Trustor pursuant to any provision of this Deed of Trust, and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to Trustee and Beneficiary hereunder. In the event Trustor shall fail forthwith to pay such amount, upon such demand, subject to the provisions of Section 1.20 hereof, Beneficiary shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against Trustor and collect out of the property of Trustor wherever situated, subject to the provisions of Section 1.20 hereof as well as out of the Mortgaged Property, in any manner provided by law, moneys adjudged or decreed to be payable.

(b) Subject to the provisions of Section 1.20 hereof, Beneficiary shall be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the provisions of this Deed of Trust, and the right of Beneficiary to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Deed of Trust, or the foreclosure of the lien hereof; and in the event of a sale of the Mortgaged Property, and of the application of the proceeds of sale, as in this Deed of Trust provided, to the payment of the debt hereby secured, subject to the provisions of Section 1.20 hereof, Beneficiary shall be entitled to enforce payment of, and to receive all amounts then remaining due and unpaid upon, the Note, and to enforce payment of all other charges, payments and costs due under this Deed of Trust, and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. In case of proceedings against Trustor in insolvency or bankruptcy or any proceedings for the reorganization of Trustor or involving the liquidation of its assets, Beneficiary shall be entitled to prove the whole amount of principal and interest due upon the Note to the full amount thereof, and all other payments, charges and costs due under this Deed of Trust, without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Property; provided, however, that in no case shall Beneficiary receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Mortgaged Property and, subject to the provisions of Section 1.20 hereof, the distribution from the estate of Trustor.

(c) Subject to the provisions of Section 1.20 hereof, no recovery of any judgment by Beneficiary and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Trustor shall affect, in any manner or to any extent, the lien of this Deed of Trust upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Trustee or Beneficiary hereunder, but such liens, rights, powers and remedies of Trustee and Beneficiary shall continue unimpaired as before.

(d) Any moneys thus collected by Beneficiary under this Section 3.08 shall be applied by Beneficiary in accordance with the provisions of Section 3.06 above.

3.09 Upon the commencement of any action, suit or other legal proceedings by Beneficiary to obtain judgment for the principal of, or interest on the Note and other sums required to be paid by Trustor pursuant to any provision of the Note or this Deed of Trust, or of any other nature in aid of the enforcement of the Note or of this Deed of Trust, Trustor, to the fullest extent permitted by law, will and does hereby (a) agree that service of process shall be deemed to have been effected upon the delivery of process to Trustor in the manner provided for delivery of notice as set forth in Section 5.03 hereof, and Trustor will, and does hereby enter its voluntary appearance in such action, suit or proceedings, and (b) if required by Beneficiary, consent to the appointment of a receiver or receivers of the Premises and of all the Rents and Profits. After the happening of any Event of Default, or upon the commencement of any proceedings to foreclose this Deed of Trust or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceedings to enforce any right of Trustee or Beneficiary, Trustee or Beneficiary shall be entitled forthwith, as a matter of right, if either shall so elect, without the giving of notice to any other party and without regard to the adequacy of the security of the Mortgaged Property, either before or after declaring the unpaid principal of the Note to be due and payable, to the appointment of such a receiver or receivers.

3.10 Notwithstanding the appointment of any receiver, liquidator or trustee of Trustor, or of any of its property, or of the Mortgaged Property or any part thereof, Trustee and Beneficiary shall be entitled to retain possession and control of all property now or hereafter held under this Deed of Trust, including, but not limited to, the Rents and Profits.

3.11 No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary in exercising any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, the holder of the Note, at its sole option, and without limiting or affecting any of the rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights it may have in connection with such other security or in such order as it

may determine. Nothing in this Deed of Trust or in the Note shall affect the obligation of Trustor to pay the principal of, and interest on the Note, or any payment required under the Note or this Deed of Trust, in the manner and at the time and place therein respectively expressed.

3.12 To the fullest extent permitted by applicable law, Trustor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law or law pertaining to the marshaling of assets, the administration of estates of decedents, any exemption from execution or sale of the Mortgaged Property or any part thereof, including exemption of homestead, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Deed of Trust, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof, and Trustor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Trustee or Beneficiary, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Trustor, for itself and all who claim under it, hereby waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any sale or foreclosure hereunder.

3.13 Upon the occurrence of any Event of Default and pending the exercise by Trustee or Beneficiary or their agents or attorneys of their right to exclude Trustor from all or any part of the Mortgaged Property, Trustor agrees to vacate and surrender possession of the Mortgaged Property to Trustee or Beneficiary, as the case may be, or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery of possession of leased premises for non-payment of rent, however designated.

3.14 In the event ownership of the Mortgaged Property or any portion thereof becomes vested in a person other than the Trustor herein named, Beneficiary may, without notice to the Trustor herein named, whether or not Beneficiary has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Deed of Trust and the indebtedness secured hereby, and in the same manner as with the Trustor herein named, without in any way vitiating or discharging Trustor's liability hereunder or for the indebtedness hereby secured.

3.15 In the event that there be a Trustee's sale hereunder and if at the time of such sale Trustor, or its heir, executor, administrator or assign, be occupying the Premises and Improvements or any part thereof so sold, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the Premises and Improvements, such rental to be due daily to the purchaser. An action of unlawful detainer shall lie if the tenant holds over after a demand in writing for possession of said

Premises and Improvements; and this agreement and the Trustee's deed shall constitute a lease and agreement under which any such tenant's possession arose and continued.

3.16 (a) In addition to the foregoing remedies set forth in this Article III, Beneficiary may elect between the following where the Mortgaged Property is environmentally impaired (as defined herein):

(i) (A) Beneficiary may waive its lien against (1) any separate legal parcel of real property comprising the Mortgaged Property that is environmentally impaired or is an affected parcel (as defined herein) and (2) all or any portion of the fixtures and Personal Property attaching to the parcel; and

(B) Exercise of (1) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (2) any other rights and remedies permitted by law;

(ii) Beneficiary may exercise (1) the rights and remedies of a creditor secured by a deed of trust or mortgage and, if applicable, a lien against fixtures or Personal Property attached to the Mortgaged Property, and (2) any other rights and remedies permitted by law; and

(iii) Beneficiary may bring an action for breach of contract against Trustor, for breach of Sections 1.21 and 1.22 of this Deed of Trust, for the recovery of damages and for the enforcement of said Sections 1.21 and 1.22.

(b) Before Beneficiary may waive its lien against any portion of the Mortgaged Property pursuant to the provisions of Section 3.16(a)(i)(A) or (B) on the basis that such Mortgaged Property is environmentally impaired (i) the Beneficiary shall provide written notice of the Event of Default to the Trustor, and (ii) the value of the Mortgaged Property shall be established and its environmentally impaired status shall be confirmed by an order of a court of competent jurisdiction in an action brought by Beneficiary against Trustor. Any such action may include causes of action for a money judgment for all or part of the obligations secured hereby, in which case, the waiver of Beneficiary's liens under Section 3.16(a)(i) hereof shall result only if and when a final money judgment is obtained against the Trustor.

(c) The provisions of this Section 3.16 shall not apply if all of the following are true:

(i) The release or threatened release was not knowingly or negligently caused or contributed to, or knowingly or willfully permitted or acquiesced to, by any of the following:

(A) the Trustor, or any related party;

(B) any affiliate or agent of the Trustor, or any related party;
and

(ii) in conjunction with the making, renewal or modification of the Note, neither the Trustor, any related party, nor any affiliate or agent of the Trustor, or any related party had actual knowledge or notice of the release or threatened release, or if such person had knowledge or notice of the release or threatened release, the Trustor made a written disclosure thereof to Beneficiary after Beneficiary's written request for information concerning the environmental condition of the Mortgaged Property, or Beneficiary otherwise obtained actual knowledge thereof, prior to the making, renewal or modification of the Note.

(d) The term "**affected parcel**" as used in this Deed of Trust means any portion of a parcel of the Mortgaged Property that is (i) contiguous to the environmentally impaired parcel, even if separated by roads, streets, utility easements, or rights of way, (ii) part of an approved or proposed subdivision within the meaning of Section 66424 of the California Government Code, of which the environmentally impaired parcel is also a part or (iii) within 2,000 feet of the environmentally impaired parcel. The term "**environmentally impaired**" as used in this Deed of Trust means that the estimated costs to clean up and remediate a past or present release or threatened release of any Hazardous Material into, onto, beneath or from the Mortgaged Property, not disclosed in writing to, or otherwise actually known by, Beneficiary prior to the initial funding of the Note, exceeds twenty-five percent (25%) of the higher of the aggregate fair market value of all security for the Note (x) at the time of the funding of the Note, or (y) at the time of the discovery of the release or threatened release by Beneficiary. For purposes of the definition of "**environmentally impaired**", the estimated cost to clean up and remediate the contamination caused by the release or threatened release shall include only those costs that would be incurred reasonably and in good faith, and fair market value shall be determined without giving consideration to the release or threatened release, and shall be exclusive of the amount of all liens and encumbrances against the Mortgaged Property that are senior in priority to the lien of this Deed of Trust. Notwithstanding the foregoing, in the event the Mortgaged Property is included in the National Priorities List pursuant to Section 9605 of Title 42 of the United States Code, or in any list published by the California State Department of Health Services pursuant to Subdivision (b) of Section 25356 of the California Health and Safety Code, the Mortgaged Property shall be deemed to be environmentally impaired. The term "**related party**" as used in this Deed of Trust means any person who shares an ownership interest with the Trustor in the Mortgaged Property, or is a partner or joint venturer with the Trustor, in a partnership or joint venture, the business of which includes the acquisition, development, use, lease or sale of the Mortgaged Property.

ARTICLE IV. CONCERNING TRUSTEE

4.01 Trustee, by its acceptance hereof, covenants faithfully to perform and fulfill the trusts herein created, being liable, however, only for willful negligence or misconduct, and

hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by it in accordance with the terms hereof.

4.02 Trustee may resign at any time upon giving thirty (30) days' notice in writing to Trustor and to Beneficiary.

4.03 In the event of Trustee's death, removal, resignation, refusal to act or inability to act, or in the sole discretion of Beneficiary for any reason whatsoever, Beneficiary may, at any time or from time to time without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor without conveyance from the predecessor trustee. Such substitute trustee shall not be required to give bond for the faithful performance of its duties unless required by Beneficiary. Such substitute trustee shall be appointed by written instrument duly recorded in the county where the Premises are located, which appointment may be executed by any authorized agent of Beneficiary and if Beneficiary is a business trust or corporation and such appointment be executed on its behalf by any officer of such business trust or corporation, such appointment shall be conclusively presumed to have been executed with authority and shall be valid and sufficient without proof of any action by the Board of Trustees or Board of Directors or any superior officer of the business trust or corporation. Trustor hereby ratifies and confirms any and all acts which the herein named Trustee, or its successor or successors in this trust, shall do lawfully by virtue hereof. Trustor hereby agrees, on behalf of itself and of its heirs, executors, administrators and assigns, that the recitals contained in any deed or deeds executed in due form by Trustee or any substitute trustee, or its successor or successors in this trust, acting under the provisions of this Deed of Trust, shall be prima facie evidence of the facts recited, and that it shall not be necessary to prove in any court, otherwise than by such recitals, the existence of the facts essential to authorize the execution and delivery of such deed or deeds and the passing of title thereby.

4.04 At any time and from time to time, without liability therefor and without notice, upon written request of Beneficiary, Trustee shall (a) consent in writing to the making of any map or plat of the Mortgaged Property, (b) join in granting any easement thereon, (c) join in any extension agreement or any agreement subordinating the lien or charge hereof or (d) upon presentation of this Deed of Trust and the Note or notes secured hereby for endorsement, and without affecting the personal liability of any person for the payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Mortgaged Property, reconvey any part of the Mortgaged Property.

4.05 Upon written request of Beneficiary stating that all sums secured hereby have been paid and upon surrender to Trustee of this Deed of Trust and the Note or notes secured hereby for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Mortgaged Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

ARTICLE V. MISCELLANEOUS

5.01 In the event any one. or more of the provisions contained in this Deed of Trust or in the Note or in any instrument heretofore or hereafter executed by Trustor having reference to or arising out of the indebtedness represented by the Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

5.02 Trustor agrees to pay Beneficiary or its authorized loan servicing agent for each and any Beneficiary Statement furnished at Trustor's request the maximum fee allowed by the law of the Governing Jurisdiction, or, if there be no maximum fee, then the sum of \$25.00. Such fee shall be computed as of the time said statement is furnished.

5.03 All written notices expressly provided hereunder to be given by Beneficiary to Trustor and all notices and demands of any kind or nature whatsoever that Trustor may be required or may desire to give to or serve on Beneficiary shall be in writing and shall be served by (a) hand delivery, (b) sent by United States express mail or by private overnight courier or (c) by registered or certified mail. Any such notice or demand so served by registered or certified mail shall be deposited in the United States mail, with postage thereon fully prepaid and addressed to the party so to be served at its address above stated or at such other address of which it shall have notified, in writing, the person charged with giving such notice. Service of any such notice or demand so made shall be deemed complete on the day of actual delivery as shown by the addressee's registry or certification receipt or upon the expiration of the third (3rd) day after the date of mailing, whichever is earlier in time.

5.04 Trustor hereby requests that a copy of any Notice of Default and Notice of Sale as may be required by law be mailed to it at its address herein contained.

5.05 The granting of consent by Beneficiary to any transaction as required by the terms hereunder shall not be deemed a waiver of the right to require consent to future or successive transactions.

5.06 All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of the successors and assigns of Trustor and the successors in trust of Trustee, and the endorsees, transferees, successors and assigns of Beneficiary. In the event Trustor is composed of more than one party, the obligations, covenants, agreements and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

5.07 This Deed of Trust may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same deed.

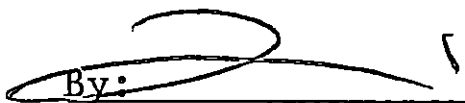
5.08 This Deed of Trust is to be construed and enforced according to the laws of the Governing Jurisdiction except that, with respect to any portion of the Mortgaged Property located outside of the Governing Jurisdiction, the laws of the state in which such portion of the Mortgaged Property is located shall be applicable thereto but only to the extent required for Beneficiary to exercise its rights and remedies in order to realize upon its interests in the Mortgaged Property.

[SIGNATURE PAGE(S) ON NEXT PAGE]

The undersigned has executed this Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing the day and year first hereinabove written.

TRUSTOR:

3515 HANCOCK STREET, LLC,
a California limited liability company

By:  Trustee
GINA CHAMPION-CAIN, TRUSTEE OF THE
GINA CHAMPION-CAIN REVOCABLE TRUST
DATED JUNE 26, 2012, its member

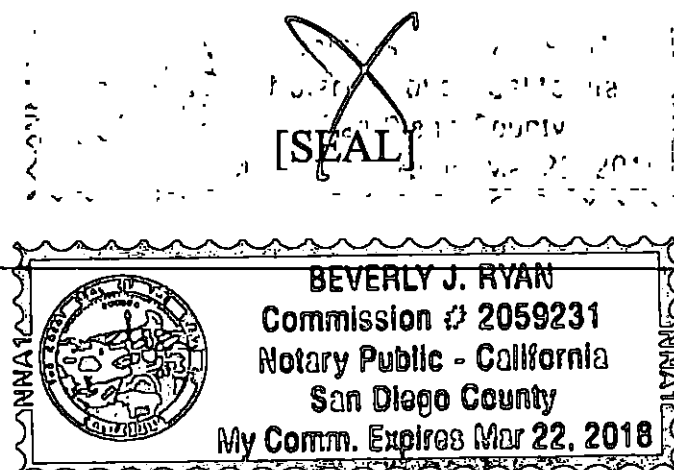
A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF California)
COUNTY OF San Diego)

On Jan 15, 2018, before me, Beverly J. Ryan,
Notary Public, personally appeared Gina Champion-Cain, 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 _____ that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.
Signature Beverly J. Ryan



[Signature/Notary Page(s) to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing -3515 Hancock Street, LLC]

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NOTARY SEAL CERTIFICATION

(Government Code 27361.7)

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS.

Name of the Notary: Beverly J. Ryan

Commission Number: 2059231 Date Commission Expires: 3-22-18

County Where Bond is Filed: San Diego

Manufacturer or Vendor Number: NNA1
(Located on both sides of the notary seal borders)

Signature: [Signature]
Firm Name (if applicable) Linda G

Place of Execution: San Diego Date: 1/17/18

EXHIBIT "A"

PROPERTY DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 4 OF PICKETT INDUSTRIAL CENTER, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6709 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 19, 1970.

APN: 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

[Exhibit "A" to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing –3515 Hancock Street, LLC]

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EXHIBIT "B"

PERMITTED EXCEPTIONS

1. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-48-00
Fiscal Year: 2017-2018
1st Installment: \$2,100.99, paid
2nd Installment: \$2,100.99, open (Delinquent after April 10)
Penalty and Cost: \$220.09
Code Area: 08256
Affects: Lot 4

2. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-49-00
Fiscal Year: 2017-2018
1st Installment: \$2,100.99, paid
2nd Installment: \$2,100.99, open (Delinquent after April 10)
Penalty and Cost: \$220.09
Code Area: 08256
Affects: Lot 3

3. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-50-00
Fiscal Year: 2017-2018
1st Installment: \$2,100.99, paid
2nd Installment: \$2,100.99, open (Delinquent after April 10)
Penalty and Cost: \$220.09
Code Area: 08256
Affects: Lot 2

4. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-51-00
Fiscal Year: 2017-2018
1st Installment: \$17,192.38, paid
2nd Installment: \$17,192.38, open (Delinquent after April 10)
Penalty and Cost: \$1,729.23
Code Area: 08256
Affects: Lot 1

[Exhibit "B" to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing –3515 Hancock Street, LLC]

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5. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy. None currently due or payable.

6. Public utility easement to San Diego Gas and Electric Company recorded August 9, 1972 as Recording No: 209518 of Official Records.

Affects: The exact location and/or extent of said easement is not disclosed in the public records. Said matter affects Lots 1 & 2.

7. Any boundary discrepancies, rights or claims which may exist or arise as disclosed by a Record of Survey No. 7447.

8. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.

Redevelopment Agency: City of San Diego, North Bay Redevelopment Project Area

Recording Date: June 3, 1998

Recording No.: 1998-0330956 of Official Records

and Recording Date: September 17, 1998

and Recording No.: 1998-0592287 of Official Records

and Recording Date: June 21, 2007

and Recording No.: 2007-0418742 of Official Records

9. Water rights, claims or title to water, whether or not disclosed by the public records.

10. Any rights, interests, or claims which may exist or arise by reason of the following matters disclosed by survey, Job No.: 16943

Dated: November 7, 2017, last revised on January 2, 2018

Prepared by: JRN Civil Engineers

Matters shown:

(a) Wood fence lies 0.1' Northwesterly and 1.7' and 1.8' Easterly of property line

(b) Wrought iron fence lies 0.3', 0.4', 0.5', 0.6', 5.9' and 6.4' Northeasterly of property line

(c) Sign board lies 4.4' Northeasterly of property line

[Exhibit "B" to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing --3515 Hancock Street, LLC]

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EXHIBIT 4

CHICAGO TITLE COMPANY
 COMMERCIAL DIVISION
 order # 58553

RECORDING REQUESTED BY:
WHEN RECORDED MAIL TO:
 GREER, HERZ & ADAMS, L.L.P.
 2525 South Shore Boulevard, Suite 203
 League City, Texas 77573
 Attn: Steven R. Burzinski, Esq.

DOC# 2018-0018274



Jan 17, 2018 02:39 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,

SAN DIEGO COUNTY RECORDER

FEES: \$49.00 (SB2 Atkins: \$0.00)

PCOR: N/A

PAGES: 8

 (Space Above For Recorder's Use)

ABSOLUTE ASSIGNMENT OF LEASES AND RENTS

This Absolute Assignment of Leases and Rents (this "Assignment") is executed by 3515 HANCOCK STREET, LLC, a California limited liability company (hereinafter called "Maker", as of January 17, 2018 for the benefit of AMERICAN NATIONAL INSURANCE COMPANY, a Texas insurance company (hereinafter called "Noteholder").

FOR AND IN CONSIDERATION of the loan made to Maker by Noteholder as evidenced by that certain promissory note (hereinafter referred to as the "Note") of even date in the original principal sum of \$4,250,000.00, made payable to the order of Noteholder and executed by Maker, which is described in and secured by that one certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (hereinafter called the "Deed of Trust") of even date executed by Maker to the trustee named therein for the benefit of Noteholder, covering the real property described in Exhibit "A" attached hereto and made a part hereof by reference for all purposes, which, together with any and all buildings, improvements, fixtures and equipment located thereon owned by Maker and any and all easements and appurtenances relating thereto, is hereinafter referred to as the "Mortgaged Property", Maker has GRANTED, TRANSFERRED and ASSIGNED, and by these presents does GRANT, TRANSFER and ASSIGN unto Noteholder all of Maker's right, title and interest in and to the following:

1. any and all leases, written or oral, and any and all agreements for the use or occupancy of any portion of the Mortgaged Property, any and all extensions and renewals of said leases and agreements and any and all further leases or agreements, including, without limitation, subleases thereunder, upon or covering the use or occupancy of all or any part of the Mortgaged Property (all such leases, agreements, subleases and tenancies heretofore mentioned being hereinafter individually referred to as a "Lease" and collectively referred to as the "Leases" and such parties, lessees, sublessees and tenants under any Lease being hereinafter individually referred to as a "Lessee");

2. any and all guaranties of the performance, payment and/or collection of any of the Leases (individually referred to as a "Guaranty" and collectively referred to as "Guaranties") by any guarantor, surety or other liable party thereunder (collectively referred to as "Guarantor"); and

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3. the immediate and continuing right to collect and receive any and all of the rents, income, receipts, revenues, issues and profits now due or which may become due, or to which Maker may now or shall hereafter (including during any period of redemption, if any) become entitled or may demand or claim, arising or issuing from or out of the Leases or Guaranties or from or out of the Mortgaged Property, or any part thereof, including, but not limited to, minimum rents, additional rents, percentage rents, common area maintenance charges, parking charges, taxes and insurance premium contributions and liquidated damages following default, the premium payable by any Lessee under any Lease upon the exercise of any cancellation privilege provided for in any of the Leases, payments from Guarantor and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to all or any portion of the Mortgaged Property, together with any and all rights and claims of any kind which Maker may have against any Lessee or Guarantor in connection with the Leases and/or the Guaranties or against any subtenants, occupants or users of the Mortgaged Property, all such monies, rights and claims in this paragraph described being hereinafter referred to as **"Rents"**.

This Assignment shall further secure any extensions and renewals of the Note and any note or notes supplemental thereto, as well as the payment, observance, performance and discharge of all other obligations, covenants, conditions and warranties contained in the Loan Documents (as that term is hereinafter defined) and any extensions, supplements or consolidations thereof.

It is Maker's intention to make and establish hereby an absolute transfer and assignment of all Leases and similar agreements and all the Rents, and all other earnings, issues, income and profits thereunder to Noteholder.

To induce Noteholder to lend the funds evidenced by the Note, Maker hereby makes the following REPRESENTATIONS AND WARRANTIES:

That Maker has good right, title and interest in and to all of the Leases, Guaranties and Rents hereby assigned and good right to assign the same, and that no other person, corporation or entity has any right, title or interest therein; that Maker has duly and punctually performed all and singular the terms, covenants, conditions and warranties of the existing Leases on Maker's part to be kept, observed and performed; that Maker has not previously sold, assigned, transferred, mortgaged or pledged the Leases, Guaranties and/or Rents, whether now due or hereafter to become due except as previously disclosed by Maker to Noteholder; that any of the Rents due for any period subsequent to the date hereof have not been collected and that the payment of any of the Rents has not otherwise been anticipated, waived, released, discounted, set off or otherwise discharged or compromised; that Maker has not received any funds or deposits from any Lessee in excess of one (1) month's rent for which credit has not already been made on account of accrued rents; and that the Lessee under any existing Lease is not in default of any of the terms thereof.

Maker further COVENANTS AND AGREES:

1. to observe, perform and discharge any and all of the obligations, covenants and warranties provided for under the terms of the Leases and Guaranties to be kept, observed and

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performed by Maker unless good cause exists for failing to do so, and to give prompt written notice to Noteholder in the event Maker fails to observe, perform and discharge same;

2. upon the written request of Noteholder, to notify in writing each Lessee, Guarantor and occupant of the Mortgaged Property or any part thereof that any security deposits or other deposits heretofore delivered to Maker have been retained by Maker or assigned and delivered to Noteholder as the case may be;

3. to enforce or secure, in the name of Noteholder (if Noteholder should so request), the performance of each and every obligation, term, covenant, condition and agreement to be performed by (a) any Lessee under the terms of its Lease or (b) any Guarantor under the terms of its Guaranty;

4. to appear in and defend any action or proceeding arising under, occurring out of or in any manner connected with the Leases, the Guaranties or the obligations, duties or liabilities of Maker and any Lessee thereunder, and, upon request by Noteholder, to do so in the name and on behalf of Noteholder but at the expense of Maker, and to pay any and all costs and expenses of Noteholder, including, without limitation, reasonable attorneys' fees and expenses in any action or proceeding in which Noteholder may appear;

5. not to receive or collect any Rents from any present or future Lessee or from any Guarantor for a period of more than one (1) month in advance, or pledge, transfer, mortgage or otherwise encumber or assign future payments of Rents;

6. except as required by applicable landlord-tenant laws, not to waive, excuse, condone, discount, set-off, compromise or in any manner release or discharge any Guarantor or Lessee from any obligations, covenants, conditions and agreements by said Lessee or Guarantor to be kept, observed and performed, including, without limitation, the obligation to pay Rents in the manner and at the place and time specified in any Lease or Guaranty except in the exercise of Maker's commercially reasonable business discretion and only to the extent not prohibited by the Deed of Trust;

7. not to enter into any new Leases without first submitting each Lease to Noteholder for approval, which shall not be unreasonably withheld or delayed, and, unless allowable under any existing Lease or any Guaranty related thereto, not to cancel, terminate or consent to any surrender of any such Lease or Guaranty, or materially modify or materially alter the terms of any Lease or any Guaranty without, in each such instance, the prior written consent of Noteholder except in the exercise of Maker's commercially reasonable business discretion and only to the extent permitted by the Deed of Trust;

8. immediately upon receipt of demand from Noteholder, to notify each Lessee, Guarantor and/or occupant of the Mortgaged Property in writing of the rights granted to Noteholder hereunder, and to direct, in writing, each Lessee, Guarantor and/or occupant of the Mortgaged Property to pay all Rents then due or to become due from such Lessee, Guarantor and/or occupant

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directly to Noteholder upon such Lessee's, Guarantor's and/or occupant's receipt of written notice from Noteholder of the exercise by Noteholder of its rights under this Assignment;

9. to provide Noteholder with copies of any and all notices, complaints, demands and petitions regarding (a) any actual, potential or alleged default on the part of the landlord or the tenant under a Lease or (b) Hazardous Materials (as such term is defined in the Deed of Trust), sent or received by Maker immediately upon Maker's sending same or within five (5) days of Maker's receipt of same, as applicable; and

10. to promptly remit to Noteholder any and all Rents received by Maker after Maker's receipt from Noteholder of a notice terminating the license to collect Rents granted to Maker herein.

So long as there shall exist no Event of Default (as defined below) by Maker in the payment of any indebtedness or the performance of the other obligations secured hereby or in the observance and performance of any other obligation, covenant or warranty set forth in the Note, the Deed of Trust, this Assignment or any other document or instrument executed by Maker evidencing, securing or relating to the Note (such documents, including the Note, the Deed of Trust and this Assignment, being herein referred to collectively as the "**Loan Documents**"), Maker shall have the right under a license granted hereby (but limited as provided in the following paragraph) to collect, receive and retain, but not prior to accrual, any and all of the Rents arising from or out of the Leases.

Upon or at any time after a default in the payment of any indebtedness secured hereby or in the observance or performance of any obligation, covenant or warranty set forth herein or in any of the other Loan Documents, which remains uncured beyond any applicable cure period (each an "**Event of Default**"), Noteholder, at its option, shall have the right, power and authority to exercise and enforce any or all of the following rights and remedies: (a) to terminate the license hereby granted to Maker to collect Rents as aforesaid, and, without taking possession of the Mortgaged Property, to, in Noteholder's own name, demand, collect, receive, sue for, attach and levy any and all Rents, to give proper receipts, releases and acquittances therefor, and, after deducting all necessary and reasonable costs and expenses of collection, including, without limitation, reasonable attorneys' fees and expenses, to apply the net proceeds thereof, together with any funds of Maker deposited with Noteholder, upon any indebtedness secured hereby or obligation provided for in any of the other Loan Documents and in such order as Noteholder may determine in its sole and absolute discretion; (b) to declare all sums secured hereby immediately due and payable and, at Noteholder's option, to exercise any and all of the rights and remedies provided for in the remaining Loan Documents or under the terms hereof; and (c) without any action or proceeding, through any person or by agent, or by the trustee(s) or successor trustee under the Deed of Trust, or by a receiver to be appointed by a court, to enter upon, take possession of, manage and/or operate the Mortgaged Property or any part thereof, and irrespective of Maker's possession of the Mortgaged Property, to make, modify, enforce, cancel or accept the surrender of any of the Leases or Guaranties, to remove and evict any Lessee or other occupant of the Mortgaged Property, to increase or reduce Rents, to decorate, clean and make repairs and to otherwise do any act or incur any cost or expenses Noteholder shall deem proper to protect the Leases, Guaranties and/or the Mortgaged Property, as

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fully and to the same extent as Maker could if in possession, and in such event to apply any funds so collected to the operation and management of the Mortgaged Property, but in such order as Noteholder shall deem proper, and including the payment of reasonable management, brokerage and attorneys' fees, and then, to the extent funds are available and to the extent deemed appropriate by Noteholder, to the maintenance, without interest thereon, of a reserve for the replacement of items on the Mortgaged Property, and then, if any of such funds remain, to the payment of any indebtedness evidenced by, secured by or related to the terms of the Loan Documents, whether or not then due.

The exercise by Noteholder of any of the rights and remedies described above, including, without limitation, the collection of the Rents and the application thereof as aforesaid and/or the entry upon and taking possession of the Mortgaged Property, shall not cure or waive any Event of Default or waive, modify or affect any notice of default under the Loan Documents or hereunder, or invalidate any act done pursuant to such notice, and the enforcement of such right or remedy by Noteholder, once exercised, shall continue for so long as Noteholder shall elect, notwithstanding the fact that the collection and application as aforesaid of Rents may have cured the original Event of Default. If Noteholder shall thereafter elect to discontinue the exercise of any such right or remedy, the same or any other right or remedy hereunder may be reasserted by Noteholder at any time and from time to time following any subsequent Event of Default.

Notwithstanding the aforesaid license of Maker to collect Rents accruing under the Leases prior to an Event of Default, Noteholder shall at all times be the creditor of each Lessee and Guarantor under the Leases and Guaranties in respect of assignments for the benefit of creditors, bankruptcy, reorganization, rearrangement, insolvency, dissolution or receivership proceedings, with Noteholder having the option to apply any monies received by Noteholder as such creditor to the reduction of the principal or interest or other indebtedness evidenced by, secured by or related to the Loan Documents. Notwithstanding the aforesaid license of Maker to collect Rents under the Leases prior to an Event of Default, Noteholder may collect or receive any and all payments, premiums and considerations paid by any Lessee or Guarantor, whether or not pursuant to the terms of any Lease or Guaranty, for the right to terminate, cancel or modify a Lease or a Guaranty, with an option to apply any money so received by Noteholder to the reduction of the principal or interest or any other indebtedness evidenced by, secured by or related to the Loan Documents in any order or manner Noteholder elects. Further, Maker covenants and agrees to immediately pay over to Noteholder any and all sums received by Maker as creditor in respect to an assignment for the benefit of creditors in bankruptcy, reorganization, arrangement, insolvency, dissolution or receivership proceedings, or as payment, premium or other consideration in connection with the cancellation or modification of any Lease or Guaranty, whereupon Noteholder shall have the option to apply any funds so received to the reduction of the principal or interest or any other indebtedness evidenced by, secured by or related to the Loan Documents in any order or manner Noteholder elects.

This Assignment shall remain in effect for as long as any part of the indebtedness evidenced by, secured by or related to the Loan Documents remains unpaid, and upon the payment in full of said indebtedness, Noteholder shall execute a release of this Assignment at the sole cost and expense of Maker.

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Notwithstanding any law to the contrary, if there is an Event of Default, and if there is any law requiring Noteholder to take actual possession of the Mortgaged Property (or some action equivalent thereto, such as securing the appointment of a receiver) in order for Noteholder to “perfect” or “activate” its rights and remedies as set forth herein, then to the maximum extent permitted by law, Maker waives the benefits of such law(s) and agrees that such law(s) shall be satisfied solely by (1) Noteholder sending Maker written notice that Noteholder intends to enforce, and is enforcing, its rights in and to the Mortgaged Property and the Rents, revenues, profits and other items assigned herein, and (2) Noteholder sending written notice to any or all Lessees or other occupants of the Mortgaged Property that said Lessees or other occupants should commence making payments under the Leases directly to Noteholder or its designee.

In the event any one or more of the provisions contained in this Assignment shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Assignment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Assignment shall be governed in all respects by the laws of the State of California, without regard to any conflicts of law provisions. This Assignment shall run with the land and shall inure to the benefit of and bind all parties hereto and their respective successors and assigns. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original instrument and all of which, taken together, shall constitute one and the same agreement.

[THE REMAINDER OF THIS PAGE INTENTIONALLY RESERVED]

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IN WITNESS WHEREOF, Maker has executed and delivered this Absolute Assignment of Leases and Rents as of the date of the acknowledgment below, to be effective as of the date first set forth above.

MAKER:

3515 HANCOCK STREET, LLC,
a California limited liability company

By: *[Signature]* *Trustee*
GINA CHAMPION-CAIN, TRUSTEE OF THE
GINA CHAMPION-CAIN REVOCABLE TRUST
DATED JUNE 26, 2012, its member

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.

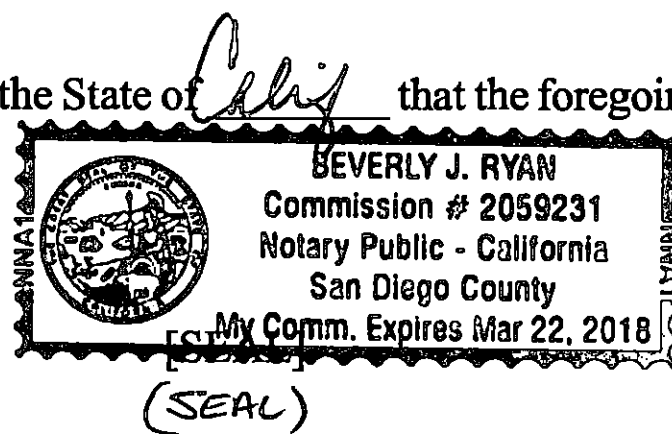
STATE OF California)
COUNTY OF San Diego)

On Jan 15, 2018, before me, Beverly J. Ryan, Notary Public, personally appeared Gina Champion-Cain, 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 Calif that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Beverly J. Ryan*
BEVERLY J. RYAN



[Signature Page to Absolute Assignment of Leases and Rents – 3515 Hancock Street, LLC]

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EXHIBIT "A"

MORTGAGED PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 4 OF PICKETT INDUSTRIAL CENTER, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6709 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 19, 1970.

APN: 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

[Exhibit "A" to Absolute Assignment of Leases and Rents – 3515 Hancock Street, LLC]

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EXHIBIT 5

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
Green, Herz & Adams, LLP 2525 South Shore Blvd., Suite 203 League City, Texas 77573 Attn: Ginger Correa

18-7628348532

01/18/2018 11:17



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CALIFORNIA
SECRETARY OF STATE

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UCC FILING

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME 3515 Hancock Street, LLC			
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
1c. MAILING ADDRESS 3515 Hancock Street		CITY San Diego	STATE CA POSTAL CODE 92110 COUNTRY U.S.

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME			
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
2c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME American National Insurance Company			
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
3c. MAILING ADDRESS 2525 South Shore Boulevard, Suite 207		CITY League City	STATE TX POSTAL CODE 77573 COUNTRY U.S.

4. COLLATERAL: This financing statement covers the following collateral:

See Exhibit "One" attached hereto and made a part hereof.

5. Check only if applicable and check only one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, item 17 and instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check only if applicable and check only one box: <input type="checkbox"/> Public Finance Transaction <input type="checkbox"/> Manufactured Home Transaction <input type="checkbox"/> A Debtor is a Transferring Utility <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing	
6b. Check only if applicable and check only one box: <input type="checkbox"/> Designation <input type="checkbox"/> Confirmation <input type="checkbox"/> Surrender <input type="checkbox"/> Renunciation <input type="checkbox"/> Lienholder's Lien	
7. ALTERNATIVE DESIGNATION if applicable: <input type="checkbox"/> Designation <input type="checkbox"/> Confirmation <input type="checkbox"/> Surrender <input type="checkbox"/> Renunciation <input type="checkbox"/> Lienholder's Lien	
8. OPTIONAL FILER REFERENCE DATA	

384776.1 - UCC 17-697; To be recorded with the California Secretary of State

FILING OFFICE COPY — UCC FINANCING STATEMENT (Form UCC1) (Rev. 04/20/11)

International Association of Commercial Administrators (IACA)

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NAME OF DEBTOR: 3515 HANCOCK STREET, LLC

EXHIBIT "One"

This Financing Statement covers the following collateral:

(A) that certain real property owned in fee, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, together with all of the easements, rights, privileges, franchises and appurtenances thereunto belonging or in any wise appertaining (hereinafter referred to as the "Premises"), and all of the estate, right, title, interest, claim and demand whatsoever of Trustor therein or thereon, either at law or in equity, in possession or in expectancy, now or hereafter acquired;

(B) any and all structures, buildings and improvements of every kind and description now or at any time hereafter located on the Premises (hereinafter referred to as the "Improvements"); with the Premises, collectively, the "Mortgaged Premises", including all equipment, apparatus, machinery, fixtures, fittings, and appliances and any additions to, substitutions for, changes in or replacements of the whole or any part thereof, including such of the foregoing as may be used in connection with the generating or distributing of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or sanitary purposes or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Premises or any portion thereof;

(C) (1) any and all articles of personal property and any additions to, substitutions for, changes in or replacements of the whole or any part thereof (hereinafter referred to as the "Personal Property"), including without limitation: any and all of the goods, articles of personal property, accounts, general intangibles, instruments, documents, furniture, furnishings, equipment and/or fixtures of every kind and nature whatsoever (including, without limitation, the items described in subsection (2) - (6) below) now or hereafter owned by Trustor, in or hereafter placed in, or used or which may become used, in connection with or in the operation of the Mortgaged Premises, together with any and all additions thereto, replacements thereof, substitutions therefor and any and all proceeds thereof; (2) any and all rents, rentals, payments, compensations, revenues, profits, incomes, leases, licenses, concession agreements, insurance policies, plans and specifications, contract rights, accounts, escrowed funds, and general intangibles in any way relating to the Mortgaged Property or used or useful in the use, enjoyment, ownership or operation of the Mortgaged Property; (3) any and all names, trade names, signs, marks and trademarks under which the Mortgaged Property, or any part thereof, is known or operated and all of Trustor's rights to carry on the business of Trustor under all such name or names and any variant or variance thereof; (4) any and all deposits, awards, damages, payments, escrowed monies, insurance proceeds, condemnation awards or other compensation, and interests, fees, charges or payments accruing on or received from or to be

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received on any of the foregoing in any way relating to the Mortgaged Property, or the ownership, enjoyment or operation of the Mortgaged Property together with all proceeds of the foregoing described in this Section (C); (5) any and all cash, securities, un-certificated securities, investment property, securities accounts, financial assets, deposit accounts, securities entitlements and other personal property now or hereafter in or coming into or being credited to, or represented by any of the foregoing described in this Section (C), including, without limitation, any and all interest, dividends, rights, options, powers, splits and income thereon; and (6) any and all products, proceeds, substitutions and replacements of any of the above-described Personal Property.

(D) any and all right, title and interest of Trustor in and to all streets, roads and public places, opened or proposed, all ways, waters, water courses, water rights and powers, liberties, privileges, sewers, pipes, conduits, wires and other facilities furnishing utility or other services to the Mortgaged Premises located thereon, and all easements and rights of way, public or private, tenements, hereditaments, rights and appurtenances, now or hereafter used in connection with, belonging or appertaining to, the Mortgaged Premises (the "Appurtenances");

(E) any and all of the rents, royalties, issues, earnings, profits, revenue, income and other benefits of the Mortgaged Property, or arising from the use or enjoyment of all or any portion thereof, together with any other unrecorded lease or agreement pertaining thereto including, without limitation, any and all rents, royalties, issues, earnings, profits, revenues, income and other benefits generated by Trustor, any lessee, operator or concessionaire for the letting or other use of any room or space in the Mortgaged Premises and/or from any lease or concession therein or arising out of the operation of the business conducted therein or any part thereof (the "Rents and Profits"), and all right, title and interest of Trustor in and to all unrecorded leases, subleases, operating, occupancy, management and/or concession agreements of, or relating to the Mortgaged Property now or hereafter entered into and all right, title and interest of Trustor thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees, and other parties to such subleases, operating, occupancy, management and/or concession agreements, of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of said leases or applied to one or more of the installments of rent coming due immediately prior to the expiration of said terms;

(F) any and all intangible property and rights relating to the Mortgaged Property or the operation thereof, or used in connection therewith, including, but not limited to, all governmental permits relating to construction on the Mortgaged Property, all names under or by which the Mortgaged Property may at any time be operated or known, any and all rights to carry on business under any such names, or any variant thereof, all trade names and trademarks relating in any way to the Mortgaged Property, any goodwill in any way relating to the Mortgaged Property, and all other consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality in respect of the Mortgaged Premises (collectively, the "Licenses"), held by Trustor relating to the Mortgaged Property (the "Intangible Property");

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(G) any and all causes of action, claims, compensation and recoveries for any damage to or condemnation or taking of the Mortgaged Property, or for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to that real property, or for any loss or diminution in value of the Mortgaged Property (the "Claims");

(H) any and all architectural, structural, mechanical and engineering plans and specifications prepared for construction of improvements on the Mortgaged Property and all studies, data and drawings relating thereto, and also all contracts and agreements of Trustor relating to the aforesaid plans and specifications or to the construction of improvements on the Mortgaged Property (the "Operational Plans");

(I) any and all unrecorded contracts, agreements and equipment leases entered into by Trustor, excluding the leases and other agreements described in Section E hereof and any parking agreements, relating to the management, operation or maintenance of the Mortgaged Property, all unrecorded contracts, agreements and equipment leases entered into by any agent of Trustor on behalf of Trustor relating to the management, operation or maintenance of the Mortgaged Property; or any of the foregoing which affect all or any portion of the Mortgaged Premises (collectively, the "Contracts");

(J) any and all accounts receivable arising from the operation of any business of Trustor on the Mortgaged Premises (collectively, the "Accounts Receivable");

(K) any and all cash, securities, uncertificated securities, investment property, securities accounts, financial assets, deposit accounts, securities entitlements, and other personal property now or hereafter in or coming into or being credited to, or represented by any account(s) maintained for the benefit of Beneficiary as collateral for the indebtedness secured hereby, including, without limitation, all interest, dividends, rights, splits and income on such account(s); and all products, substitutions, and replacements of any of the collateral described in this subparagraph; and

(L) any and all proceeds (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards (the "Proceeds").

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NAME OF DEBTOR: 3515 HANCOCK STREET, LLC

EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 4 OF PICKETT INDUSTRIAL CENTER, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6709 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 19, 1970.

APN: 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

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EXHIBIT 6

INCOME STREAM GUARANTY

This Income Stream Guaranty (this "**Guaranty**") dated effective as of January 17, 2018 is made by GINA CHAMPION-CAIN, an individual ("**Guarantor**"), for the benefit of AMERICAN NATIONAL INSURANCE COMPANY, a Texas insurance company ("**Noteholder**"), its successors and assigns, and is acknowledged and agreed to by 3515 HANCOCK STREET, LLC, a California limited liability company ("**Maker**").

RECITALS

WHEREAS, Maker is the owner of that certain parcel of land and the improvements thereon (the "**Mortgaged Property**") located at in the City of San Diego, County of San Diego, State of California, being more particularly described in the Deed of Trust (as defined herein); and

WHEREAS, Maker has entered into that certain financing transaction with Noteholder involving a loan in the original principal amount of FOUR MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$4,250,000.00) (the "**Loan**"), which Loan is made in accordance with that certain Mortgage Loan Application No. 17-097, dated effective on or about December 12, 2017 (as amended, the "**Loan Commitment**") by and between Maker and Noteholder; and

WHEREAS, the Loan is evidenced by a certain Promissory Note from Maker to Noteholder dated on or about the same date hereof in the original principal amount of \$4,250,000.00 (together with any and all renewals, modifications, increases, extensions, consolidations and rearrangements thereof, the "**Note**"), and the Note is secured by inter alia (a) that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (together with all renewals, modifications, increases, extensions, consolidations and rearrangements thereof, the "**Deed of Trust**") of even date herewith for the benefit of Noteholder, encumbering the Mortgaged Property, (b) that certain Absolute Assignment of Leases and Rents (together with all renewals, modifications, increases, extensions, consolidations and rearrangements thereof, the "**Assignment**") of even date herewith for the benefit of Noteholder and (c) any and all other documents and instruments executed in connection with or which relate to or secure the Loan (collectively together with the Loan Commitment, the Note, the Deed of Trust, the Assignment and this Guaranty, the "**Loan Documents**"); and

WHEREAS, Guarantor has been provided with and has reviewed copies of all of the Loan Documents; and

WHEREAS, as a condition to Noteholder making the Loan to Maker, and as set out in Section 7.1(e)(3) of the Loan Commitment, at the time of the closing of the Loan transaction, the annual net rental income being generated from the Mortgaged Property shall be and remain throughout the Loan term no less than \$389,860.00 (such amount being the "**Annual Lease Income Amount**"), being paid for by those tenants (collectively, the "**Tenants**") pursuant to their respective lease agreements (collectively, the "**Leases**") as more particularly described in

the current rent roll for the Mortgaged Property, a copy of which is attached hereto as Schedule 1 and incorporated herein by reference for all purposes; and

WHEREAS, as a condition to Noteholder making the Loan to Maker and to induce Noteholder to make such Loan, and to address potential income deficiencies at the Mortgaged Property, Guarantor has agreed to unconditionally guaranty to Noteholder the payment of the Guaranty Amount (as defined herein) as security for the Loan, upon and subject to the terms of this Guaranty; and

WHEREAS, Guarantor represents and warrants that she is the owner of a direct or indirect interest in Maker, and as such, Guarantor will materially benefit from Noteholder's making of the Loan to Maker, and the making of the Loan and this Guaranty are in the best interests of Guarantor; and

WHEREAS, this Guaranty is a present obligation of Guarantor to make certain payments to Noteholder if and when certain events occur as more fully provided below in this Guaranty; and

WHEREAS, this Guaranty is independent of Maker's obligations under the other Loan Documents and is intended by Noteholder and Guarantor to survive any foreclosure of the Deed of Trust lien or a conveyance of the Mortgaged Property by a deed in lieu thereof, and Guarantor and Noteholder intend and agree that Guarantor's obligations hereunder shall continue and extend to Noteholder and to (a) any transferee of the Loan, (b) any purchaser at a foreclosure sale by Noteholder whether Noteholder (or any successors or assigns of its rights under the Loan) or any third party is the purchaser at a foreclosure sale, (c) any transferee of the Mortgaged Property in connection with a deed-in-lieu of foreclosure transaction by Noteholder (including Noteholder if it is such transferee of the Mortgaged Property) and (d) any lender providing a loan to refinance the Loan ("Refinance Lender").

NOW, THEREFORE, as an inducement to Noteholder to make the Loan to Maker as described therein, and to extend such additional credit as Noteholder may from time to time agree to extend, and in exchange for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

ARTICLE I NATURE AND SCOPE OF GUARANTY

1.1 Guaranty. Subject to the provisions of Article VI herein, Guarantor hereby irrevocably and unconditionally guarantees the timely payment of the Annual Lease Income Amount (such guaranteed amount being the "Guaranty Amount"), with such payments to commence immediately on and after a Trigger Event (as defined herein) has occurred and continue on the first day of each month thereafter through and including the date that is two (2) years after the earlier of (a) the date on which the Conditions Precedent to Guaranty Release (as defined herein) have been satisfied or (b) the date on which Noteholder or its successor or assign or any third party (including a Refinance Lender) succeeds to the fee simple ownership of the Mortgaged Property through foreclosure or any conveyance in lieu thereof. After the occurrence of the Trigger Event, Guarantor will pay the Guaranty Amount to Noteholder, or the successors

or assigns of Noteholder's rights under the Loan, including during the period after a foreclosure sale or conveyance of the Mortgaged Property in lieu thereof if Noteholder or the successors or assigns of Noteholder's rights under the Loan acquire the Mortgaged Property at such foreclosure sale or by conveyance in lieu thereof or upon any loan made by a Refinance Lender.

1.2 Guaranty Absolute and Independent of Maker's and Guarantor's Obligations. The obligations under this Guaranty are independent of and in addition to the undertakings of Maker or Guarantor pursuant to the other Loan Documents. Guarantor guarantees that the Guaranty Amount will be paid and performed strictly in accordance with the terms of this Article I and Article IV below, and their subsections, regardless of any law, regulation or order now or later in effect in any jurisdiction affecting any of the terms or the rights of Noteholder with respect to the Guaranty Amount, and regardless of the status of Maker's or Guarantor's other obligations under the Loan Documents, including, without limitation, the payment in full of the Indebtedness, as defined in the Deed of Trust (with such obligations of Maker and Guarantor hereinafter referred to, individually and collectively, as the "Obligations"). Without limiting the generality of any other provisions of this Guaranty, the liability of Guarantor under this Guaranty will be absolute and unconditional irrespective of:

(a) any claim or assertion of a lack of validity or enforceability of any of the Loan Documents (or any other agreement or instrument relating to the Loan Documents);

(b) any change in the time, manner, or place of payment of, or in any other term of, any of the Obligations, or any other amendment or waiver of or any consent to departure from any of the Loan Documents, including, without limitation, changes in the terms of disbursement of the Loan proceeds or repayment, modifications, extensions (including extensions beyond and after the original term), or renewals of payment dates, changes in interest rate, or the advancement of additional funds by Noteholder in its discretion;

(c) any exchange, release (other than for full payment of the Note in cash, and not as a result of a credit bid by the Noteholder or its successors or assigns of its rights under the Loan at a foreclosure sale) or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for any of the Obligations; or

(d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, Maker in respect of the Obligations other than payment in full of the Obligations in cash (and not as a credit bid by the Noteholder or its successors or assigns of its rights under the Loan at a foreclosure sale).

Regardless of any termination of this Guaranty except to the extent of full payment of the Obligations in cash (and not as a credit bid by the Noteholder or its successors or assigns of its rights under the Loan at a foreclosure sale), or the cancellation of any promissory note or any other agreement evidencing the Obligations, if at any time any payment of any portion of the Guaranty Amount, from any source, is rescinded, repaid, or must otherwise be returned by Noteholder due to the insolvency, bankruptcy, or reorganization of Maker or Guarantor, or any of them, or for any other circumstance, this Guaranty will continue to be effective or be reinstated, as the case may be, as though that payment had not been made.

1.3 Nature of Guaranty. This Guaranty is an irrevocable, absolute, unconditional continuing guaranty of payment and performance and not a guaranty of collection. This Guaranty may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranty Amount arising or created after any attempted revocation by Guarantor. Subject to the provisions of Article VI below, the fact that at any time or from time to time the Obligations may be increased or reduced or paid in full shall not release, discharge or reduce the obligation of Guarantor to Noteholder. This Guaranty may be enforced by Noteholder and any subsequent holder of the Obligations and shall not be discharged by the assignment or negotiation of all or part of the Obligations.

1.4 Guaranty Amount Not Reduced by Offset. The Guaranty Amount and the liabilities and obligations of Guarantor to Noteholder hereunder, shall not be reduced, discharged or released because or by reason of any existing or future offset, claim or defense of Maker, or any other party, against Noteholder or against payment or performance of the Obligations, whether such offset, claim or defense arises in connection with the Obligations (or the transactions creating the Obligations) or otherwise.

1.5 Payment by Guarantor. Upon the occurrence of a Trigger Event, Guarantor shall, immediately, without further notice or demand by Noteholder, and without presentment, protest, notice of protest, notice of non-payment, nor any other notice whatsoever, pay in lawful money of the United States of America, a Guaranty Payment (as defined herein) to Noteholder at Noteholder's address as set forth herein. Such Guaranty Payment shall be deemed applicable to the Guaranty Period in which the Trigger Event occurred. Thereafter, Guarantor shall continue to make a Guaranty Payment to Noteholder on or before the first day of each month until this Guaranty is released. Such payments shall continue without regard to whether or not the circumstances which caused the Trigger Event have been cured or otherwise satisfied.

1.6 No Duty to Pursue Others. It shall not be necessary for Noteholder (and Guarantor hereby waives any rights which Guarantor may have to require Noteholder), in order to enforce such payment or performance by Guarantor, first to: (a) institute suit or exhaust its rights or remedies against Maker or other parties liable on the Obligations; (b) enforce Noteholder's rights or remedies against any collateral or security which shall ever have been given to secure the Obligations or the Guaranty Amount; (c) join Maker or any others liable on the Obligations in any action seeking to enforce this Guaranty; (d) exhaust any rights or remedies available to Noteholder against any collateral or security which shall ever have been given to secure the Obligations or the Guaranty Amount; or (e) resort to any other means of obtaining payment or performance of the Guaranty Amount or the Obligations. To the maximum extent permitted by law, Noteholder shall not be required to mitigate damages or take any other action to reduce, collect or enforce this Guaranty.

1.7 Waivers. Guarantor hereby irrevocably waives any right to object to any provision set forth in the Loan Documents, and, subject to applicable law, hereby irrevocably waives notice of: (a) any additional loans or advances made by Noteholder to Maker; (b) acceptance of this Guaranty; (c) any renewal, extension, increase, modification, consolidation, alteration or rearrangement of all or any part of the Note or of any other Loan Documents or any of the Obligations; (d) the execution and delivery by Maker and Noteholder of any other loan or credit agreement or of Maker's execution and delivery of any promissory notes

or other documents arising under the Loan Documents or any of the other Obligations or in connection with the Mortgaged Property; (e) the occurrence of any breach or default by Maker or other default under the Note, the Deed of Trust or any of the other Obligations; (f) Noteholder's transfer or disposition of the Obligations, or any part thereof; (g) the sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral for the Obligations; (h) protest or proof of non-payment or default by Maker; or (i) any other action at any time taken or omitted by Noteholder, and, generally, all demands and notices of every kind in connection with this Guaranty, the other Loan Documents, any additional documents or agreements evidencing, securing or relating to any of the Obligations and the obligations hereby guaranteed. To the maximum extent permitted by law, the parties intend that Guarantor shall not be considered a "Debtor" as defined in the UCC (as defined in the Deed of Trust).

1.8 Payment of Expenses. In the event that Guarantor should breach or fail to timely pay or perform any provisions of this Guaranty, Guarantor shall, immediately upon demand by Noteholder, pay Noteholder any and all costs and expenses (including, without limitation, court costs and reasonable attorneys' fees) incurred by Noteholder in the enforcement hereof or the preservation of Noteholder's rights hereunder. The covenant contained in this Section 1.8 shall survive the payment and performance in full of the Guaranty Amount.

1.9 Effect of Bankruptcy. In the event that, pursuant to any insolvency, bankruptcy, reorganization, receivership or other debtor relief law, or any judgment, order or decision thereunder, Noteholder must rescind or restore any payment, or any part thereof, received by Noteholder in satisfaction of the Guaranty Amount, as set forth herein, any prior release or discharge from the terms of this Guaranty given to Guarantor by Noteholder shall be without effect, and this Guaranty shall remain in full force and effect and as if such payment had never been made to Noteholder. It is the intention of Maker and Guarantor that Guarantor's obligations hereunder shall not be discharged except by Guarantor's performance of such obligations and then only to the extent of such performance.

1.10 Waiver of Subrogation, Reimbursement and Contribution. Notwithstanding anything to the contrary contained in this Guaranty, so long as any portion of the Obligations remain unpaid, Guarantor hereby unconditionally and irrevocably waives and releases any and all rights and remedies it may now or hereafter have under any agreement, at law or in equity (including, without limitation, any law subrogating Guarantor to the rights of Noteholder) to assert any claim against or seek contribution, indemnification or any other form of reimbursement from Maker or any other party liable for any payment or performance of any or all of the Guaranty Amount for any payment or performance made by Guarantor under or in connection with this Guaranty or otherwise. Guarantor waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against Maker by the operation of section 580d of the California Code of Civil Procedure or otherwise. Furthermore, Guarantor understands and acknowledges that if Noteholder forecloses judicially or nonjudicially against any real property security for the Loan, that foreclosure could impair or destroy any ability that Guarantor may have to seek reimbursement, contribution, or indemnification from Maker or others based on any right Guarantor may have of subrogation, reimbursement, contribution, or indemnification for any amounts paid by Guarantor under this Guaranty. Guarantor further

understands and acknowledges that in the absence of this provision, the potential impairment or destruction of Guarantor's rights, if any, may entitle Guarantor to assert a defense to this Guaranty based on California Code of Civil Procedure §580d, as interpreted in *Union Bank v. Gradsky*, 265 Cal.App.2d 40 (1968). By executing this Guaranty, Guarantor freely, irrevocably, and unconditionally: Guarantor agrees that the payment of all sums payable under the Loan or any of the other Obligations or any other act that tolls any statute of limitations applicable to the Loan or the other Obligations will similarly operate to toll the statute of limitations applicable to Guarantor's liability. In this regard, Guarantor:

(a) waives and relinquishes that defense, and agrees that Guarantor will be fully liable under this Guaranty even though Noteholder may foreclose judicially or nonjudicially against any real property security for the Loan;

(b) agrees that Guarantor will not assert that defense in any action or proceeding that Noteholder may commence to enforce this Guaranty;

(c) acknowledges and agrees that the rights and defenses waived by Guarantor under this Guaranty include any right or defense Guarantor may have or be entitled to assert based upon or arising out of any one or more of California Code of Civil Procedure §§580a, 580b, 580d, or 726, or California Civil Code §2848; and

(d) acknowledges and agrees that Noteholder is relying on this waiver in making the Loan, and that this waiver is a material part of the consideration that Noteholder is receiving for making the Loan.

1.11 Maker. The term "Maker" as used herein shall include any new or successor corporation, association, limited liability company, partnership (general or limited), joint venture, trust or other individual or organization formed as a result of any merger, reorganization, sale, transfer, devise, gift or bequest of Maker or any interest in Maker.

1.12 Guaranty Survives Transfer. Guarantor and Noteholder intend and agree that Guarantor's obligations hereunder shall continue and extend to: (a) any transfer of the Loan by Noteholder; (b) any purchaser at a foreclosure sale by Noteholder if Noteholder (or any successors or assigns of its rights under the Loan) is such purchaser; and (c) to any transferee in connection with a deed-in-lieu of foreclosure transaction by Noteholder if Noteholder (or any successors or assigns of its rights under the Loan) is such transferee of the Mortgaged Property, and that this Guaranty shall not be amended, terminated or waived, except as expressly provided herein, without the express written consent of Noteholder, in its sole and absolute discretion.

1.13 Recourse Limitations Do Not Apply. Notwithstanding anything to the contrary in the Note or any of the other Loan Documents, it is understood and agreed that the limitations of liability provided in the Note and any of the other Loan Documents shall not apply with respect to the Guarantor and that, notwithstanding anything to the contrary in the Note or any of the other Loan Documents, Noteholder shall have full and personal recourse, subject to the terms and provisions of Article VI of this Guaranty, against the assets of the Guarantor and such limitations of liability shall not apply for purposes of enforcing this Guaranty; provided, however, in no event or circumstance whatsoever shall any recourse be sought or any liability be

claimed against (a) any general or limited partner of Guarantor, or (b) any director, officer, shareholder, manager, member, partner, agent or employee of Guarantor, or any manager, member or general or limited partner thereof, but recourse and liability shall be sought only against Guarantor.

ARTICLE II
EVENTS AND CIRCUMSTANCES NOT REDUCING
OR DISCHARGING GUARANTOR'S OBLIGATIONS

Notwithstanding anything herein to the contrary, Guarantor hereby consents and agrees to each of the following, and agrees that Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any common law, equitable, statutory or other rights (including, without limitation, rights to notice) which Guarantor might otherwise have as a result of or in connection with any of the following:

2.1 Modifications. Any renewal, extension, increase, modification, consolidation, alteration or rearrangement of all or any part of the Obligations, the Note, the other Loan Documents or any other document, contract or understanding between Maker and Noteholder, or any other parties, pertaining to the Obligations or, although Guarantor shall be notified in writing of the action, any failure by Noteholder to so notify Guarantor of any such action.

2.2 Adjustment. Any adjustment, indulgence, forbearance or compromise that might be granted or given by Noteholder to Maker or any other guarantors of any or all of the Obligations.

2.3 Condition of Maker or Guarantor. The insolvency, bankruptcy, re-arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Maker, Guarantor or any other party at any time liable for the payment or performance of all or part of the Obligations; any dissolution or death of Maker or Guarantor; any sale, lease or transfer of any or all of the assets of Maker or Guarantor; or any changes in the shareholders, partners, trustees, beneficiaries or members of Maker or Guarantor; or any reorganization of Maker or Guarantor.

2.4 Invalidity of Obligations. The invalidity, illegality or unenforceability of all or any part of the Obligations, or any document or agreement executed in connection with the Obligations, for any reason whatsoever, including, without limitation, the fact that: (a) the Obligations, or any part thereof, exceeds the amount permitted by law or in equity; (b) the act of creating the Obligations or any part thereof is ultra vires; (c) the officers or representatives executing the Note or any of the other Loan Documents or otherwise creating the Obligations acted in excess of their authority; (d) the Obligations violate applicable usury laws; (e) Maker has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Obligations wholly or partially uncollectible from Maker; (f) the creation, performance or repayment of the Obligations (or the execution, delivery and performance of any document representing part of the Obligations or executed in connection with the Obligations, or given to secure the repayment of the Obligations) is illegal, uncollectible or unenforceable; or (g) the Note or any of the other Loan Documents have been forged or otherwise are irregular or not

genuine or authentic, it being agreed that Guarantor shall remain liable hereon regardless of whether Maker or any other person be found not liable on the Obligations or any part thereof for any reason.

2.5 Release of Obligor. Except in connection with Maker's satisfaction of its Obligations in full, any full or partial release of the liability of Maker as to the Obligations, or any part thereof, or of any guarantor, co-guarantors or any other person or entity now or hereafter liable thereon, whether directly or indirectly, jointly, severally or jointly and severally, to pay, perform, guarantee or assure the payment or performance of the Guaranty Amount, or any part thereof, or the Obligations, or any part thereof, it being recognized, acknowledged and agreed by Guarantor that Guarantor may be required to pay and perform the Guaranty Amount in full without assistance or support of any other party, and Guarantor has not been induced to enter into this Guaranty on the basis of a contemplation, belief, understanding or agreement that other parties will be liable to pay or perform the Guaranty Amount, or Noteholder will look to other parties to pay or perform the Guaranty Amount.

2.6 Other Collateral. The taking or accepting of any other security, collateral or guaranty or other assurance of payment or performance, for all or any portion of the Obligations.

2.7 Release of Collateral. Any release, surrender, exchange, subordination, deterioration, waste, loss or impairment (including, without limitation, negligent, willful, unreasonable or unjustifiable impairment) of any collateral or security, at any time existing in connection with, or assuring or securing payment or performance of all, or any portion of the Obligations.

2.8 Care and Diligence. The failure of Noteholder or any other party to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security, including, without limitation, any neglect, delay, omission, failure or refusal of Noteholder to: (a) take or prosecute any action for the collection of any of the Obligations; (b) foreclose or initiate any action to foreclose or once commenced, prosecute to completion any action to foreclose upon any collateral or security therefor; or (c) take or prosecute any action in connection with any document or agreement evidencing, securing or relating to all or any portion of the Obligations.

2.9 Unenforceability. The fact that any collateral, security, security interest or lien contemplated or intended to be given, created or granted as security for the repayment of the Obligations, or any part thereof, shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other security interest or lien, it being recognized and agreed by Guarantor that Guarantor is not entering into this Guaranty in reliance on, or in contemplation of the benefits of the validity, enforceability, collectibility or value of any of the collateral or security for the Obligations.

2.10 Offset. The Guaranty Amount and the liabilities and obligations of Guarantor to Noteholder hereunder, shall not be reduced, discharged or released because of or by reason of any existing or future right of offset, claim or defense of Maker against Noteholder, or any other party, or against payment or performance of the Obligations or the Guaranty Amount, whether

such right of offset, claim or defense arises in connection with the Obligations (or the transactions creating the Obligations) or otherwise.

2.11 Merger. The reorganization, merger or consolidation of Maker into or with any other entity of any kind or character.

2.12 Preference. Any payment by Maker to Noteholder is held to constitute a preference under bankruptcy laws, or for any reason Noteholder is required to refund such payment or pay such amount to Maker or someone else.

2.13 Other Actions Taken or Omitted. Any other action taken or omitted to be taken with respect to the Loan Documents, this Guaranty, or the Obligations or the security and collateral therefor, whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay or perform the Guaranty Amount pursuant to the terms hereof, it is the unambiguous and unequivocal intention of Guarantor that Guarantor shall be obligated to pay and perform the Guaranty Amount when due, notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or un contemplated, and whether or not otherwise or particularly described herein, which obligation shall be deemed satisfied only upon the full and final payment and performance and satisfaction of the Guaranty Amount.

ARTICLE III REPRESENTATIONS AND WARRANTIES

To induce Noteholder to enter into the Loan Documents and extend credit to Maker, Guarantor represents and warrants to Noteholder as follows:

3.1 Benefit; Capacity. Guarantor is a related party to Maker or is the owner of a direct or indirect interest in Maker, and has received, or will receive, direct or indirect material benefit from the making of this Guaranty with respect to the Obligations. Further, Guarantor possesses the full capacity and capability to (a) understand fully the terms of this Guaranty and (b) execute this Guaranty.

3.2 Familiarity and Reliance. Guarantor is familiar with, and has independently reviewed the books and records regarding the financial condition of Maker and the Mortgaged Property and is familiar with the value of any and all collateral or security intended to be given as security for the payment of the Note or the Obligations; provided, however, that Guarantor is not relying on such financial condition or the collateral or security as an inducement to enter into this Guaranty.

3.3 No Representation by Noteholder. Neither Noteholder nor any other party has made any representation, warranty or statement to Guarantor, express or implied, in order to induce Guarantor to execute this Guaranty.

3.4 Guarantor's Financial Condition. As of the date hereof, and after giving effect to this Guaranty and the contingent obligation evidenced hereby, Guarantor is, and shall be, solvent, and has and will have assets which, fairly valued, exceed its obligations, liabilities

(including, without limitation, contingent liabilities) and debts, and has and shall have property and assets sufficient to satisfy and repay any and all of its obligations and liabilities.

3.5 Legality. The execution, delivery and performance by Guarantor of this Guaranty and the consummation of the transactions contemplated hereunder do not, and will not, contravene or conflict with any law, statute or regulation whatsoever to which Guarantor is subject, or constitute a default (or an event with which notice or the lapse of time or both would constitute a default) under, or result in the breach of, any indenture, mortgage, deed of trust, charge, lien or any contract, agreement or other document to which Guarantor is a party or which may be applicable to Guarantor. This Guaranty is a legal and binding obligation of Guarantor and is enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights.

3.6 Financial Information. All of the financial information provided by Guarantor to Noteholder is true and correct in all material respects. Guarantor shall furnish to Noteholder annual financial statements of Guarantor certified by such Guarantor as true and correct prepared in accordance with generally accepted accounting principles, consistently applied. Each such annual financial statement shall be delivered to Noteholder within one hundred twenty (120) days after the end of such calendar year.

3.7 Survival. Any and all representations and warranties made by Guarantor herein shall survive the execution hereof.

ARTICLE IV SUBORDINATION OF CERTAIN INDEBTEDNESS AND DEFAULTS

4.1 Subordination of All Guarantor Claims. As used herein, the term "**Guarantor Claims**" shall mean all debts and liabilities of Maker to Guarantor, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether the obligations of Maker thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account, or otherwise, and irrespective of the person or persons in whose favor such debts or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by Guarantor. The Guarantor Claims shall include, without limitation, all rights and claims of Guarantor against Maker (arising as a result of subrogation or otherwise) as a result of Guarantor's payment or performance of all or a portion of the Guaranty Amount. Upon the occurrence of an Event of Default (as defined herein) or the occurrence of an event which would, with the giving of notice or the passage of time, or both, constitute an Event of Default, Guarantor shall not receive or collect, directly or indirectly, from Maker or any other party any amount upon the Guarantor Claims.

4.2 Claims in Bankruptcy. In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief, or other insolvency proceedings involving Guarantor as debtor, Noteholder shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Guarantor hereby assigns such dividends and payments to Noteholder. Should Noteholder receive, for application

upon the Obligations, any such dividend or payment which is otherwise payable to Guarantor, and which, as between Maker and Guarantor, shall constitute a credit upon the Guarantor Claims, then upon payment or performance to Noteholder in full of the Loan, Guarantor shall become subrogated to the rights of Noteholder to the extent that such payment or performances to Noteholder on the Guarantor Claims have contributed toward the liquidation of the Obligations, and such subrogation shall be with respect to that proportion of the Obligations which would have been unpaid if Noteholder had not received dividends or payments upon the Guarantor Claims.

4.3 Payments Held in Trust. In the event that, notwithstanding anything to the contrary in this Guaranty, Guarantor should receive any funds, payment, claim or distribution which is prohibited by this Guaranty, Guarantor agrees to hold in trust for Noteholder an amount equal to the amount of all funds, payments, claims or distributions so received, and agrees that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions so received except to pay them promptly to Noteholder, and Guarantor covenants promptly to pay the same to Noteholder.

4.4 Liens Subordinate. Guarantor agrees that any liens, security interests, judgment liens, charges or other encumbrances upon Maker's assets securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any liens, security interests, judgment liens, charges or other encumbrances upon Maker's assets securing payment or performance of the Guaranty Amount, regardless of whether such encumbrances in favor of Guarantor or Noteholder presently exist or are hereafter created or attach. Without the prior written consent of Noteholder, Guarantor shall not (a) exercise or enforce any creditor's right it may have against Maker, or (b) foreclose, repossess, sequester or otherwise take steps or institute any action or proceedings (judicial or otherwise, including without limitation the commencement of, or joinder in, any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any liens, mortgages, deeds of trust, security interest, collateral rights, judgments or other encumbrances on assets of Maker held by Guarantor.

4.5 Default. The occurrence of any of the following events shall, at the election of Noteholder, be deemed a default by such Guarantor ("Event of Default") under this Guaranty:

(a) subject to the provisions of Article VI hereof, if Guarantor fails to make any Guaranty Payment when due and payable or properly declared due and payable;

(b) if Guarantor fails or neglects to perform, keep or observe any other term, provision, condition, covenant, warranty or representation contained in this Guaranty (other than the payments referred to in Section 4.5(a) above or elsewhere in this Section 4.5), which is required to be performed, kept or observed by Guarantor and Guarantor shall fail to remedy such within ten (10) days of the date such term, provision, condition, covenant, warranty or representation is required to be performed;

(c) if any of Guarantor's assets are attached, seized, subjected to a writ of distress warrant, are levied upon, come under a federal tax lien or come within the possession of any receiver, conservator, trustee, custodian or assignee for the benefit of creditors and such

assets are not released within ninety (90) days of any such attachment, seizure, writ, lien or possession;

(d) if a voluntary petition under Title 11, United States Code (the “**Bankruptcy Code**”) or any similar law or regulation shall be filed by Guarantor, or if Guarantor shall make any assignment for the benefit of its creditors or if any case or proceeding is filed by Guarantor for its dissolution or liquidation;

(e) if an involuntary petition under the Bankruptcy Code or any similar law or regulation shall be filed against Guarantor, or if such a case or proceeding is filed against Guarantor and such proceeding shall not be dismissed within forty-five (45) days of its filing (or if such dismissal cannot be performed in the 45-day period, Guarantor has commenced such performance and diligently pursues completion thereof, not to exceed sixty (60) days after the time of the filing), during which time Guarantor shall be diligently contesting such action or proceeding;

(f) if any material statement, report or certificate made or delivered to Noteholder by such Guarantor is not true and correct;

(g) the occurrence of a default or Event of Default under any other agreement, instrument and/or document executed and delivered by Guarantor to Noteholder, which is not cured by Maker within any applicable cure period set forth in any such agreement, instrument and/or document;

(h) the death or dissolution of Guarantor, unless within the 90-day period immediately following such death (i) Maker provides Noteholder with a substitute guarantor whose creditworthiness is reasonably acceptable to Noteholder, (ii) such substitute guarantor executes a guaranty in favor of Noteholder in a form and substance substantially similar to this Guaranty and otherwise satisfactory to Noteholder and (iii) Maker, Noteholder and such substitute guarantor execute a written agreement acknowledging the existence of the obligations as to the payment of each Guaranty Payment;

(i) if Guarantor attempts to cancel, revoke or disclaim this Guaranty; or

(j) the failure by Guarantor to provide any of the financial information required pursuant to Section 3.6 of this Agreement.

4.6 Remedies. Upon the occurrence of a Trigger Event, without notice thereof to such Guarantor, the Guaranty Amount shall be immediately due and payable and enforceable for each month during a loan year (as defined in the Note), with the Guaranty Payment for the month in which a Trigger Event occurred (and thereafter) to be forthwith due and payable, and each subsequent Guaranty Payment due upon the first day of each subsequent month, with all such payments to be made at Noteholder’s principal place of business, whether or not Maker’s Obligations are otherwise then due and payable by reason of the occurrence of a Trigger Event, and Noteholder may, in its sole and absolute discretion, exercise any one or more of the following remedies which are cumulative and non-exclusive:

(a) proceed to suit against Guarantor if any and all amounts due hereunder are not immediately paid by Guarantor to Noteholder when due at Noteholder's principal place of business; provided, that at Noteholder's election, one or more successive or concurrent suits may be brought hereunder by Noteholder against Guarantor, whether suit has been commenced against Maker, and in any such suit Maker may be joined (but need not be joined) as a party with Guarantor;

(b) reduce to cash or the like any of such Guarantor's assets of any kind or nature in the possession, control or custody of Noteholder, and, without notice to Guarantor, apply such proceeds in reduction or payment of any and all amounts due by Guarantor hereunder; and/or

(c) exercise any one or more of the rights and remedies available at law or in equity.

Guarantor recognizes that in the event Guarantor fails to perform, observe or discharge any of its obligations or liabilities under this Guaranty, no remedy at law will provide adequate relief to Noteholder, and agrees that Noteholder shall be entitled to temporary and/or permanent injunctive relief in any such case, all without the necessity of proving actual damage.

ARTICLE V MISCELLANEOUS

5.1 Waiver. No failure to exercise, and no delay in exercising, on the part of Noteholder, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of Noteholder hereunder shall be in addition to any and all other rights and remedies provided by law or in equity. No modification or waiver of any provision of this Guaranty, nor consent to departure therefrom, shall be effective unless in writing, and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take any other action in the same, similar or other instances without such notice or demand. To the maximum extent permitted by law, Guarantor specifically waives any and all rights and remedies to which Guarantor may become entitled regarding the payment or performance of the obligations provided for herein, and/or to any and all other defenses available to sureties and guarantors at law or in equity.

5.2 Notices. All notices or other communications required or permitted to be given pursuant hereto shall be in writing and shall be deemed properly given if (a) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (b) by delivering same in person to the intended addressee; or (c) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee. All notices shall be effective upon delivery at the designated address of the intended addressee or if delivery is refused, upon such refusal. Such a refusal shall include a failure to accept delivery of a properly given notice. Either party shall have the right to change its address for notice hereunder to any other location within the

continental United States by the giving of thirty (30) days' notice to the other party in the manner set forth herein. For purposes of such notices, the addresses of the parties shall be as follows:

Noteholder: American National Insurance Company
2525 South Shore Blvd., Ste. 207
League City, TX 77573
Attention: Mortgage and Real Estate Investments Dept.
Fax: (281) 538-4824

Guarantor: Gina Champion-Cain
4014 Bandini St.
San Diego, CA 92103

5.3 GOVERNING LAW. THIS GUARANTY IS EXECUTED AND DELIVERED AS AN INCIDENT TO A LENDING TRANSACTION, NEGOTIATED, CONSUMMATED AND PERFORMABLE IN SAN DIEGO COUNTY, CALIFORNIA, AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. ANY ACTION OR PROCEEDING AGAINST GUARANTOR UNDER OR IN CONNECTION WITH THIS GUARANTY MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT IN OR SERVING SAN DIEGO COUNTY, CALIFORNIA. TO THE MAXIMUM EXTENT PERMITTED BY LAW, GUARANTOR HEREBY IRREVOCABLY (a) SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURTS AND (b) WAIVES ANY OBJECTION HE/SHE MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. GUARANTOR AGREES THAT SERVICE OF PROCESS UPON HE/SHE MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, AT ITS ADDRESS SPECIFIED HEREIN. NOTHING HEREIN SHALL AFFECT THE RIGHT OF NOTEHOLDER TO SERVE PROCESS IN ANY OTHER MATTER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF NOTEHOLDER TO BRING ANY ACTION OR PROCEEDING AGAINST GUARANTOR OR WITH RESPECT TO ANY OF GUARANTOR'S PROPERTY IN COURTS IN OTHER JURISDICTIONS. TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NOTEHOLDER'S SOLE AND ABSOLUTE DISCRETION, ANY ACTION OR PROCEEDING BY GUARANTOR AGAINST NOTEHOLDER SHALL BE BROUGHT ONLY IN A COURT LOCATED IN SAN DIEGO COUNTY, CALIFORNIA.

5.4 Invalid Provisions. If any provision of this Guaranty is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Guaranty, such provision shall be fully severable, and this Guaranty shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Guaranty, and the remaining provisions of this Guaranty shall remain in full force and effect and shall not be affected by the provision deemed to be illegal, invalid or unenforceable or by such provision's severance from this Guaranty, unless the continued effectiveness of this Guaranty, as modified, would be contrary to the basic understandings and intentions of the parties as expressed herein.

5.5 Amendments. This Guaranty may be amended, supplemented or modified only by a document in writing executed by the party or an authorized representative of the party against whom such amendment, supplement or modification is sought to be enforced.

5.6 Parties Bound: Assignment. This Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, trustees, successors, assigns and legal representatives; provided, however, that Guarantor may not, without the prior written consent of Noteholder, in Noteholder's sole and absolute discretion, assign any of its rights, powers, duties or obligations hereunder. Without limiting the generality of the foregoing, all provisions in this Guaranty shall inure to the benefit of any participating lender with Noteholder.

5.7 Headings. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Guaranty.

5.8 Recitals. The recitals and introductory paragraphs hereof are a part hereof, form a basis for this Guaranty and shall be considered prima facie evidence of the facts and documents referred to herein.

5.9 Counterparts. To facilitate execution, this Guaranty may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each party, or that the signature of all persons required to bind any party, or the acknowledgment of such party, appear on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this Guaranty to produce or account for more than a single counterpart containing the respective signature of, or on behalf of, and the respective acknowledgments of, each of the parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.

5.10 Rights and Remedies. If Guarantor becomes liable for any indebtedness owing by Maker to Noteholder, by endorsement or otherwise, other than under this Guaranty, such liability shall not be in any manner impaired or affected hereby and the rights and remedies of Noteholder hereunder shall be cumulative of any and all other rights and remedies that Noteholder may ever have against Guarantor. The exercise by Noteholder of any right or remedy hereunder or under any of the other Loan Documents, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

5.11 ENTIRETY. THIS GUARANTY EMBODIES THE FINAL, ENTIRE AGREEMENT OF GUARANTOR AND NOTEHOLDER WITH RESPECT TO GUARANTOR'S GUARANTY OF THE GUARANTEED DEBT AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND/OR UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF. THIS GUARANTY IS INTENDED BY GUARANTOR AND NOTEHOLDER AS A FINAL AND COMPLETE EXPRESSION OF THE TERMS OF THE GUARANTY, AND NO COURSE OF DEALING BETWEEN GUARANTOR AND

NOTEHOLDER, NO COURSE OF PERFORMANCE, NO TRADE PRACTICES AND NO EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE SHALL BE USED TO CONTRADICT, VARY, SUPPLEMENT OR MODIFY ANY TERM OF THIS GUARANTY. THERE ARE NO ORAL AGREEMENTS BETWEEN GUARANTOR AND NOTEHOLDER REGARDING THE SUBJECT MATTER HEREIN.

5.12 WAIVER OF RIGHT TO TRIAL BY JURY. TO THE MAXIMUM EXTENT PERMITTED BY LAW, GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM THAT RELATES TO OR ARISES OUT OF ANY OF THIS GUARANTY OR ANY OF THE OTHER LOAN DOCUMENTS OR THE ACTS OR FAILURE TO ACT BY NOTEHOLDER IN THE ENFORCEMENT OF ANY OF THE TERMS OR PROVISIONS OF THIS GUARANTY OR THE OTHER LOAN DOCUMENTS.

5.13 Time. Time is of the essence of this Guaranty.

5.14 Number and Gender. All references to the singular shall include the plural and vice versa and all references to any gender shall include the others, wherever appropriate.

5.15 Definition. Any capitalized term used herein, unless otherwise defined, shall have the same meaning as provided in the Deed of Trust.

ARTICLE VI RELEASE; CREDIT FOR RENTS PAID

6.1 Conditions Precedent For Guaranty Release. Guarantor's liability hereunder shall be released and Noteholder shall, upon written request of Guarantor, provide a release after the occurrence, if ever, of all of the Conditions Precedent to Guaranty Release. For purposes of this Guaranty, the term "Conditions Precedent to Guaranty Release" shall mean the satisfaction in full by Maker of the Obligations.

6.2 Credit for Rents Paid by Tenants under the Leases. Guarantor has agreed to pay to Noteholder the Guaranty Amount, which shall be payable in monthly installments equal to the Annual Lease Income Amount (on a monthly basis) minus any and all amounts of rent and other amounts actually received by Maker from the Tenants under the Leases (each monthly installment being a "Guaranty Payment"). To the extent that Maker (or any successor landlord under the Leases), as landlord, actually receives payments of rent or other amounts from any of the Tenants under the Leases (or any future tenants of the Mortgaged Property under valid, written lease agreements) during the continuation of this Guaranty, then Guarantor shall receive an equivalent credit against, but not in excess of, the Guaranty Amount due by Guarantor hereunder. Notwithstanding the foregoing, Guarantor understands and agrees that neither Maker nor Noteholder shall be under any obligation to obtain or collect any amounts of rent or other amounts due by any of the Tenants under the Leases.

6.3 Trigger Event. For purposes of this Guaranty, the term “**Trigger Event**” shall mean the occurrence of any of the following: (a) Maker’s failure to timely make payment of the full amount of the monthly principal and interest payment (whether at the Contract Rate, as defined in the Note, or the Default Rate, as defined in the Note, as applicable) due on the first of any month; (b) the failure to pay in full the Indebtedness at the maturity of the Note, including without limitation as a result of an acceleration of the maturity of the Note as provided for under the Deed of Trust, the Note or any of the other Loan Documents; (c) foreclosure of the Deed of Trust, or conveyance in lieu thereof, whether Noteholder, or its successors or assigns, or an unrelated third party acquires the Mortgaged Property in connection with any such foreclosure sale; or (d) any exercise of Noteholder’s assignment of rents under the Deed of Trust or the Assignment. Notwithstanding this definition of “**Trigger Event**”, nothing in subsections (c) or (d) or elsewhere in this definition shall be construed to obligate Noteholder to exercise any such remedies as a condition to making a claim on Guarantor under this Guaranty.

[THE REMAINDER OF THIS PAGE INTENTIONALLY RESERVED]

EXECUTED EFFECTIVE as of the day and year first above written.


GUARANTOR:



GINA CHAMPION-CAIN, an individual

**AGREED TO AND ACCEPTED
BY MAKER:**

**3515 HANCOCK STREET, LLC,
a California limited liability company**

 *Trustee*
**GINA CHAMPION-CAIN, TRUSTEE OF THE
GINA CHAMPION-CAIN REVOCABLE TRUST
DATED JUNE 26, 2012**

SCHEDULE 1

CURRENT RENT ROLL

(i) Lease Agreement dated on or about January 16, 2018 by and between 3515 Hancock Street, LLC, as Landlord, and American National Investments, Inc., as Tenant, for a leased premises containing approximately 18,879 rentable square feet in the building located at 3515 Hancock Street, Sand Diego, California, and containing the following additional terms:

Term: Twelve (12) years, expiring December 31, 2030

Base Rent: \$16.78 per square foot per month, payable monthly, NNN.

(ii) Standard Multi-Tenant Office Lease dated August 19, 2005 by and between 3515, Ltd, as Lessor, predecessor in interest to 3515 Hancock Street, LLC, and Richard S. Yen, as Lessee, for a leased premises containing approximately 6,791.7 rentable square feet in the building located at 3515 Hancock Street, San Diego, California, and containing the following additional terms:

Term: Three (3) years, expiring March 31, 2019

Base Rent: \$6,094.44 per month

EXHIBIT 7



ATTORNEYS AT LAW

555 SOUTH FLOWER STREET, SUITE 3300
LOS ANGELES, CA 90071-2411
213.972.4500 TEL
213.486.0065 FAX
WWW.FOLEY.COM

F. PHILLIP HOSP
Partner
213.972.4556
phosp@foley.com EMAIL

October 16, 2019

*Original by Certified Mail – Return Receipt Requested
Copy by Email and First Class Mail*

David R. Zaro, Esq.
Michael R. Farrell, Esq.
Ted G. Fates, Esq.
Allen Matkins Leck Gamble Mallory & Natsis LLP
600 West Broadway, 27th Floor
San Diego, CA 92101-0903

Re: NOTICE OF DEFAULT: Loan made to 3515 Hancock Street, LLC (the “**Maker**” or “**Trustor**”), evidenced by that certain Promissory Note (the “**Note**”) in the original principal amount of \$4,250,000.00, dated January 17, 2018, payable to American National Insurance Company, its successors or assigns (the “**Noteholder**” or “**Beneficiary**”), secured by, inter alia, that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated January 17, 2018 (the “**Deed of Trust**”), covering and describing certain real property in San Diego County, California and filed in the Official Public Records of San Diego County, California under document number 2018-0018273 (APN Nos. 441-530-48-00, 441-530-49-00, 441-530-50-00, & 441-530-51-00) (“**Mortgaged Property**”), as well as other documents including the Absolute Assignment of Leases and Rents dated January 17, 2018, executed by Maker and Noteholder and recorded with the County Recorder of San Diego County, California under document number 2018-0018274, the Closing Certificate dated January 17, 2018 executed by Maker and Noteholder, the Sole Member’s Certificate executed by Gina Champion-Cain, Trustee of the Gina Champion-Cain Revocable Trust dated June 27, 2012, the UCC Financing Statement in the name of Maker filed with the California Secretary of State under document number 18-7628348532, the Subordination, Nondisturbance and Attornment Agreement executed by American National Investments, Inc. and recorded with the County Recorder of San Diego County, California under document number 2018-0021135, the Side Letter Agreement to Pay Interest executed by Maker, the Income Street Guaranty dated January 17, 2018 executed by Maker and Gina Champion-Cain (“**Guarantor**”) and other documents and instruments evidencing, securing or relating to the Note (collectively, the “**Loan Documents**”).

Dear Messrs. Zaro, Farrel, and Fates:

As a follow-up to my call with Mr. Fates on October 8, 2019 and my letter dated October 2, 2019, I am writing on behalf of Noteholder to provide notice of amounts past due and certain Events of Default under the Loan Documents. Capitalized terms used, but not otherwise defined herein, shall have the meanings assigned to such terms in the Loan Documents.

AUSTIN
BOSTON
CHICAGO
DALLAS
DENVER

DETROIT
HOUSTON
JACKSONVILLE
LOS ANGELES
MADISON

MEXICO CITY
MIAMI
MILWAUKEE
NEW YORK
ORLANDO

SACRAMENTO
SAN DIEGO
SAN FRANCISCO
SILICON VALLEY
TALLAHASSEE

TAMPA
WASHINGTON, D.C.
BRUSSELS
TOKYO



FOLEY & LARDNER LLP

NOTICE OF DEFAULT

3515 Hancock Street, LLC

October 16, 2019

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As discussed in our letter to you dated October 2, 2019, which included copies of the Loan Documents (ANICO 000001-000310), the Noteholder has become aware that the Securities and Exchange Commission has filed suit against Guarantor and certain other parties in an action entitled *SEC v. Gina Champion-Cain and ANI Development, et al.*, Case No. 3:19-CV-1628-LAB (S.D. Cal. 2019), which alleges violations of federal securities laws. This letter shall serve as notice that Maker is in default under the Note, the Deed of Trust, and other Loan Documents by virtue of the fact that Guarantor stipulated to the appointment of a permanent receiver over Maker and an order freezing all assets, both without the consent of Noteholder. Maker is also in default for failing to make principal and interest payments as required by the Loan Documents.

In the Note, Maker agreed to comply with certain terms, obligations, covenants and conditions including, without limitation, an agreement to pay the principal and interest due on the Note. Importantly, the Note also includes an agreement that if Maker or any guarantor “consents to the appointment of a receiver of any of its assets or any part thereof,” Noteholder “shall have the right and option, without notice or demand, to accelerate the maturity of this Note and declare the entire unpaid balance of this Note, both outstanding and principal and unpaid accrued but unpaid interest, immediately due and payable and/or may enforce such other rights as are available to Noteholder under the terms and conditions of any Loan Document or otherwise available at law or in equity.” (Note, p. 2.) The Note further states that “[u]pon such acceleration by Noteholder in the event of default as aforesaid, whether such event of default be voluntary or involuntary, Maker specifically agrees that Noteholder shall be entitled to collect the prepayment fee when due as hereafter provided in addition to the balance of indebtedness due under this Note.” (Note, p. 2.)

In addition, the Deed of Trust contains certain covenants and agreements, including without limitation:

- 1.08 “This Deed of Trust shall be self-operative and constitute a Security Agreement with respect to the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Plans, the Contracts, the Accounts Receivable and the Proceeds....”
- 1.09 “(a) The Rents and Profits are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Deed of Trust.... (b) Trustor will not, without the prior written consent of Beneficiary ... (ii) terminate or consent to the cancellation or accept the surrender of any material lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made, having an unexpired term of two (2) years or more; ... (v) impair in any other material manner the Beneficiary’s interest in the Mortgaged Property or the security of this Deed of Trust.”
- 1.15 “Trustor shall pay all costs, fees and expenses of Trustee, its agents and counsel in connection with the performance of its duties hereunder; Trustor shall pay all taxes



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NOTICE OF DEFAULT

3515 Hancock Street, LLC

October 16, 2019

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(except federal and state income taxes) and any other governmental charges or impositions imposed by any Governmental Authority on Trustee or Beneficiary by reason of their interests in the Note or this Deed of Trust.”

Please be further advised that Article II of the Deed of Trust sets forth certain Events of Default, the occurrence of any of which entitles Noteholder to, among other things, immediately declare all indebtedness of Maker to Noteholder under the Note immediately due and payable without further notice of any kind. The relevant “Events of Default” at issue here include, without limitation, the following:

- 2.01 “The failure to make any payment of interest on the Note, or to make any payment of an installment of principal, when and as the same shall become due and payable, or the failure to make any other payments required under the Note, when and as the same shall become due and payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, in each case, as is provided in the Note and in this Deed of Trust....”
- 2.03 “A default by Trustor in the due, prompt and complete observance and performance of any obligation, covenant and agreement contained in the Note or in this Deed of Trust....”
- 2.04 “The appointment pursuant to an order of a court of competent jurisdiction of a trustee, receiver or liquidator of Trustor or of the Mortgaged Property or any part thereof, which appointment is not vacated or stayed within sixty (60) days from the date thereof.”
- 2.07 “The occurrence of any of the events enumerated in Sections 2.04 through 2.06 above with regard to Guarantor, or the property of Guarantor, or the revocation, limitation or termination of the obligations of Guarantor, except in accordance with the express written terms of the instrument of guaranty; or, if Trustor is a trust or trustee of a trust, the occurrence of any of the events enumerated in Sections 2.04 through 2.06 above with regard to such trustee or any owner, or general partner of any owner, of more than ten percent (10%) of the beneficial interests of such trust.”
- 2.09 “The sale, conveyance, transfer, disposition or further encumbrance of the Mortgaged Property, or any part thereof, or any interest therein, either voluntarily, involuntarily or otherwise, or agreement so to do, without the prior written consent of Beneficiary (any such sales, conveyances, transfers, dispositions or further encumbrances as are consented to by Beneficiary in writing being “**Permitted Transfers**”).”
- 2.10 “The sale, conveyance, transfer or disposition of any direct membership interests in Trustor or, other than to an affiliate, partner, member of Trustor or its affiliates, partners, or members including without limitation trusts formed for estate planning



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NOTICE OF DEFAULT

3515 Hancock Street, LLC

October 16, 2019

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purposes, indirect membership interests in Trustor so long as (in any case) Gina Champion-Cain, an individual, (a) maintains an ownership interest (directly or indirectly) in Trustor and (b) remains in control of the management of Trustor, in any case, without the prior written consent of Beneficiary (such approved transfers also being deemed “**Permitted Transfers**”).”

Importantly, as I discussed with Mr. Fates, the Note contains a Prepayment Lockout Period which provides that the Note shall not be prepayable in whole or in part prior to or during the first five “loan years” commencing as of the date of the Note. (Note, p. 3.) If payment is made prior to the Prepayment Lockout Period, the Note requires that payment must “include a prepayment fee equal to the lesser of (a) the prepayment fee provided for in the next succeeding paragraph, or if such event occurs during the Prepayment Lockout Period (as defined below), eight percent (8%) on the then-outstanding principal balance of the loan, or (b) the maximum amount, which when added to all other interest charged, paid or contracted for hereunder, would not exceed the Maximum Effective Rate for the loan evidenced hereby.”

Therefore, as a result of the Events of Default, the payoff amount of the Loan, as of October 15, 2019, is as follows:

Principal balance	\$4,104,137.68
Last Payment	9/1/2019
Interest Paid Through	8/31/19
Per Diem Default Rate	\$1,911.52
Interest from 9/1/19 thru 10/15/19	\$44,918.29
Acceleration Prepayment Fee	\$328,331.01
Total Due as of 10/15/19	\$4,477,386.98

The Events of Default described herein also constitute a Termination of Escrow Waiver Event under § 1.06(b) of the Deed of Trust and Maker is required to pay, in addition to the installments payable under the Note, on the same day as such installments are due and payable, a sum equal to 1/12th of the estimated annual taxes, hazard and rental insurance premiums, and special assessments, if any, next due on the Mortgaged Property. Noteholder also has incurred expenses and costs, including legal fees, all of which are due and payable by Maker. The current total amount due and owing may be obtained by contacting the undersigned.

Maker’s failure to make principal and interest payments as required by the Loan Documents also constitutes a Trigger Event under the Guaranty (§ 6.3) and entitles Noteholder to certain remedies (§ 4.6). As there may be other existing or potential events of default, other than the defaults described in this notice, Noteholder hereby reserves and preserves any and all rights and remedies under the Loan Documents and applicable law with regard to the defaults described in this notice and any other existing or potential default under the Loan Documents.



NOTICE OF DEFAULT
3515 Hancock Street, LLC
October 16, 2019
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PLEASE TAKE FURTHER NOTICE THAT: The purpose of this Notice is to inform the Receiver of amounts that are immediately due in connection with the Note. Noteholder hereby acknowledges the terms of the Order appointing the Receiver and will seek leave of Court before taking any further action.

Noteholder continues to expressly reserve all rights, privileges and remedies under the Loan Documents, and all of the other terms, provisions and conditions of the Loan Documents. Neither this Notice, nor any discussions with the Receiver, or her representatives, nor the Noteholder's acceptance of payment of less than the full amount due and payable under the Loan Documents, constitutes: (a) a waiver by the Noteholder of any Events of Default (as defined by the Loan Documents), (b) a waiver by the Noteholder of any breach or default by the Maker under the Loan Documents, whether or not referred to in this letter, (c) an election of remedies available at law, in equity or under the Loan Documents, (d) a waiver, modification, relinquishment or forbearance by the Noteholder of any rights or remedies available at law, in equity or under the Loan Documents, all of which are expressly reserved by the Noteholder, (e) a reinstatement or extension of any loan represented by the Loan Documents, or (f) a modification of any of the Loan Documents.

Furthermore, no modification of the Loan Documents and no other agreement or understanding of any nature shall be deemed to have been entered into by or be binding on Noteholder unless and until Noteholder and Receiver have reached agreement on all issues, and such entire agreement has been reduced to a written document that expressly modifies the Loan Documents and is duly executed by Noteholder and the Receiver of the loan represented by the Loan Documents. Oral agreements, emails, memoranda of meetings, summaries of proposed terms, or other similar items, shall have no effect and shall not bind Noteholder.

In closing, I have enclosed copies of the Note and Deed of Trust as Exhibits A and B. Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'F. Phillip Hosp', written over a horizontal line.

F. Phillip Hosp



FOLEY & LARDNER LLP

NOTICE OF DEFAULT

3515 Hancock Street, LLC

October 16, 2019

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cc *By Certified Mail – Return Receipt Requested:*

3515 Hancock Street, LLC

3515 Hancock St., Suite 200

San Diego, CA 92110

Gina Champion-Cain

4014 Bandini St.

San Diego, CA 92103

Krista L. Freitag

E3 Advisors

355 S. Grand Avenue, Suite 2450

Los Angeles, CA 90071

By Email

David Charles Scheper

Scheper Kim & Harris, LLP

601 West Fifth Street

12th Floor

Los Angeles, CA 90071-2025

dscheper@scheperkim.com

Orrin Harrison, Esq. (oharrison@foley.com)

Kathleen Smalley, Esq. (ksmalley@foley.com)

EXHIBIT A

NOTE

Attached.

PROMISSORY NOTE

\$4,250,000.00

January 17, 2018
San Diego, California

FOR VALUE RECEIVED, 3515 HANCOCK STREET, LLC, a California limited liability company ("**Maker**"), promises to pay to the order of AMERICAN NATIONAL INSURANCE COMPANY, a Texas insurance company (American National Insurance Company, its successors or assigns being hereinafter called "**Noteholder**") the sum of FOUR MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$4,250,000.00) together with interest from date hereof at the rate of four and 75/100ths percent (4.75%) per annum (the "**Contract Rate**") without relief from valuation and/or appraisal laws. Interest accruing on the date hereof to and including January 31, 2018, is payable on the date hereof, and thereafter monthly installments of principal and accrued interest in the amount of TWENTY-FOUR THOUSAND TWO HUNDRED TWENTY-NINE AND 99/100 DOLLARS (\$24,229.99) each, the first installment to become due and payable on March 1, 2018, and one of said installments to become due and payable on the same day of each and every succeeding calendar month thereafter until the entire indebtedness shall have been fully paid; provided, however, it is expressly agreed that the entire balance remaining unpaid on this Promissory Note (this "**Note**") shall become due and payable on February 1, 2028 (the "**Scheduled Maturity Date**"). As said installments are paid, they are to be applied first to the payment of interest accrued on the entire amount of said indebtedness unpaid at the time of said payment, and the balance, if any, shall be applied to the payment of principal.

In addition to the foregoing, Maker acknowledges and agrees that (i) the monthly installment described in the preceding paragraph is based on the Contract Rate and (ii) Noteholder may, but is not obligated, to recalculate the monthly installment due under this Note based upon any change in the rate of interest in effect under this Note, including, but not limited to, a change in interest rate resulting from calculation of interest at the Default Rate (as defined herein) as provided in this Note, and Maker agrees and promises to pay such recalculated monthly payment.

Maker understands that the monthly installments of interest and principal referred to above are based upon a hypothetical twenty-five (25) year amortization; that such installments will not amortize fully the principal balance by the Scheduled Maturity Date; that the final installment will be a "balloon" payment; and that Noteholder has no obligation to refinance such "balloon" payment.

Both principal and interest are payable at the office of American National Insurance Company, in the Mortgage and Real Estate Investments Department, 2525 South Shore Blvd., Suite 207, League City, Texas, 77573, or at such place as Noteholder may from time to time designate in writing.

This Note is given for a loan of \$4,250,000.00 and is secured by a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") of even date herewith from Maker to the trustee named therein, in favor of Noteholder on the property described in **Exhibit "A"** attached hereto and made a part hereof for all purposes (the "**Mortgaged Property**"). This Note, the Deed of Trust and all other documents and instruments evidencing, securing or relating to this Note

are sometimes individually referred to as a "Loan Document" and collectively as the "Loan Documents".

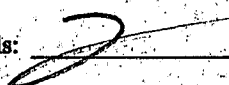
It is expressly agreed that if: (a) Maker shall be in default in the payment when due of any principal, interest or installment of interest or principal and interest or any other sums due and payable pursuant to the terms, conditions, covenants, agreements, representations and warranties of this Note or any of the other Loan Documents; (b) Maker shall be in default under the other terms, conditions, covenants, agreements, representations or warranties contained in this Note or any other Loan Document, and such default shall continue beyond any applicable cure period provided herein or therein; or (c) Maker, or any drawer, acceptor, endorser, guarantor, surety or accommodation party or other person liable upon or for the payment of the indebtedness evidenced by this Note and/or for the performance of the landlord's obligations pursuant to any lease on any portion of the Mortgaged Property (each hereinafter called "Other Liable Party" or "Other Liable Parties") (i) admits in writing its inability to pay its debts generally as they become due, (ii) files a petition in bankruptcy as a Debtor or seeking reorganization or an arrangement or otherwise to take advantage of any state or federal bankruptcy or insolvency law, (iii) makes an assignment for the benefit of creditors, (iv) files a petition for or consents to the appointment of a receiver of any of its assets or a part thereof, (v) without its consent, a petition in bankruptcy is filed against it, or an order, decree or judgment is entered by a court of competent jurisdiction appointing a receiver over its property, or approving a petition filed against it seeking a reorganization or an arrangement of it under any bankruptcy or insolvency law, and such petition, order, decree or judgment is not vacated, set aside or stayed within sixty (60) days from the date of entry, (vi) dissolves, or its existence as a legal entity terminates, other than any Permitted Transfers (as such term is defined in the Deed of Trust) or (vii) is a party to any merger or consolidation, other than any Permitted Transfers, is the subject of any transaction known as or similar to a leveraged buy-out or is involved in any material corporate restructuring, however designated, then Noteholder, in any of such events, shall have the right and option, without notice or demand, to accelerate the maturity of this Note and declare the entire unpaid balance of this Note, both outstanding principal and accrued but unpaid interest, immediately due and payable and/or may enforce such other rights as are available to Noteholder under the terms and conditions of any Loan Document or otherwise available at law or in equity. Upon such acceleration by Noteholder in the event of default as aforesaid, whether such event of default be voluntary or involuntary, Maker specifically agrees that Noteholder shall be entitled to collect the prepayment fee when due as hereafter provided in addition to the balance of indebtedness due under this Note. All rights and remedies available to Noteholder shall be cumulative and not exclusive, failure to exercise any of such rights upon default shall not constitute a waiver of the right to exercise any of them at any time, and the exercise or beginning to exercise of any one of such rights and remedies shall not preclude the simultaneous or later exercise of any or all of such rights and remedies.

Maker hereby agrees to pay any and all expenses incurred, including, but not limited to, reasonable attorneys' fees and expenses, if this Note is placed in the hands of an attorney or any other party for collection or if this Note is collected through probate, bankruptcy or other judicial proceedings.

Prior to an Event of Default (as defined in the Deed of Trust), unpaid principal shall bear interest from the date hereof at the Contract Rate hereinabove provided. From and after any Event of Default and continuing so long as Noteholder has not agreed in writing to a waiver or cure of such

Event of Default, all unpaid principal (whether or not overdue) and unpaid interest shall bear interest at the Maximum Nonusurious Rate (as hereinafter defined), or if there is no Maximum Nonusurious Rate, at a per annum rate equal to seventeen percent (17%) (hereinafter referred to as the "Default Rate"), whether or not Noteholder has exercised its option to accelerate the maturity of this Note and to declare the entire unpaid principal indebtedness and accrued interest due and payable; provided, however, that Noteholder, in its sole and absolute discretion, may elect in lieu of charging interest at the Default Rate to charge a rate of interest or impose a delinquency charge which is less than the amount which would result from applying the Default Rate provided for in the preceding sentence, but any such delinquency charge for any delinquent installment or other amount shall not exceed five percent (5%) of such delinquent installment or amount, as applicable. Any such election by Noteholder to charge such lesser amount shall not constitute a waiver of Noteholder's right to impose the Default Rate during the existence of any future Event of Default.

Upon an Event of Default and following acceleration of maturity by Noteholder as aforesaid, a tender of payment of the amount necessary to satisfy the entire indebtedness evidenced by this Note or secured by the Deed of Trust made at any time prior to a foreclosure sale shall be deemed to constitute an attempted evasion by Maker of the following restrictions on the right of prepayment and shall be deemed a voluntary prepayment hereunder, and such payment must therefore include a prepayment fee equal to the lesser of (a) the prepayment fee provided for in the next succeeding paragraph, or if such event occurs during the Prepayment Lockout Period (as defined below), eight percent (8%) on the then-outstanding principal balance of the loan, or (b) the maximum amount, which when added to all other interest charged, paid or contracted for hereunder, would not exceed the Maximum Effective Rate for the loan evidenced hereby.

Maker's Initials: 

This Note shall not be prepayable in whole or in part prior to or during the first five (5) loan years (the "Prepayment Lockout Period"). Maker reserves the privilege of paying this Note in full on any date after the expiration of the Prepayment Lockout Period, provided that in addition to the principal and accrued interest payable upon any such prepayment, Maker agrees and promises to pay an amount equal to a percentage of the amount of principal remaining unpaid on the payment date immediately preceding the date of such prepayment according to the following schedule: five percent (5%) during the sixth (6th) loan year; four percent (4%) during the seventh (7th) loan year; three percent (3%) during the eighth (8th) loan year; two percent (2%) during the ninth (9th) loan year; and one percent (1%) during the tenth (10th) loan year and thereafter until the loan evidenced hereby is paid in full; provided, however, that no payment described in this paragraph shall be due on payments made within one hundred twenty (120) days of the Scheduled Maturity Date or as a result of the application of insurance or condemnation proceeds to the repayment of the indebtedness due under this Note.

The term "loan year" is defined as any period of one (1) year commencing as of the date hereof, and each succeeding 1-year period.

Except as otherwise expressly provided in the Deed of Trust with respect to notice of default, Maker and all Other Liable Parties, jointly and severally, waive presentment for payment, protest and demand, notice of non-payment, protest, notice of protest, notice of acceleration, notice of the intent

to accelerate, the filing of suit and diligence in collecting this Note or enforcing any of the security herefor, and agree to the substitution, exchange or release of any such security or the release of any party primarily or secondarily liable hereon, and further agree that it will not be necessary for the holder hereof, in order to enforce payment of this Note by such holder, to first institute suit or exhaust its remedies against Maker or any Other Liable Party, or to enforce its rights against any security herefor, and consent to any one or more rearrangements, modifications, extensions or postponements of the time, amount or manner of payment on this Note or any terms or any other indulgences with respect thereto, without notice thereof to any of them and without discharging or reducing any of their liability hereunder. Noteholder may transfer this Note at any time, and the rights and privileges of Noteholder under this Note shall inure to the benefit of the Noteholder's successors and assigns.

It is the intention of Noteholder and Maker that this Note and all provisions hereof and of all other Loan Documents conform in all respects to the laws of the State of California and applicable federal law pertaining to usury. Notwithstanding any provision in this Note or in any of the other Loan Documents to the contrary, it is expressly provided that in no case or event should the aggregate amounts, which by applicable law are deemed to be interest with respect to this Note or any of the other Loan Documents ever exceed the Maximum Nonusurious Rate. In this connection, it is expressly stipulated and agreed that it is the intention of Noteholder and Maker to contract in strict compliance with applicable usury laws of the State of California and/or of the United States (whichever permits the higher rate of interest) from time to time in effect. Nothing in this Note or the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Nonusurious Rate. If under any circumstances the aggregate amounts contracted for, charged or paid with respect to this Note, whether by fulfillment of any provision hereof or of any mortgage, deed of trust, loan agreement or other document now or hereafter securing, evidencing or relating to the indebtedness evidenced hereby, which by applicable law are deemed to be interest, would produce an interest rate greater than the Maximum Nonusurious Rate, Maker and any other person obligated to pay this Note, stipulates that the amounts will be deemed to have been paid, charged or contracted for as a result of an error on the part of Maker, any other person obligated for the payment of this Note and Noteholder, and upon discovery of the error or upon notice thereof from Maker or the party making such payment, Noteholder or the party receiving such excess payment shall, at its option, refund the amount of such excess payment or credit the excess payment against any other amount due under this Note. In addition, all sums paid or agreed to be paid to the holder of this Note for the use, forbearance or detention of monies shall be, to the extent permitted by applicable law, amortized, prorated, allocated and spread through the full stated term of this Note so that the amount of interest on account of the indebtedness evidenced hereby does not exceed the maximum rate of interest permitted by law (the "Maximum Nonusurious Rate"). The provisions of this paragraph shall control all existing and future agreements between Maker and Noteholder. If the Maximum Nonusurious Rate is increased or removed by statute or other governmental action subsequent to the date of this Note, then the new Maximum Nonusurious Rate, if any, will be applicable to this Note from the effective date of the new Maximum Nonusurious Rate, unless such application is precluded by the statute or governmental action or by the general law of the jurisdiction governing this Note. As a condition precedent to any claim seeking usury penalties against Noteholder, Maker shall provide written notice to Noteholder advising Noteholder in reasonable detail of the nature and

amount of the violation, and Noteholder shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest in Maker or crediting such excess interest against the indebtedness then owing by Maker to such Noteholder.

Maker warrants and represents to Noteholder and all future holders of the indebtedness evidenced hereby, that (i) all loans evidenced by this Note shall be "business loans" as that term is used in the Depository Institutions Deregulatory and Monetary Control Act of 1980, as amended; (ii) this transaction is specifically exempt under Section 226.3(a) of Regulation Z issued by the Board of Governors of the Federal Reserve System, and Title I and Title V of the Consumer Credit Protection Act; and (iii) such loans evidenced by this Note are for business, commercial, investment or other similar purposes and not primarily for personal, family, household or agricultural use.

Except as otherwise specifically provided below, in the event of a default in the payment of this Note by Maker, or any other default under any other Loan Document, as it pertains to liability on the part of Maker, Noteholder's sole recourse shall be against the Mortgaged Property, and Noteholder shall not be entitled to recover any deficiency judgment against Maker if the foreclosure or recovery of such Mortgaged Property is not sufficient to pay the amount owed by Maker hereunder. Notwithstanding the foregoing limitation of liability as to Maker, Maker shall be fully liable: (i) for fraud or misrepresentation made in or in connection with this Note or any other Loan Document or the apparent purpose of which is to deprive Noteholder of the security for this Note; (ii) for failure to pay taxes, assessments, charges for labor or materials or any other charges which can create liens on any portion of the Mortgaged Property; (iii) for the misapplication of (a) proceeds of insurance covering any portion of the Mortgaged Property, (b) proceeds of the sale or condemnation of any portion of the Mortgaged Property or (c) rentals and security deposits received by or on behalf of Maker subsequent to the date on which Noteholder gives written notice of the posting of foreclosure notices or the exercise of Noteholder's assignment of rents; (iv) for failure to maintain, repair or restore the Mortgaged Property in accordance with any of the Loan Documents; (v) for any act or omission knowingly or intentionally committed or permitted by Maker which results in the waste, damage or destruction to the Mortgaged Property, but only to the extent such events are not covered by insurance proceeds which are received by Noteholder; (vi) for the return to Noteholder of all unearned advance rentals and security deposits paid by tenants of the Mortgaged Property or any guarantors of the leases of such tenants which are not rightfully refunded to or which are forfeited by such tenants or guarantors; (vii) for the return of, or reimbursement for, all personal property taken from the Mortgaged Property by or on behalf of Maker; (viii) for any liability of Maker pursuant to the provision contained in the Deed of Trust pertaining to hazardous or toxic materials or substances; (ix) for any liability of Maker pursuant to the Certificate and Indemnity Regarding Hazardous Substances of even date herewith executed by Maker and delivered to Noteholder in connection with the indebtedness evidenced by this Note; (x) for any delay after a default which is not cured, in deeding over the Mortgaged Property to Noteholder or the failure to cooperate in a consensual foreclosure within ninety (90) days of Noteholder's request; (xi) for failure to maintain or alter the Mortgaged Property necessary to be in compliance with the ADA (as defined in the Deed of Trust); and (xii) for all court costs and reasonable attorneys' fees incurred in connection with the enforcement of one or more of the above subparagraphs (i) through (xi), inclusive. Additionally, the limitations on liability provided for in this paragraph shall not apply to any current or future guarantor of all or any portion of the indebtedness evidenced by this Note, and the liability of such

party shall be governed in all respects by the terms and conditions of the guaranty agreement executed by such party.

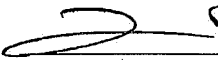
Time is of the essence for this Note. This Note shall be interpreted, construed and enforced in accordance with the internal laws of the State of California and applicable federal law, without regard to California law with respect to conflict of laws. Where the context so requires references to any gender shall include the others and references to the singular shall include the plural and vice versa. If any term, covenant, condition, agreement, representation or warranty of this Note or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term, covenant, condition, agreement, representation or warranty to persons or circumstances other than those as to which such term, covenant, condition, agreement, representation or warranty is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition, agreement, representation or warranty of this Note shall be valid and enforced to the fullest extent permitted by law.

[THE REMAINDER OF THIS PAGE INTENTIONALLY RESERVED]

IN WITNESS WHEREOF, this Note has been executed and delivered to be effective as of the day and year first above written.

MAKER:

3515 HANCOCK STREET, LLC,
a California limited liability company

 *Trustee*
GINA CHAMPION-CAIN, TRUSTEE OF THE
GINA CHAMPION-CAIN REVOCABLE TRUST
DATED JUNE 26, 2012

GHA384514
10500-840

[Signature Page to Promissory Note – 3515 Hancock Street, LLC]

ANICO 000023

EXHIBIT "A"

MORTGAGED PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 4 OF PICKETT INDUSTRIAL CENTER, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6709 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 19, 1970.

APN: 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

GHA384514
10500-840

[Exhibit "A" to Promissory Note – 3515 Hancock Street, LLC]

ANICO 000024

EXHIBIT B

DEED OF TRUST

Attached.

CHICAGO TITLE COMPANY
COMMERCIAL DIVISION

order # 58553

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

GREER, HERZ & ADAMS, L.L.P.

2525 South Shore Boulevard, Suite 203

League City, Texas 77573

Attn: Steven R. Burzinski, Esq.

DOC# 2018-0018273



Jan 17, 2018 02:39 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,

SAN DIEGO COUNTY RECORDER

FEES: \$390.00 (SB2 Atkins: \$225.00)

PCOR: N/A

PAGES: 41

(Space Above For Recorder's Use)

APN No(s). 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

DATE: JANUARY 17, 2018

TRUST DEED

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING

MADE BY

3515 HANCOCK STREET, LLC,
a California limited liability company

3515 Hancock Street
San Diego, California 92110
HEREINAFTER REFERRED TO AS **TRUSTOR**

TO

STEVEN R. BURZINSKI, ESQ.
Greer, Herz & Adams, L.L.P.
2525 South Shore Boulevard, Suite 203
League City, Texas 77573
HEREINAFTER REFERRED TO AS **TRUSTEE**

FOR THE BENEFIT OF

AMERICAN NATIONAL INSURANCE COMPANY
2525 South Shore Boulevard, Suite 207
League City, Texas 77573
Attn: Mortgage and Real Estate Investments Department
HEREINAFTER REFERRED TO AS **BENEFICIARY**

NOTE AMOUNT: \$4,250,000.00

THIS DOCUMENT IS ALSO A FIXTURE FILING IN ACCORDANCE WITH
§9502(c) OF THE CALIFORNIA UNIFORM COMMERCIAL CODE

California hereinafter referred to as the "**Governing Jurisdiction**"

1

GHA384533.3
10500-840

ANICO 000025

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

This Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (this "**Deed of Trust**" or this "**Agreement**") is made as of January 17, 2018 by 3515 HANCOCK STREET, LLC, a California limited liability company ("**Trustor**"), whose address is 3515 Hancock Street, San Diego, California 92110, to Steven R. Burzinski, Esq. ("**Trustee**"), whose address is c/o Greer, Herz & Adams, L.L.P., 2525 South Shore Boulevard, Suite 203, League City, Texas 77573 for the benefit of AMERICAN NATIONAL INSURANCE COMPANY, a Texas insurance company ("**Beneficiary**"), whose address is 2525 South Shore Boulevard, Suite 207, League City, Texas 77573, Attn: Mortgage and Real Estate Investments Department.

Trustor hereby irrevocably grants, transfers, and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, all of Trustor's estate, right, title and interest in, to and under and grants to Beneficiary a security interest in any and all of the following described property which is (except where the context otherwise requires) herein collectively called the "**Mortgaged Property**", whether now owned or held or hereafter acquired:

(A) that certain real property owned in fee, more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference, together with all of the easements, rights, privileges, franchises and appurtenances thereunto belonging or in any wise appertaining (hereinafter referred to as the "**Premises**"), and all of the estate, right, title, interest, claim and demand whatsoever of Trustor therein or thereto, either at law or in equity, in possession or in expectancy, now or hereafter acquired;

(B) any and all structures, buildings and improvements of every kind and description now or at any time hereafter located on the Premises (hereinafter referred to as the "**Improvements**"; with the Premises, collectively, the "**Mortgaged Premises**"), including all equipment, apparatus, machinery, fixtures, fittings, and appliances and any additions to, substitutions for, changes in or replacements of the whole or any part thereof, including such of the foregoing as may be used in connection with the generating or distributing of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or sanitary purposes or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Premises or any portion thereof;

(C) (1) any and all articles of personal property and any additions to, substitutions for, changes in or replacements of the whole or any part thereof (hereinafter referred to as the "**Personal Property**"), including without limitation: any and all of the goods, articles of personal property, accounts, general intangibles, instruments, documents, furniture, furnishings, equipment and/or fixtures of every kind and nature whatsoever (including, without limitation, the items described in subsection (2) - (6) below) now or hereafter owned by Trustor, in or hereafter placed in, or used or which may become used, in connection with or in the operation of the

Mortgaged Premises, together with any and all additions thereto, replacements thereof, substitutions therefor and any and all proceeds thereof; (2) any and all rents, rentals, payments, compensations, revenues, profits, incomes, leases, licenses, concession agreements, insurance policies, plans and specifications, contract rights, accounts, escrowed funds, and general intangibles in any way relating to the Mortgaged Property or used or useful in the use, enjoyment, ownership or operation of the Mortgaged Property; (3) any and all names, trade names, signs, marks and trademarks under which the Mortgaged Property, or any part thereof, is known or operated and all of Trustor's rights to carry on the business of Trustor under all such name or names and any variant or variance thereof; (4) any and all deposits, awards, damages, payments, escrowed monies, insurance proceeds, condemnation awards or other compensation, and interests, fees, charges or payments accruing on or received from or to be received on any of the foregoing in any way relating to the Mortgaged Property, or the ownership, enjoyment or operation of the Mortgaged Property together with all proceeds of the foregoing described in this Section (C); (5) any and all cash, securities, un-certificated securities, investment property, securities accounts, financial assets, deposit accounts, securities entitlements and other personal property now or hereafter in or coming into or being credited to, or represented by any of the foregoing described in this Section (C), including, without limitation, any and all interest, dividends, rights, options, powers, splits and income thereon; and (6) any and all products, proceeds, substitutions and replacements of any of the above-described Personal Property.

(D) any and all right, title and interest of Trustor in and to all streets, roads and public places, opened or proposed, all ways, waters, water courses, water rights and powers, liberties, privileges, sewers, pipes, conduits, wires and other facilities furnishing utility or other services to the Mortgaged Premises located thereon, and all easements and rights of way, public or private, tenements, hereditaments, rights and appurtenances, now or hereafter used in connection with, belonging or appertaining to, the Mortgaged Premises (the "Appurtenances");

(E) any and all of the rents, royalties, issues, earnings, profits, revenue, income and other benefits of the Mortgaged Property, or arising from the use or enjoyment of all or any portion thereof, together with any other unrecorded lease or agreement pertaining thereto including, without limitation, any and all rents, royalties, issues, earnings, profits, revenues, income and other benefits generated by Trustor, any lessee, operator or concessionaire for the letting or other use of any room or space in the Mortgaged Premises and/or from any lease or concession therein or arising out of the operation of the business conducted therein or any part thereof (the "Rents and Profits"), and all right, title and interest of Trustor in and to all unrecorded leases, subleases, operating, occupancy, management and/or concession agreements of, or relating to the Mortgaged Property now or hereafter entered into and all right, title and interest of Trustor thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees, and other parties to such subleases, operating, occupancy, management and/or concession agreements, of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of said leases or applied to one or more of the installments of rent coming due immediately prior to the expiration of said terms;

(F) any and all intangible property and rights relating to the Mortgaged Property or the operation thereof, or used in connection therewith, including, but not limited to, all governmental permits relating to construction on the Mortgaged Property, all names under or by which the Mortgaged Property may at any time be operated or known, any and all rights to carry on business under any such names, or any variant thereof, all trade names and trademarks relating in any way to the Mortgaged Property, any goodwill in any way relating to the Mortgaged Property, and all other consents, authorizations, variances or waivers, licenses, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality in respect of the Mortgaged Premises (collectively, the **"Licenses"**), held by Trustor relating to the Mortgaged Property (the **"Intangible Property"**);

(G) any and all causes of action, claims, compensation and recoveries for any damage to or condemnation or taking of the Mortgaged Property, or for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to that real property, or for any loss or diminution in value of the Mortgaged Property (the **"Claims"**);

(H) any and all architectural, structural, mechanical and engineering plans and specifications prepared for construction of improvements on the Mortgaged Property and all studies, data and drawings relating thereto, and also all contracts and agreements of Trustor relating to the aforesaid plans and specifications or to the construction of improvements on the Mortgaged Property (the **"Operational Plans"**);

(I) any and all unrecorded contracts, agreements and equipment leases entered into by Trustor, excluding the leases and other agreements described in Section E hereof and any parking agreements, relating to the management, operation or maintenance of the Mortgaged Property, all unrecorded contracts, agreements and equipment leases entered into by any agent of Trustor on behalf of Trustor relating to the management, operation or maintenance of the Mortgaged Property; or any of the foregoing which affect all or any portion of the Mortgaged Premises (collectively, the **"Contracts"**);

(J) any and all accounts receivable arising from the operation of any business of Trustor on the Mortgaged Premises (collectively, the **"Accounts Receivable"**);

(K) any and all cash, securities, uncertificated securities, investment property, securities accounts, financial assets, deposit accounts, securities entitlements, and other personal property now or hereafter in or coming into or being credited to, or represented by any account(s) maintained for the benefit of Beneficiary as collateral for the indebtedness secured hereby, including, without limitation, all interest, dividends, rights, splits and income on such account(s); and all products, substitutions, and replacements of any of the collateral described in this subparagraph; and

(L) any and all proceeds (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards (the **"Proceeds"**).

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect (the following shall hereinafter collectively be referred to as the "Indebtedness"):

(1) due, prompt and complete observance, performance and discharge of each and every obligation, covenant and agreement contained in that certain unrecorded promissory note of even date herewith that represents a loan in the original principal amount of \$4,250,000.00 (hereinafter referred to as the "Note"), executed by Trustor to the order of Beneficiary and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or otherwise;

(2) payment of all other sums, with interest thereon at the rate of interest provided in the Note becoming due or payable under the provisions hereof;

(3) payment of such additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust; and

(4) due, prompt and complete observance, performance and discharge of each and every obligation, covenant and agreement of Trustor contained herein or in any other instrument heretofore or hereafter executed by Trustor having reference to or arising out of the indebtedness represented by the Note, save and except that certain Certificate and Indemnity Regarding Hazardous Substances dated of even date herewith by Trustor to Beneficiary (collectively, the "Loan Documents").

ARTICLE I. COVENANTS OF TRUSTOR

Trustor covenants, warrants and agrees to and with Beneficiary and Trustee as follows:

1.01 Trustor will pay the principal and interest and all other sums becoming due with respect to the Note at the time and place and in the manner specified in the Note, according to the terms thereof.

1.02 Trustor has, on the date this Deed of Trust is recorded, good and marketable fee title to the Mortgaged Property subject to no lien, charge or encumbrance except such as are listed as exceptions to title in the title policy or policies, if any, insuring the lien of this Deed of Trust issued by a title company or companies acceptable to Beneficiary or which have been leased from third parties pursuant to lease agreements approved in writing by Beneficiary; Trustor owns or, upon acquisition thereof, will own the Personal Property free and clear of liens and claims not otherwise permitted hereunder; and this Deed of Trust is and will remain a valid and enforceable lien on the Mortgaged Property subject only to the exceptions referred to above. Trustor has full power and lawful authority to grant, assign, transfer and mortgage its interest in the Mortgaged Property in the manner and form hereby done or intended. Trustor will preserve its interest in and title to the Mortgaged Property and, prior to the transfer of the Mortgaged Property pursuant to foreclosure proceedings or a conveyance in lieu thereof, will warrant and

defend the same to Trustee and will warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever. Trustor shall promptly and completely observe, perform and discharge each and every obligation, covenant and agreement affecting the Mortgaged Property whether the same is prior and superior or subject and subordinate hereto, including, if the security hereunder is or, will be a condominium, community apartment, stock co-operative or part of a planned development, each and every provision under any Declaration of Covenants, Conditions and Restrictions pertaining to the condominium, community apartment, stock co-operative or planned development project.

1.03 (a) Trustor will, at its own cost and without expense to Trustee or Beneficiary, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Trustee or Beneficiary shall from time to time deem necessary for assuring, conveying, assigning, transferring and confirming unto Trustee and Beneficiary the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Trustee or Beneficiary, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or filing, registering or recording this Deed of Trust.

(b) Trustor forthwith upon the recordation of this Deed of Trust, and thereafter from time to time, will cause this Deed of Trust and any security instruments creating a lien or evidencing the lien hereof upon the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Operational Plans, the Contracts, the Accounts Receivable and the Proceeds, and each instrument of further assurance, to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, the title of Trustee to and the security interest of Beneficiary in the Mortgaged Property.

(c) Trustor will pay all filing, registration and recording fees, and all expenses incident to the execution and acknowledgment of this Deed of Trust, and any deed of trust supplemental hereto, any security instrument with respect to the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Operational Plans, the Contracts, the Accounts Receivable and the Proceeds, and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Note, this Deed of Trust, any deed of trust supplemental hereto, any security instrument with respect to the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Operational Plans, the Contracts, the Accounts Receivable and the Proceeds, or any instrument of further assurance.

1.04 (a) Trustor will keep the Mortgaged Property insured against loss or damage by fire with extended coverage property damage insurance, including all-risk insurance and insurance against any other risks or hazards that, in the opinion of Beneficiary, should be insured against to the amount of the full insurable value thereof on a replacement cost basis (or less in the discretion of Beneficiary) with a company or companies and in such form and with such

endorsements as are customarily maintained by companies engaged in the same or similar businesses in the same or similar location as determined by Beneficiary, and naming Beneficiary as an additional insured. Trustor shall also carry and maintain rental, rental value or business interruption insurance in an amount sufficient to cover not less than twelve (12) months of principal and interest payments under the Note and tax and insurance premiums for a period of not less than twelve (12) months in such form and with such endorsements as may be approved or required by Beneficiary. In addition, in the event the Federal Insurance Administration designates the Mortgaged Property to be in a special flood hazard area and flood insurance is available pursuant to the United States Flood Disaster Protection Act of 1973, Trustor hereby undertakes that it will acquire such flood insurance in an amount satisfactory to and with loss payable to Beneficiary. Trustor will also carry public liability insurance, in such form, amounts and with such companies as Beneficiary may from time to time require, with Beneficiary included thereon as a named insured under a standard mortgagee endorsement. Said insurance policies shall be endorsed with a standard non-contributory mortgage clause, and shall contain no co-insurance provision. Trustor shall cause duplicate originals or original certificates reasonably satisfactory to Beneficiary of any and all such insurance policies to be deposited with Beneficiary. At least ten (10) days prior to the date the premiums on each such policy or policies shall become due and payable, Trustor shall furnish to Beneficiary evidence of the payment of such premiums. Each of such policies shall contain an agreement by the insurer that the same shall not be canceled without at least thirty (30) days' prior written notice to Beneficiary. With respect to all insurance policies, except public liability insurance, Beneficiary is hereby authorized, but not required, on behalf of Trustor, to collect for, adjust or compromise any property losses under any insurance policy on the Mortgaged Property and to apply the loss proceeds as provided in Section 1.04(b) below.

(b) During the course of any construction or repair of the Improvements on the Mortgaged Property, Trustor shall procure and deliver to Beneficiary or shall cause Trustor's general contractor to procure and deliver to Beneficiary, at Trustor's own cost and expense, and Trustor shall maintain or cause to be maintained in full force and effect during the period of construction (including completed operations coverage for two years after construction of the Improvements has been completed) comprehensive public liability insurance, in such form, amounts and with such companies as may be approved or required by Beneficiary, and a policy or policies of contractor's liability and worker's compensation insurance, insuring Beneficiary and Trustor against any loss or liability on account of any occurrence on or about the Mortgaged Property resulting in the bodily injury to or the death of one or more persons and consequential damages arising therefrom, and property damage involving injury to or destruction of tangible property of third parties in an amount of not less than \$1,000,000.00. Each such policy shall confirm an affirmative covenant of the insurer thereunder to give written notice to Beneficiary of any cancellation or amendment of such policy at least thirty (30) days prior thereto.

(c) Any insurance proceeds paid to Beneficiary will be first applied in payment of the expenses, if any, incurred by Beneficiary in the collection of said insurance proceeds and second the balance, if any, will be held and disbursed by Beneficiary in accordance with the following provisions:

(i) (a) Should there exist an Event of Default at the time of a casualty or should there occur at any time thereafter an Event of Default; (b) should fifty percent (50%) or more of the rentable square feet of the Mortgaged Property be damaged; (c) should any insurance proceeds be remaining after the completion of all restoration work; (d) should Trustor fail to comply with the requirements for disbursing the insurance proceeds; or (e) should, in Beneficiary's judgment, the Mortgaged Property be unable to be restored prior to the maturity date of the Note, then in any of the said events, Beneficiary may, at its option, apply the insurance proceeds on the Indebtedness, in any order and whether due or not, or to the restoration of the Mortgaged Property, or to be released to Trustor, but any such application or release shall not cure or waive any default.

(ii) If the insurance proceeds have not been disbursed under the provisions of subparagraph (i) above, or if under subparagraph (i) above Beneficiary elects to permit the insurance proceeds to be used for restoration of the Mortgaged Property, the proceeds will be held and disbursed as follows:

(A) Should the insurance proceeds be less than \$100,000.00, Trustor shall immediately commence and complete the work of restoring the damaged property and Beneficiary will disburse the portion of the insurance proceeds to pay actual costs to replace, repair and restore the damaged property to Trustor upon (1) completion of the restoration work to a condition satisfactory to Beneficiary, (2) submission of a written report by Trustor that all restoration work has been completed and (3) receipt by Beneficiary of such evidence as Beneficiary may require that all mechanics and materialmen performing work or supplying materials for the restoration work have been fully paid.

(B) Should the insurance proceeds equal or be in excess of \$100,000.00, but less than \$250,000.00, Trustor shall cause plans and specifications ("Plans") for the restoration of the damaged property to be submitted to Beneficiary for approval. Upon receipt of Beneficiary's approval, Trustor shall forthwith commence and complete the restoration of the damaged property in accordance with the approved Plans. Beneficiary will disburse the portion of the insurance proceeds to pay the actual costs to repair and restore the damaged property to Trustor upon (1) completion of the restoration work to a condition satisfactory to Beneficiary, (2) submission of a written report by Trustor that all restoration work has been completed and (3) receipt by Beneficiary of such evidence as Beneficiary may require that all mechanics and materialmen performing work or supplying materials for the restoration work have been completely paid.

(C) If the insurance proceeds are equal or in excess of \$250,000.00: (1) Plans for the restoration of the damaged property and a cost estimate will both be prepared by an architect employed by Trustor and acceptable to Beneficiary. The Plans and cost estimates will be submitted to Beneficiary for approval. Upon receipt of Beneficiary's approval, Trustor will promptly commence and diligently pursue the restoration work in accordance with the approved Plans; (2) If prior to the commencement of, or at any time during the restoration work, Beneficiary shall determine that the total cost of the restoration work shall

exceed the balance of the insurance proceeds held in its possession, Trustor shall immediately pay, in cash, to Beneficiary the amount of such excess costs. Until the amount of said excess costs is paid to Beneficiary, Beneficiary shall not be obligated to disburse any of the insurance proceeds held by it. The insurance proceeds and the amount of excess costs paid by Trustor are hereinafter called the "**Construction Funds**". The amount of such excess costs paid by Trustor shall be disbursed prior to the disbursement of any of the insurance proceeds held by Beneficiary; and (3) The Construction Funds will be made available to Trustor as restoration repair work progresses pursuant to certificates of the architect approved by Beneficiary, submitted not more than once every thirty (30) days. There shall be delivered to Beneficiary such other evidences as Beneficiary may reasonably request, from time to time, during the restoration work, as to the progress of the work, the compliance with the approved Plans, the total cost of restoration work to date of request, the total cost needed to complete the restoration work, lien waivers or evidence of no liens against the Mortgaged Property. If at any time during the course of the restoration work, Beneficiary learns of facts concerning the restoration work which is materially adverse to Beneficiary, or payment or nonpayment of mechanics and materialmen, or inaccuracy of any information furnished with respect to it, Beneficiary may withhold the disbursement of funds until such time as it is prudent to continue to disburse the Construction Funds or may determine not to make any further disbursements of the Construction Funds and instead to apply all such funds remaining to the payment of the Indebtedness then outstanding, whether due or not at such time, without any prepayment premium, and in such order as determined by Beneficiary.

(d) In the event any portion of the Mortgaged Property is damaged as a result of an earthquake or other seismic activity that would be covered by earthquake insurance, Borrower shall promptly repair and restore the Mortgaged Property to its condition immediately prior to the earthquake or other seismic activity.

(e) Beneficiary shall not be required to hold any funds received by it described in this Section 1.04 in any account special or separate from Beneficiary's general account. No such funds shall be required to be placed in any interest bearing account, and any interest earned thereon shall constitute additional insurance proceeds to be applied as provided in this Deed of Trust.

1.05 Trustor, upon obtaining knowledge of the institution of any proceedings for the condemnation of the Mortgaged Premises or any portion thereof or knowledge of any casualty damage to the Mortgaged Property or damage of any other kind, will immediately notify Beneficiary. Beneficiary may participate in any proceedings in which the claim for compensation exceeds \$75,000 and join Trustor in adjusting any loss covered by insurance. All compensation, awards, proceeds, damages, claims, rights of action and payments to which Trustor may become entitled shall be paid over to Beneficiary. Beneficiary shall have the sole and absolute discretion, notwithstanding the fact that the security given hereby may not be impaired by a partial condemnation, to apply any part or all of the amount collected in connection with any condemnation proceeding: (a) upon any indebtedness secured hereby and in such order as Beneficiary may determine or (b) without reducing the indebtedness secured

hereby, to the reimbursement of Beneficiary for expenses incurred by it in the restoration of the Mortgaged Property. Such application shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary shall be under no obligation to question the amount of any compensation, awards, proceeds, damages, claims, rights of action or payments, and may accept the same in the amount in which the same shall be paid.

1.06 (a) Trustor, from time to time when the same shall become due, will pay and discharge all taxes of every kind and nature, including real and personal property taxes and income, franchise, withholding, profits and gross receipts taxes, all general and special assessments, including assessments on appurtenant water stock, levies, permits, inspection and license fees, all water and sewer rents and charges and all other public charges, whether of a like or different nature, imposed upon or assessed against Trustor or the Mortgaged Property or any part thereof or upon the revenues, rents, issues, income and profits of the Mortgaged Property, or arising in respect of the occupancy, use or possession thereof. Trustor will, upon the request of Beneficiary, deliver to Beneficiary receipts evidencing the payment of all such taxes, assessments, levies, fees, rents and other public charges imposed upon or assessed against Trustor or the Mortgaged Property or the revenues, rents, issues, income or profits thereof.

(b) The requirements for escrows for taxes and insurance have been conditionally waived by Beneficiary so long as no Termination of Escrow Waiver Event occurs. A **“Termination of Escrow Waiver Event”** means one or more of the following has occurred: (i) an Event of Default has occurred and is continuing; (ii) subject to clause (iii) below, the taxes and/or insurance on all or any portion of the Mortgaged Property have not paid prior to delinquency; (iii) the Trustor does not own the Mortgaged Property or the subject loan has been assumed by a borrower without Beneficiary’s prior written approval, which approval may be given or withheld in Beneficiary’s sole and absolute discretion; or (iv) Beneficiary sends written notice to Trustor that Beneficiary has determined in its sole and absolute discretion that a material adverse change has occurred in the financial capacity of any tenant that is obligated to pay for or reimburse Trustor for all or any portion of the taxes and/or insurance on all or any portion of the Mortgaged Property or the financial capacity of any guarantor of such tenant’s obligations. If a Termination of Escrow Waiver Event occurs, thereafter Trustor shall pay, in addition to the installments payable under the Note, on the same day as such installments are due and payable, a sum equal to 1/12th of the estimated annual taxes, hazard and rental insurance premiums, and special assessments, if any, next due on the Mortgaged Property. If the amount so paid is not sufficient to pay such taxes, insurance premiums and assessments when due, then Trustor will immediately deposit with Beneficiary amounts sufficient to pay the same. Funds deposited by Trustor pursuant to this provision shall be used to pay such taxes, insurance premiums and assessments when due, provided that Trustor has furnished Beneficiary with all tax statements, premium notices and other such notices promptly, but in no event more than ten (10) days following the receipt thereof. If there is a continuing Event of Default under this Deed of Trust, Beneficiary may elect, at any time after default, to apply the funds accumulated under this provision against the indebtedness secured hereby in any manner or order. No interest shall accrue or be allowed on any payments under the provisions of this paragraph. Beneficiary shall

not be required to deposit or hold monies in an account special or separate from its general funds. Trustor expressly releases Beneficiary from any liability to Trustor arising out of the maintenance by Beneficiary of an escrow as provided herein or for payment of any sums out of such escrow. Trustor further indemnifies Beneficiary against claims arising out of payment of taxes or insurance premiums where Trustor has failed to provide Beneficiary with tax statements and premium notices as required hereby. The maintenance by Beneficiary of an escrow for taxes and insurance shall not relieve Trustor of its obligations under this Deed of Trust respecting taxes and insurance on the Mortgaged Property if such escrow is insufficient or otherwise applied as provided in accordance with this Deed of Trust.

(c) Trustor will pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom, and in general will do or cause to be done everything necessary so that the lien hereof shall be fully preserved, at the sole cost of Trustor, without expense to Trustee or Beneficiary.

(d) Notwithstanding anything to contrary contained herein, provided that the priority of this Deed of Trust is not in any way affected, Trustor may in good faith protest the payment of any tax or lien, which it believes is unwarranted or excessive and may defer payment of such tax or other lien-related claim pending conclusion of such contest if legally permitted to do so and provided Beneficiary's security is not jeopardized in Beneficiary's reasonable opinion.

1.07 All right, title and interest of Trustor in and to all extensions, improvements, betterments, renewals, substitutes and replacements of and all additions and appurtenances to the Mortgaged Property, hereafter acquired by, or released to, Trustor or constructed, assembled or placed by Trustor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further deed of trust, conveyance, assignment or other act by Trustor, shall become subject to the lien of this Deed of Trust as fully and completely, and with the same effect, as though now owned by Trustor and specifically described in the granting clause hereof, but at any and all times Trustor will execute and deliver to Trustee any and all such further assurances, deeds of trust, conveyances or assignments thereof as Trustee or Beneficiary may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Deed of Trust.

1.08 This Deed of Trust shall be self-operative and constitute a Security Agreement with respect to the Personal Property, the Appurtenances, the Intangible Property, the Claims, the Plans, the Contracts, the Accounts Receivable and the Proceeds; provided, however, that Trustor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Trustor, to execute, deliver and, if appropriate, to file with the appropriate filing officer or office such security agreements, financing statements or other instruments as Beneficiary may request or require in order to impose or perfect the lien or security interest hereof more specifically thereon.

1.09 (a) The Rents and Profits are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and of all other sums payable under this Deed of Trust. Except during the continuance of any Event of Default as set forth in Article II hereof, Trustor shall collect and receive all Rents and Profits (including security deposits) as trustee for the benefit of Beneficiary and shall apply the amount so collected first to the payment of the principal and interest and all other sums due and payable on the Note and to the payment of all other sums payable under this Deed of Trust and thereafter, so long as no event of default has occurred, the balance shall be retained for the account of Trustor. Nothing contained in this Section 1.09(a) or elsewhere in this Deed of Trust shall be construed to make Beneficiary a mortgagee in possession unless and until Beneficiary actually takes possession of the Mortgaged Property either in person or through an agent or receiver.

(b) Trustor will not, without the prior written consent of Beneficiary: (i) execute an assignment of any of its right, title or interest in the Rents and Profits, other than to Beneficiary; (ii) terminate or consent to the cancellation or accept the surrender of any material lease of the Mortgaged Property or of any part thereof, now existing or hereafter to be made, having an unexpired term of two (2) years or more; (iii) modify any material lease of the Mortgaged Property or any part thereof so as to shorten the unexpired term thereof or so as to decrease the amount of the rent payable thereunder; (iv) accept prepayments of any installments of rent to become due under any of said material leases in excess of one (1) month's rental or prepayments in the nature of security for the performance of the lessee's obligations thereunder in excess of an amount equal to one (1) month's rental; or (v) impair in any other material manner the Beneficiary's interest in the Mortgaged Property or the security of this Deed of Trust.

(c) Trustor will not execute any material lease of all or a substantial portion of the Mortgaged Property, except for actual occupancy by the lessee thereunder, and will at all times promptly and faithfully perform, or cause to be performed, all of the covenants conditions and agreements contained in all material leases of the Mortgaged Property now or hereafter existing on the part of the lessor thereunder to be kept and performed.

(d) Trustor shall furnish to Beneficiary, within thirty (30) days after a request by Beneficiary to do so, a written statement containing the names of all lessees of the Mortgaged Property, the terms of their respective material leases, the spaces occupied and the rentals payable thereunder and a copy of each such material lease.

1.10 To the extent not provided by applicable law, each future material lease of the Mortgaged Property or any part thereof shall provide that, in the event of the enforcement by Trustee or Beneficiary of the remedies provided for by law or by this Deed of Trust, the lessee thereunder will, if requested by Beneficiary or by any person succeeding to the interest of Trustor as the result of said enforcement, automatically become the lessee of any such successor in interest, without any change in the terms or other provisions of the respective material lease; provided, however, that said successor in interest shall not be bound by: (a) any payment of rent or additional rent for more than one (1) month in advance, except prepayments in the nature of

security for the performance by said lessee of its obligations under said material lease not in excess of an amount equal to one (1) month's rental; or (b) any amendment or modification in the material lease made without the consent of Beneficiary or any successor in interest. Each future material lease shall also provide that, upon request by said successor in interest, the lessee shall execute and deliver an instrument or instruments confirming its attornment.

1.11 Without the prior written consent of Beneficiary being first had and obtained, which consent Beneficiary may grant, condition or withhold in its sole and entire discretion, Trustor will not execute or deliver any pledge, security agreement, mortgage or deed of trust covering all or any portion of the Mortgaged Property ("Subordinate Mortgage"). If Beneficiary consents to a Subordinate Mortgage or in the event the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable under the provisions of any applicable law, Trustor will not execute or deliver any Subordinate Mortgage unless there shall have been delivered to Beneficiary not less than ten (10) days prior to the date thereof a copy thereof which shall contain express covenants to the effect that:

(a) the Subordinate Mortgage is in all respects subject and subordinate to this Deed of Trust;

(b) if any action or proceeding shall be brought to foreclose the Subordinate Mortgage (regardless of whether the same is a judicial proceeding or pursuant to a power of sale contained therein), no tenant of any portion of the Mortgaged Property will be named as a party defendant, nor will any action be taken with respect to the Mortgaged Property which would terminate any occupancy or tenancy of the Mortgaged Property, or any portion thereof, without the consent of Beneficiary;

(c) the Rents and Profits, if collected through a receiver or by the holder of the Subordinate Mortgage, shall be applied first to the obligations secured by this Deed of Trust, including principal and interest due and owing on or to become due and owing on the Note, and then to the payment of maintenance expenses, operating charges, taxes, assessments and disbursements incurred in connection with the ownership and maintenance of the Mortgaged Property; and

(d) if any action or proceeding shall be brought to foreclose the Subordinate Mortgage, prompt notice of the commencement thereof will be given to Beneficiary.

1.12 Trustor will not commit any material waste on the Premises or make any change in the use of the Mortgaged Property that will in any way increase any ordinary fire or other hazard arising out of construction of the Improvements or operation of the Mortgaged Property, nor will Trustor make any application to any federal, state or local governmental authority ("Governmental Authority") for a change in zoning or a change in any other law, ordinance, statute, rule, order, decree, directive or regulation ("Laws") negatively affecting the Mortgaged Property, nor will Trustor consent to any such change without the written consent of Beneficiary. Trustor will at all times comply with all Laws of any Governmental Authority having or exercising jurisdiction over construction of the Improvements or otherwise affecting the

Mortgaged Property or any portion thereof, including, but not limited to, compliance in full with any legislation and regulations relating to the handicapped and regulations of the Environmental Protection Agency, and maintain and keep the Improvements in good operating order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith that are needful or desirable to that end. After completion of the Improvements, they shall not be removed, demolished or substantially altered, nor shall any of the Personal Property be removed, without the prior written consent of Beneficiary, except where appropriate replacements free of superior title, liens and claims are immediately made having a value at least equal to the value of the Personal Property so removed.

1.13 Trustor will, so long as it is the owner of the Mortgaged Property, do all things necessary to preserve and keep in full force and effect its existence, franchises, rights and privileges as a limited liability company under the laws of the state of its organization and will comply with all Laws of any Governmental Authority or court applicable to Trustor or the Mortgaged Property or any part thereof, except where there failure to do so would not result in a material adverse effect on the Trustor or the Mortgaged Property.

1.14 (a) Trustor will keep adequate records and books of account on a tax basis in accordance with generally accepted accounting principles and will permit Trustee and Beneficiary, or their agents, accountants and attorneys, to visit and inspect the Mortgaged Property and examine Trustor's records and books of account and to discuss Trustor's affairs, finances and accounts with the officers, agents or principals of Trustor at such reasonable times as may be requested by Trustee or Beneficiary.

(b) For purposes of this Agreement, April 30th of each and every year is the "**Financial Statement Due Date**". The requirement for escrows for certified financial statements has been conditionally waived by Beneficiary so long as no Termination of Certified Statement Waiver Event occurs. A "**Termination of Certified Statement Waiver Event**" means the occurrence of one or more of the following: (i) an Event of Default has occurred and is continuing; or (ii) on or before the Financial Statement Due Date, Trustor has failed to deliver to Beneficiary (A) annual operating information relating to the Mortgaged Premises for each calendar year (or, with respect to the year in which this Agreement was executed by Trustor, the portion of the year for which Trustor owned the Mortgaged Premises) in the form required by the most recent version of the CRE Finance Council Investor Reporting Package, or such other form as required by Beneficiary from time to time, signed by a Manager, which includes the certification that, to the best of Trustor's knowledge, during the period of time covered by the particular statement, (B) no activity has been conducted upon the property in violation of any state, federal or local law, ordinance or regulation pertaining to toxic or hazardous materials, industrial hygiene or environmental conditions, (C) the Mortgaged Premises complies in all material respects with the Americans with Disabilities Act of 1990, as it may be amended from time to time, or any state-level equivalent statute (collectively, the "**ADA**") and (D) a detailed listing of all tenants leasing space in the Mortgaged Premises which listing evidences the rate, the term, the amount of space, annual rent, any other reimbursements paid by each tenant, and, where appropriate, sales information provided by such tenant on the form attached hereto as

Exhibit "C" attached hereto and incorporated herein for all purposes (or such other form a required by Beneficiary from time to time) signed by a Manager. If a Termination of Certified Statement Waiver Event occurs, thereafter Trustor shall furnish to Beneficiary on or before Financial Statement Due Date until the Indebtedness secured hereby has been fully paid, annual financial statements prepared by or for Trustor pertaining to Trustor's operation of the Mortgaged Premises, each such statement prepared in accordance with generally accepted accounting or management principles customarily used in the commercial real estate industry, consistently applied. The financial statements referenced herein shall also contain Trustor's certification that, during the period of time covered by the particular statement, to Trustor's knowledge, (y) no activity has been conducted upon the Mortgaged Premises in violation of any state, federal or local law, ordinance or regulation pertaining to Hazardous Materials, industrial hygiene or environmental conditions and (z) the Mortgaged Premises complies in all material respects with the ADA.

If Trustor does not deliver the financial statements as and when required by this paragraph, there shall be added to the Indebtedness and Trustor agrees to pay upon demand Two Hundred and 00/100 Dollars (\$200.00) for each calendar month or part thereof until the required financial statements are delivered to Beneficiary, provided that no such charge shall be assessed unless Beneficiary has provided Trustor thirty (30) days written notice of Trustor's failure to deliver such financial statements.

(c) Trustor, within three (3) days upon request in person or within five (5) days upon request by mail, will furnish a written statement duly acknowledged of the amount due on the Note, whether for principal or interest, and whether any offsets or defenses exist against the indebtedness secured hereby.


1.15 Trustor shall pay all costs, fees and expenses of Trustee, its agents and counsel in connection with the performance of its duties hereunder; Trustor shall pay all taxes (except federal and state income taxes) and any other governmental charges or impositions imposed by any Governmental Authority on Trustee or Beneficiary by reason of their interests in the Note or this Deed of Trust.

1.16 Beneficiary shall be subrogated, notwithstanding their release of record, to any mechanic's or vendor's lien or liens, superior titles, mortgages, deeds of trust, liens, encumbrances, rights, equities and charges of all kinds heretofore or hereafter existing on the Mortgaged Property to the extent that the same are paid or discharged from the proceeds of the Loan.

1.17 Trustor will, if the Note is mutilated, destroyed, lost or stolen, deliver to Beneficiary, in substitution therefor, a new promissory note containing the same terms and conditions as the Note with a notation thereon of the unpaid principal and accrued but unpaid interest. Trustor shall be furnished with satisfactory evidence of the mutilation, destruction, loss or theft of the Note, and also such security or indemnity as may be reasonably requested by Trustor; provided, however, that if the original beneficiary named herein is the then beneficiary

under this Deed of Trust, an unqualified indemnity from the original beneficiary named herein shall be deemed to be satisfactory security or indemnification.

1.18 If the Note provides any charge for prepayment, Trustor agrees to pay said charge even if and notwithstanding the fact that Trustor shall have defaulted in payments due under the Note or in the performance of any agreement hereunder, and Beneficiary, by reason thereof, shall have declared all sums secured hereby immediately due and payable.


BORROWER'S INITIALS (each signatory must initial)

1.19 Without affecting the liability of Trustor or of any other person who is or shall become bound by the terms of this Deed of Trust or who is or shall become liable for the performance of any obligation secured hereby, Beneficiary may, in such manner upon such terms and at such times as it deems best and without notice or demand, release any party now or hereafter liable for the performance of any such obligation, extend the time for such performance, accept additional security therefor, and alter, substitute or release any property securing such performance. No exercise or non-exercise by Beneficiary of any of its rights under this Deed of Trust, no dealing by Beneficiary with any person, firm or corporation and no change, impairment, loss or suspension of any right or remedy of Beneficiary shall in any way affect any of the obligations of Trustor hereunder or any security furnished by Trustor, or give Trustor any recourse against Beneficiary.

1.20 Except as otherwise specifically provided below, in the event of a default in the payment of the Note by Trustor, or any other default under any other Loan Documents, including, without limitation, this Deed of Trust, Beneficiary's sole recourse shall be against the Mortgaged Property, and Beneficiary shall not be entitled to recover any deficiency judgment against Trustor if the foreclosure or recovery of such Mortgaged Property is not sufficient to pay the amount owed by Trustor hereunder. Notwithstanding the foregoing limitation of liability as to Trustor, Trustor shall be fully liable: (i) for fraud or misrepresentation made in or in connection with the Note or any of the other Security Instruments or the apparent purpose of which is to deprive Beneficiary of the security for the Note; (ii) for failure to pay taxes, assessments, charges for labor or materials or any other charges which can create liens on any portion of the Mortgaged Property, provided, that the foregoing shall not require any equity owner to make additional capital contributions to Trustor; (iii) for the misapplication of (a) proceeds of insurance covering any portion of the Mortgaged Property, (b) proceeds of the sale or condemnation of any portion of the Mortgaged Property or (c) rentals and security deposits received by or on behalf of Trustor subsequent to the date on which Beneficiary gives written notice of the posting of foreclosure notices or the exercise of Beneficiary's assignment of rents; (iv) for failure to maintain, repair or restore the Mortgaged Property in accordance with any of the Security Instruments; (v) for any act or omission knowingly or intentionally committed or permitted by Trustor which results in the material waste, damage or destruction to the Mortgaged Property, but only to the extent such events are not covered by insurance proceeds which are received by Beneficiary; (vi) for the return to Beneficiary of all unearned advance

rentals and security deposits paid by tenants of the Mortgaged Property or any guarantors of the leases of such tenants which are not rightfully refunded to or which are forfeited by such tenants or guarantors; (vii) for the return of, or reimbursement for all Personal Property taken from the Mortgaged Property by or on behalf of Trustor which is not replaced with comparably valued Personal Property; (viii) for any liability of Trustor pursuant to the provision contained in this Deed of Trust pertaining to hazardous or toxic materials or substances; (ix) for any liability of Trustor pursuant to the Certificate and Indemnity Regarding Hazardous Substances executed by Trustor and delivered to Beneficiary in connection with the indebtedness evidenced by the Note; (x) for any delay by Trustor after an Event of Default, which is not cured, in deeding over the Mortgaged Property to Beneficiary, or failure by Trustor to cooperate in a consensual foreclosure within ninety (90) days of Beneficiary's request, provided that if the applicable Event of Default is being contested in good faith by Trustor, it shall not be deemed to be an Event of Default for purposes of determining whether a delay or failure to cooperate has occurred under this clause (x) until there has been a judicial determination in the applicable proceeding that such Event of Default occurred; (xi) except as disclosed in writing to Beneficiary prior to the funding of the Loan, for failure to maintain or alter the Property in compliance with the ADA; and (xii) for all court costs and reasonable attorneys' fees incurred in connection with the enforcement of one or more of the above subparagraphs (i) through (xi), inclusive. Additionally, the limitations on liability provided for in this paragraph shall not apply to any current or future guarantor of all or any portion of the indebtedness evidenced by this Note, and the liability of such party shall be governed in all respects by the terms and conditions of the guaranty agreement executed by such party, including, without limitation, that certain Income Stream Guaranty executed by Gina Champion-Cain, an individual ("Guarantor") in favor of Beneficiary and executed concurrently herewith ("Guaranty").

1.21 Trustor covenants: (a) that no substances, including, without limitation, asbestos or any substance containing asbestos and deemed hazardous under any of the Hazardous Material Laws (defined below), the group of organic compounds known as polychlorinated biphenyls, flammable explosives, radioactive materials, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included, within the definition of hazardous or toxic waste, materials or substances ("Hazardous Materials") under any law relating to environmental conditions and industrial hygiene, including, without limitation: the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. sec. 6901 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. sec. 9601-9657, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"); the Hazardous Materials Transportation Act, 49 U.S.C. sec. 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. sec. 1251 et seq.; the Clean Air Act, 42 U.S.C. sec. 741 et seq.; the Clean Water Act, 33 U.S.C. sec. 7401 et seq.; the Toxic Substances Control Act, 15 U.S.C. sec. 2601-2629; the Safe Drinking Water Act, 42 U.S.C. sec. 300f-300j; and all similar federal, state and local environmental statutes, ordinances and the regulations, orders and decrees now or hereafter promulgated thereunder (collectively, the "Hazardous Material Laws"), shall be installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, in, on or under the Mortgaged Property, except to the extent ordinarily present in connection

with the operation of the Mortgaged Property in commercially reasonable quantities and in strict compliance with applicable laws, ordinances and regulations; (b) that no activity shall be undertaken on the Mortgaged Property which would cause (i) the Mortgaged Property to become a hazardous waste treatment, storage or disposal facility as such terminology is defined and classified under any Hazardous Material Laws, (ii) a release or threatened release of Hazardous Material from the Mortgaged Property in violation of any Hazardous Material Laws, or (iii) the discharge of Hazardous Material into any watercourse, body of surface or subsurface water or wetland, or the discharge into the atmosphere of any Hazardous Material which would require a permit under any Hazardous Material Laws and for which no such permit has been issued; (c) that no activity shall be undertaken or permitted to be undertaken, by the Trustor on the Mortgaged Property which would result in a violation under any Hazardous Material Laws, and (d) to obtain and deliver to Beneficiary, within a reasonable time following completion of the actions as have been required to be taken by the appropriate governmental agency, certifications of engineers or other professionals reasonably acceptable to Beneficiary, in form and substance reasonably satisfactory to Beneficiary, certifying that all necessary and required actions to clean up, remove, contain, prevent and eliminate all releases or threats of release of Hazardous Materials on or about the Mortgaged Property to the levels required by the appropriate governmental agencies have been taken, and that upon completion of such action, the Mortgaged Property is, to the knowledge of such professional, then in compliance with applicable Hazardous Material Laws as then in effect and applicable to such actions.

1.22 Upon reasonable notice to the Trustor, Beneficiary shall have the right to enter and inspect the Mortgaged Property, or to cause a licensed environmental engineer to enter and inspect the Mortgaged Property, which inspection shall be conducted to determine the existence, location, nature and magnitude of any past or present release or threatened release of any Hazardous Materials into, onto, beneath or from the Mortgaged Property on either of the following: (a) upon reasonable belief of the existence of a past or present release or threatened release of any Hazardous Material into, onto, beneath or from the Mortgaged Property not previously disclosed in writing to the Beneficiary in conjunction with the making, renewal or modification of the Note, or (b) after the commencement of nonjudicial or judicial foreclosure proceedings against the Mortgaged Property. In the case of an emergency, no prior notice for the exercise of the foregoing rights by Beneficiary shall be required. If Beneficiary, or the licensed environmental engineer selected by Trustor, is refused the right of entry and inspection by the Trustor, or by a tenant of the Mortgaged Property, or the Beneficiary, or such licensed governmental engineer, is otherwise unable to enter and inspect the Mortgaged Property without a breach of the peace, the Beneficiary may, upon petition, obtain a court order from a court of competent jurisdiction to exercise the Beneficiary's rights hereunder. In this regard, Trustor hereby consents to the appointment of a receiver by the court empowered by law to appoint a receiver for the Mortgaged Property, in an action brought by Beneficiary to enforce its rights hereunder.

1.23 Neither Trustor nor any Guarantor, nor any persons or entities holding any legal or beneficial interest in Trustor or any Guarantor, nor any of their respective affiliates, is or will be an entity or person (a) that is listed in the Annex to, or is otherwise subject to the provisions

of Executive Order 13224 issued on September 24, 2001 (“**EO13224**”), (b) whose name appears on the United States Treasury Department’s Office of Foreign Assets Control (“**OFAC**”) most current list of “Specifically Designated Nationals and Blocked Persons” (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/tlstdn.pdf>), (c) who commits, threatens to commit or supports “terrorism”, as that term is defined in EO13224, or (d) who is otherwise affiliated with any entity or person listed above (any entity or person described in the foregoing clauses (a) through (d) is referred to as a “**Prohibited Person**”). Trustor covenants and agrees that neither Trustor nor any Guarantor, nor any persons or entities holding any legal or beneficial interest in Trustor or any Guarantor, nor any of their respective affiliates will (y) conduct any business, nor engage in any transaction or dealing, with any Prohibited Person, including, but not limited to the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Prohibited Person, or (z) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in EO13224. Trustor further covenants and agrees to deliver to Beneficiary from time to time any such certification regarding the facts set forth in this paragraph or other evidence of their continuing accuracy as may be requested by Beneficiary in its sole discretion.

1.24 Special Purpose Entity. Trustor represents, warrants and covenants as follows:

(a) Limited Purpose. The sole purpose conducted or promoted by Trustor is to engage in the following activities:

(i) to acquire, own, hold, lease, operate, manage, maintain, develop and improve the Mortgaged Property (or an undivided interest therein) and to contract for the operation, maintenance, management and development of the Mortgaged Property;

(ii) to enter into and perform its obligations under the Loan Documents;

(iii) to sell, transfer, service, convey, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with the Mortgaged Property to the extent permitted under the Loan Documents; and

(iv) to engage in any lawful act or activity and to exercise any powers permitted to corporations organized under the laws of the State of California that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above mentioned purposes.

(b) Limitations on Debt, Actions. Notwithstanding anything to the contrary in the Loan Documents or in any other document governing the formation, management or operation of Trustor, Trustor shall not:

(i) guarantee any obligation of any person or entity, including any affiliate, or become obligated for the debts of any other person or entity or hold out its credit as being available to pay the obligations of any other person or entity;

(ii) engage, directly or indirectly, in any business other than as required or permitted to be performed under this Section 1.24(b)(ii);

(iii) incur, create or assume any debt other than (A) the loan evidenced by the Note and (B) unsecured trade payables incurred in the ordinary course of its business that are related to the ownership and operation of the Mortgaged Property and which shall (w) not exceed two percent (2%) of the outstanding balance of the loan evidenced by the Note, (x) not be evidenced by a note, (y) be paid within sixty (60) days and (z) otherwise expressly be permitted under the Loan Documents;

(iv) make or permit to remain outstanding any loan or advance to, or own or acquire any stock or securities of, any person or entity, except that Trustor may invest in those investments permitted under the Loan Documents;

(v) to the fullest extent permitted by law, engage in any dissolution, liquidation, consolidation, merger, sale or other transfer of any of its assets outside the ordinary course of Trustor's business;

(vi) buy or hold evidence of indebtedness issued by any other person or entity (other than cash or investment-grade securities);

(vii) form, acquire or hold any subsidiary (whether corporate, partnership, limited liability company or other) or own any equity interest in any other entity;

(viii) own any asset or property other than the Mortgaged Property (or an undivided interest therein) and incidental personal property necessary for the ownership or operation of the Mortgaged Property; or

(ix) take any action under any bankruptcy or debtor relief law without the unanimous written approval of all shareholders of Trustor.

(c) Separateness Covenants. In order to maintain its status as a separate entity and to avoid any confusion or potential consolidation with any affiliate, Trustor represents and warrants that in the conduct of its operations since its organization it has observed, and covenants that it will continue to observe, the following covenants:

(i) maintain books and records and bank accounts separate from those of any other person or entity;

(ii) maintain its assets in such a manner that it is not costly or difficult to segregate, identify or ascertain such assets;

(iii) comply with all organizational formalities necessary to maintain its separate existence;

(iv) hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

(v) maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other person or entity and not have its assets listed on any financial statement of any other person or entity; except that Trustor's assets may be included in a consolidated financial statement of its affiliate so long as appropriate notation is made on such consolidated financial statements to indicate the separateness of Trustor from such affiliate and to indicate that Trustor's assets and credit are not available to satisfy the debts and other obligations of such affiliate or any other person or entity;

(vi) prepare and file its own tax returns separate from those of any person or entity to the extent required by applicable law, and pay any taxes required to be paid by applicable law;

(vii) allocate and charge fairly and reasonably any common employee or overhead shared with affiliates;

(viii) not enter into any transaction with affiliates except on an arm's-length basis on terms which are intrinsically fair and no less favorable than would be available for unaffiliated third parties, and pursuant to written, enforceable agreements;

(ix) conduct business in its own name, and use separate stationery, invoices and checks;

(x) not commingle its assets or funds with those of any other person or entity;

(xi) not assume, guarantee or pay the debts or obligations of any other person or entity;

(xii) correct any known misunderstanding as to its separate identity;

(xiii) not permit any affiliate to guarantee or pay its obligations (other than limited guarantees and indemnities set forth in the Loan Documents);

(xiv) not make loans or advances to any other person or entity;

(xv) pay its liabilities and expenses out of and to the extent of its own funds;

(xvi) maintain adequate capital in light of its contemplated business purpose, transactions and liabilities; provided, however, that the foregoing shall not require any equity owner to make additional capital contributions to Trustor; and

(xvii) cause the officers, employees, agents and other representatives of Trustor to act at all times with respect to Trustor consistently and in furtherance of the foregoing and in the best interests of Trustor.

Failure of Trustor to comply with any of the foregoing covenants or any other covenants contained in this Agreement shall not affect the status of Trustor as a separate legal entity.

ARTICLE II EVENTS OF DEFAULT

The following shall constitute events of default (each an “**Event of Default**”) hereunder:

2.01 The failure to make any payment of interest on the Note, or to make any payment of an installment of principal, when and as the same shall become due and payable, or the failure to make any other payments required under the Note, when and as the same shall become due and payable, whether at maturity or by acceleration or as part of any prepayment or otherwise, in each case, as is provided in the Note and in this Deed of Trust including without limitation, the failure to make any payments of insurance premium or tax required by Sections 1.04 and 1.06(a) hereof to be paid, or the failure to make the deposits required by Section 1.06(b) hereof.

2.02 A default by Trustor in the due, prompt and complete observance and performance of any obligation, covenant and agreement contained in Sections 1.02, 1.03, 1.04, 1.05 or 1.06(c) of this Deed of Trust, and, except as expressly provided therein, the continuation of such default ten (10) days after written notice thereof from Beneficiary to Trustor.

2.03 A default by Trustor in the due, prompt and complete observance and performance of any obligation, covenant and agreement contained in the Note or in this Deed of Trust but not specified in Sections 2.01 or 2.02 above, and the continuation of such default thirty (30) days after written notice thereof from Beneficiary to Trustor, or if such default is not susceptible of cure during such thirty (30) day period, the failure to commence and diligently pursue the cure of same during such 30-day period.

2.04 The appointment pursuant to an order of a court of competent jurisdiction of a trustee, receiver or liquidator of Trustor or of the Mortgaged Property or any part thereof, which appointment is not vacated or stayed within sixty (60) days from the date thereof.

2.05 The filing by Trustor of a petition in bankruptcy or a petition for an arrangement or a reorganization pursuant to the Federal Bankruptcy Act or any similar law, federal or state, or the adjudication of Trustor as a bankrupt or as insolvent by a decree of a court of competent jurisdiction, or the making of an assignment for the benefit of creditors, which adjudication or

assignment is not vacated, set aside or stayed within sixty (60) days after the entry or assignment thereof, or the admission by Trustor in writing of its inability to pay its debts generally as they become due, or the giving of consent by Trustor to the appointment of a receiver or receivers of all or any part of its property.

2.06 The filing by any of the creditors of Trustor of a petition in bankruptcy against Trustor or a petition for reorganization of Trustor pursuant to the Federal Bankruptcy Act or any similar law, federal or state, and the same is not discharged within sixty (60) days after the date of filing thereof.

2.07 The occurrence of any of the events enumerated in Sections 2.04 through 2.06 above with regard to Guarantor, or the property of Guarantor, or the revocation, limitation or termination of the obligations of Guarantor, except in accordance with the express written terms of the instrument of guaranty; or, if Trustor is a trust or trustee of a trust, the occurrence of any of the events enumerated in Sections 2.04 through 2.06 above with regard to such trustee or any owner, or general partner of any owner, of more than ten percent (10%) of the beneficial interests of such trust.

2.08 The imposition of a tax, other than a state or federal income tax, on or payable by Trustee or Beneficiary by reason of their ownership of the Note or this Deed of Trust, and Trustor has not paid said tax, or it would be illegal for Trustor to pay said tax, or if the payment of said tax by Trustor would result in the violation of the usury laws of the Governing Jurisdiction.

2.09 The sale, conveyance, transfer, disposition or further encumbrance of the Mortgaged Property, or any part thereof, or any interest therein, either voluntarily, involuntarily or otherwise, or agreement so to do, without the prior written consent of Beneficiary (any such sales, conveyances, transfers, dispositions or further encumbrances as are consented to by Beneficiary in writing being "Permitted Transfers").

2.10 The sale, conveyance, transfer or disposition of any direct membership interests in Trustor or, other than to an affiliate, partner, member of Trustor or its affiliates, partners, or members including without limitation trusts formed for estate planning purposes, indirect membership interests in Trustor, in each case, without the prior written consent of Beneficiary (such approved transfers also being deemed "Permitted Transfers").

2.11 A default occurs under the Guaranty following any expiration of any notice or cure period provided therein.

ARTICLE III. REMEDIES

Upon the occurrence and during the continuance of any Event of Default, Trustee and Beneficiary shall have the following rights and remedies:

3.01 Beneficiary may declare the entire principal of the Note then outstanding (if not then due and payable), and accrued but unpaid interest thereon to be due and payable immediately, and, notwithstanding any stated maturity in the Note or any other term or provision of the Note or this Deed of Trust to the contrary, the outstanding principal amount of the Note and the accrued but unpaid interest thereon shall become and be immediately due and payable.

3.02 Whether or not Beneficiary exercises the option provided in Section 3.01 above, Beneficiary, in person or by agent, may, without any obligation so to do and without notice or demand upon Trustor and without releasing Trustor from any obligation hereunder: (i) make any payment or do any act which Trustor has failed to make or do; (ii) enter upon, take possession of, manage and operate the Mortgaged Property or any part thereof; (iii) make or enforce, or, if the same be subject to modification or cancellation, modify or cancel any leases of the Mortgaged Property or any part thereof upon such terms or conditions as Beneficiary deems proper; (iv) obtain and evict tenants, and fix or modify rents, make repairs and alterations and do any acts which Beneficiary deems proper to protect the security hereof; and (v) with or without taking possession, in its own name or in the name of Trustor, sue for or otherwise collect and receive rents, royalties, issues, profits, revenue, income and other benefits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. Upon request of Beneficiary, Trustor shall assemble and make available to Beneficiary at the Premises any of the Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, the collection of any rents, royalties, issues, profits, revenue, income or other benefits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice of default hereunder or invalidate any act done pursuant to any such notice; and, notwithstanding continuance in possession of the Mortgaged Property, or any part thereof, by Beneficiary, Trustee or a receiver, and the collection, receipt and application of rents, royalties, issues, profits, revenue, income or other benefits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon or after the occurrence of a default, including the right to exercise the power of sale. Any of the actions referred to in this Section 3.02 may be taken by Beneficiary, either in person or by agent, with or without bringing any action or proceeding, or by receiver appointed by a court, and any such action may also be taken irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured. Further, Beneficiary, at the expense of Trustor, either by purchase, repair or construction, may from time to time maintain and restore the Mortgaged Property, or any part thereof and complete construction of the Improvements uncompleted as of the date thereof and in the course of such completion may make such changes in the contemplated Improvements as Beneficiary may deem desirable and may insure the same.

3.03 Beneficiary shall be entitled, without notice and to the full extent provided by law, to the appointment by a court having jurisdiction of a receiver to take possession of and protect the Mortgaged Property or any part thereof, and operate the same and collect the Rents and Profits.

3.04 Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust or to enforce any of the covenants and agreements hereof.

3.05 Beneficiary may elect to cause the Mortgaged Property or any part thereof to be sold as follows:

(a) Beneficiary may proceed as if all of the Mortgaged Property were real property in accordance with subparagraph (d) below, or Beneficiary may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the Mortgaged Premises without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with subparagraph (c) below, separate and apart from the sale of real property, the remainder of the Mortgaged Property being treated as real property.

(b) Beneficiary may cause any such sale or other disposition to be conducted immediately following the expiration of any grace period herein provided (or immediately upon the expiration of any redemption or reinstatement period required by law), or Beneficiary may delay any such sale or other disposition for such period of time as Beneficiary deems to be in its best interest. Should Beneficiary desire that more than one (1) such sale or other disposition be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively, on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interests.

(c) Should Beneficiary elect to cause any of the Mortgaged Property to be disposed of as personal property as permitted by subparagraph (a) above, it may dispose of any part thereof in any manner now or hereafter permitted by the Uniform Commercial Code of the Governing Jurisdiction (the "UCC") or in accordance with any other remedy provided by law. Any such disposition may be conducted by an employee or agent of Beneficiary or Trustee. Both Trustor and Beneficiary shall be eligible to purchase any part or all of such property at any such disposition. Any such disposition may be either public or private as Beneficiary may elect. Subject to the provisions of the UCC, Beneficiary shall have all of the rights and remedies of a Secured Party under the UCC. Expenses of retaking, holding, preparing for sale, selling or the like shall include Beneficiary's reasonable attorneys' fees and legal expenses, and upon such default, Trustor, upon demand of Beneficiary, shall assemble such personal property and make it available to Beneficiary at the Premises, a place which is hereby deemed reasonably convenient to Beneficiary and Trustor. Beneficiary shall give Trustor at least five (5) days' prior written notice of the time and place of any public sale or other disposition of such property or of the time at or after which any private sale or any other intended disposition is to be made, and if such notice is sent to Trustor, in the manner provided for the mailing of notices herein, it shall constitute reasonable notice to Trustor.

(d) Should Beneficiary elect to sell the Mortgaged Property or any part thereof that is real property or that Beneficiary has elected to treat as real property, upon such election, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of

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sale as may then be required by law, and without the necessity of any demand on Trustor, Trustee, at the time and place specified in the notice of sale, shall sell the Mortgaged Property, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States, subject, however, to the provisions of Section 3.07 below. Trustee may, and upon request of Beneficiary shall, from time to time postpone the sale by public announcement thereof at the time and place noticed therefor. If the Mortgaged Property consists of several lots or parcels, Beneficiary may direct that the same be sold as a unit or be sold separately and, if to be sold separately, Beneficiary may designate the order in which such lots or parcels shall be offered for sale or sold. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the property so sold, but without any covenant or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession.

(e) In the event of a sale or other disposition of the Mortgaged Property, or any part thereof, and the execution of a deed or other conveyance pursuant thereto, the recitals therein of facts, such as default, the giving of notice of default and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, sale, purchase, payment of purchase money and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts; and any such deed or conveyance shall be conclusive against all persons as to such facts recited therein.

(f) The acknowledgment of the receipt of the purchase money, contained in any deed or conveyance executed as aforesaid, shall be sufficient discharge to the grantee of all obligations to see to the proper application of the consideration therefor as hereinafter provided. The purchaser at any trustee's or foreclosure sale hereunder may disaffirm any easement granted or rental or lease contract made in violation of any provision of this Deed of Trust and may take immediate possession of the Mortgaged Property free from, and despite the terms of, such grant of easement and rental or lease contract.

(g) Upon the completion of any sale or sales made by Trustee or Beneficiary, as the case may be, under or by virtue of this Article III, Trustee or any officer of any court empowered to do so, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Trustee is hereby irrevocably appointed the true and lawful attorney-in-fact of Trustor in its name and stead to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property or any part thereof and the rights so sold and for that purpose Trustee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, Trustor hereby ratifying and confirming all that its said attorney or any substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Trustor, if so requested by Trustee or Beneficiary, shall ratify and confirm any such sale or sales by executing and delivering to Trustee or to such purchaser or purchasers all such instruments as may be advisable in the judgment of Trustee or Beneficiary, for the purpose as may be designated in such request.

Any such sale or sales made under or by virtue of this Article III, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Trustor in and to the properties and rights so sold, and shall be a perpetual bar, both at law and in equity, against Trustor and any and all persons claiming or who may claim the same, or any part thereof, from, through or under Trustor.

(h) Trustor hereby expressly waives any right that it may have to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto.

3.06 The purchase money, proceeds or avails of any sale made under or by virtue of this Article III, together with all other sums that may then be held by Trustee or of this Article III, or otherwise, shall be applied as follows:

FIRST: To the payment of the costs and expenses of the sale, including reasonable compensation to Trustee and Beneficiary, their agents and counsel, and of any judicial proceedings wherein the same may be made and to the payment of all expenses, liabilities and advances made or incurred by Trustee under this Deed of Trust, together with interest at the Default Rate on all advances made by Trustee and all taxes or assessments, except for any taxes, assessments or other charges subject to which the Mortgaged Property shall have been sold, and further including all costs of publishing, recording, mailing and posting notice, the cost of any search and/or other evidence of title procured in connection therewith and the cost of any revenue stamps on any deed of conveyance.

SECOND: To the payment of any and all sums expended under the terms hereof, not then repaid, with accrued interest at the rate provided in the Note and all other sums required to be paid by Trustor pursuant to any provisions of this Deed of Trust or of the Note, including all expenses, liabilities and advances made or incurred by Beneficiary under this Deed of Trust or in connection with the enforcement hereof, together with interest at the rate provided in the Note on all advances.

THIRD: To the payment of the principal and interest then due, owing and unpaid upon the Note, including the prepayment premium, if any, with interest on the unpaid principal at the rate provided in the Note from the due date of any such payment of principal until the same is paid.

FOURTH: The remainder, if any, to the person or persons legally entitled thereto.

3.07 Upon any sale or sales made under or by virtue of this, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Mortgaged Property or any part thereof and, in lieu of paying cash therefor, may make settlement for the purchase price

by. crediting upon the indebtedness or other sums secured by this Deed of Trust the net sales price after deducting therefrom the expenses of sale and the costs of the judicial proceedings, if any, and any other sums which Trustee or Beneficiary is authorized to deduct under this Deed of Trust, and, in such event, this Deed of Trust, the Note and documents evidencing expenditures secured hereby shall be presented to the person or persons conducting the sale in order that the amount so used or applied may be credited upon said indebtedness as having been paid.

3.08 (a) Upon the occurrence of any Event of Default and upon written demand by Beneficiary, Trustor will pay to Beneficiary the entire principal of the Note then outstanding, and all accrued but unpaid interest thereon, including any prepayment premium, and, after the happening of said Event of Default, will also pay to Beneficiary interest at the rate provided in the Note on the then unpaid principal of the Note, and the sums required to be paid by Trustor pursuant to any provision of this Deed of Trust, and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to Trustee and Beneficiary hereunder. In the event Trustor shall fail forthwith to pay such amount, upon such demand, subject to the provisions of Section 1.20 hereof, Beneficiary shall be entitled and empowered to institute such action or proceedings at law or in equity as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against Trustor and collect out of the property of Trustor wherever situated, subject to the provisions of Section 1.20 hereof as well as out of the Mortgaged Property, in any manner provided by law, moneys adjudged or decreed to be payable.

(b) Subject to the provisions of Section 1.20 hereof, Beneficiary shall be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the provisions of this Deed of Trust, and the right of Beneficiary to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Deed of Trust, or the foreclosure of the lien hereof; and in the event of a sale of the Mortgaged Property, and of the application of the proceeds of sale, as in this Deed of Trust provided, to the payment of the debt hereby secured, subject to the provisions of Section 1.20 hereof, Beneficiary shall be entitled to enforce payment of, and to receive all amounts then remaining due and unpaid upon, the Note, and to enforce payment of all other charges, payments and costs due under this Deed of Trust, and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. In case of proceedings against Trustor in insolvency or bankruptcy or any proceedings for the reorganization of Trustor or involving the liquidation of its assets, Beneficiary shall be entitled to prove the whole amount of principal and interest due upon the Note to the full amount thereof, and all other payments, charges and costs due under this Deed of Trust, without deducting therefrom any proceeds obtained from the sale of the whole or any part of the Mortgaged Property; provided, however, that in no case shall Beneficiary receive a greater amount than such principal and interest and such other payments, charges and costs from the aggregate amount of the proceeds of the sale of the Mortgaged Property and, subject to the provisions of Section 1.20 hereof, the distribution from the estate of Trustor.

(c) Subject to the provisions of Section 1.20 hereof, no recovery of any judgment by Beneficiary and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property of Trustor shall affect, in any manner or to any extent, the lien of this Deed of Trust upon the Mortgaged Property or any part thereof, or any liens, rights, powers or remedies of Trustee or Beneficiary hereunder, but such liens, rights, powers and remedies of Trustee and Beneficiary shall continue unimpaired as before.

(d) Any moneys thus collected by Beneficiary under this Section 3.08 shall be applied by Beneficiary in accordance with the provisions of Section 3.06 above.

3.09 Upon the commencement of any action, suit or other legal proceedings by Beneficiary to obtain judgment for the principal of, or interest on the Note and other sums required to be paid by Trustor pursuant to any provision of the Note or this Deed of Trust, or of any other nature in aid of the enforcement of the Note or of this Deed of Trust, Trustor, to the fullest extent permitted by law, will and does hereby (a) agree that service of process shall be deemed to have been effected upon the delivery of process to Trustor in the manner provided for delivery of notice as set forth in Section 5.03 hereof, and Trustor will, and does hereby enter its voluntary appearance in such action, suit or proceedings, and (b) if required by Beneficiary, consent to the appointment of a receiver or receivers of the Premises and of all the Rents and Profits. After the happening of any Event of Default, or upon the commencement of any proceedings to foreclose this Deed of Trust or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceedings to enforce any right of Trustee or Beneficiary, Trustee or Beneficiary shall be entitled forthwith, as a matter of right, if either shall so elect, without the giving of notice to any other party and without regard to the adequacy of the security of the Mortgaged Property, either before or after declaring the unpaid principal of the Note to be due and payable, to the appointment of such a receiver or receivers.

3.10 Notwithstanding the appointment of any receiver, liquidator or trustee of Trustor, or of any of its property, or of the Mortgaged Property or any part thereof, Trustee and Beneficiary shall be entitled to retain possession and control of all property now or hereafter held under this Deed of Trust, including, but not limited to, the Rents and Profits.

3.11 No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary in exercising any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, the holder of the Note, at its sole option, and without limiting or affecting any of the rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights it may have in connection with such other security or in such order as it

may determine. Nothing in this Deed of Trust or in the Note shall affect the obligation of Trustor to pay the principal of, and interest on the Note, or any payment required under the Note or this Deed of Trust, in the manner and at the time and place therein respectively expressed.

3.12 To the fullest extent permitted by applicable law, Trustor will not at any time insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension or moratorium law or law pertaining to the marshaling of assets, the administration of estates of decedents, any exemption from execution or sale of the Mortgaged Property or any part thereof, including exemption of homestead, wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Deed of Trust, nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisal of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales claim or exercise any right under any statute heretofore or hereafter enacted to redeem the property so sold or any part thereof, and Trustor hereby expressly waives all benefit or advantage of any such law or laws, and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to Trustee or Beneficiary, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted. Trustor, for itself and all who claim under it, hereby waives, to the extent that it lawfully may, all right to have the Mortgaged Property marshaled upon any sale or foreclosure hereunder.

3.13 Upon the occurrence of any Event of Default and pending the exercise by Trustee or Beneficiary or their agents or attorneys of their right to exclude Trustor from all or any part of the Mortgaged Property, Trustor agrees to vacate and surrender possession of the Mortgaged Property to Trustee or Beneficiary, as the case may be, or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery of possession of leased premises for non-payment of rent, however designated.

3.14 In the event ownership of the Mortgaged Property or any portion thereof becomes vested in a person other than the Trustor herein named, Beneficiary may, without notice to the Trustor herein named, whether or not Beneficiary has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Deed of Trust and the indebtedness secured hereby, and in the same manner as with the Trustor herein named, without in any way vitiating or discharging Trustor's liability hereunder or for the indebtedness hereby secured.

3.15 In the event that there be a Trustee's sale hereunder and if at the time of such sale Trustor, or its heir, executor, administrator or assign, be occupying the Premises and Improvements or any part thereof so sold, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the Premises and Improvements, such rental to be due daily to the purchaser. An action of unlawful detainer shall lie if the tenant holds over after a demand in writing for possession of said

Premises and Improvements; and this agreement and the Trustee's deed shall constitute a lease and agreement under which any such tenant's possession arose and continued.

3.16 (a) In addition to the foregoing remedies set forth in this Article III, Beneficiary may elect between the following where the Mortgaged Property is environmentally impaired (as defined herein):

(i) (A) Beneficiary may waive its lien against (1) any separate legal parcel of real property comprising the Mortgaged Property that is environmentally impaired or is an affected parcel (as defined herein) and (2) all or any portion of the fixtures and Personal Property attaching to the parcel; and

(B) Exercise of (1) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (2) any other rights and remedies permitted by law;

(ii) Beneficiary may exercise (1) the rights and remedies of a creditor secured by a deed of trust or mortgage and, if applicable, a lien against fixtures or Personal Property attached to the Mortgaged Property, and (2) any other rights and remedies permitted by law; and

(iii) Beneficiary may bring an action for breach of contract against Trustor, for breach of Sections 1.21 and 1.22 of this Deed of Trust, for the recovery of damages and for the enforcement of said Sections 1.21 and 1.22.

(b) Before Beneficiary may waive its lien against any portion of the Mortgaged Property pursuant to the provisions of Section 3.16(a)(i)(A) or (B) on the basis that such Mortgaged Property is environmentally impaired (i) the Beneficiary shall provide written notice of the Event of Default to the Trustor, and (ii) the value of the Mortgaged Property shall be established and its environmentally impaired status shall be confirmed by an order of a court of competent jurisdiction in an action brought by Beneficiary against Trustor. Any such action may include causes of action for a money judgment for all or part of the obligations secured hereby, in which case, the waiver of Beneficiary's liens under Section 3.16(a)(i) hereof shall result only if and when a final money judgment is obtained against the Trustor.

(c) The provisions of this Section 3.16 shall not apply if all of the following are true:

(i) The release or threatened release was not knowingly or negligently caused or contributed to, or knowingly or willfully permitted or acquiesced to, by any of the following:

(A) the Trustor, or any related party;

(B) any affiliate or agent of the Trustor, or any related party;
and

(ii) in conjunction with the making, renewal or modification of the Note, neither the Trustor, any related party, nor any affiliate or agent of the Trustor, or any related party had actual knowledge or notice of the release or threatened release, or if such person had knowledge or notice of the release or threatened release, the Trustor made a written disclosure thereof to Beneficiary after Beneficiary's written request for information concerning the environmental condition of the Mortgaged Property, or Beneficiary otherwise obtained actual knowledge thereof, prior to the making, renewal or modification of the Note.

(d) The term "affected parcel" as used in this Deed of Trust means any portion of a parcel of the Mortgaged Property that is (i) contiguous to the environmentally impaired parcel, even if separated by roads, streets, utility easements, or rights of way, (ii) part of an approved or proposed subdivision within the meaning of Section 66424 of the California Government Code, of which the environmentally impaired parcel is also a part or (iii) within 2,000 feet of the environmentally impaired parcel. The term "environmentally impaired" as used in this Deed of Trust means that the estimated costs to clean up and remediate a past or present release or threatened release of any Hazardous Material into, onto, beneath or from the Mortgaged Property, not disclosed in writing to, or otherwise actually known by, Beneficiary prior to the initial funding of the Note, exceeds twenty-five percent (25%) of the higher of the aggregate fair market value of all security for the Note (x) at the time of the funding of the Note, or (y) at the time of the discovery of the release or threatened release by Beneficiary. For purposes of the definition of "environmentally impaired", the estimated cost to clean up and remediate the contamination caused by the release or threatened release shall include only those costs that would be incurred reasonably and in good faith, and fair market value shall be determined without giving consideration to the release or threatened release, and shall be exclusive of the amount of all liens and encumbrances against the Mortgaged Property that are senior in priority to the lien of this Deed of Trust. Notwithstanding the foregoing, in the event the Mortgaged Property is included in the National Priorities List pursuant to Section 9605 of Title 42 of the United States Code, or in any list published by the California State Department of Health Services pursuant to Subdivision (b) of Section 25356 of the California Health and Safety Code, the Mortgaged Property shall be deemed to be environmentally impaired. The term "related party" as used in this Deed of Trust means any person who shares an ownership interest with the Trustor in the Mortgaged Property, or is a partner or joint venturer with the Trustor, in a partnership or joint venture, the business of which includes the acquisition, development, use, lease or sale of the Mortgaged Property.

ARTICLE IV. CONCERNING TRUSTEE

4.01 Trustee, by its acceptance hereof, covenants faithfully to perform and fulfill the trusts herein created, being liable, however, only for willful negligence or misconduct, and

hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by it in accordance with the terms hereof.

4.02 Trustee may resign at any time upon giving thirty (30) days' notice in writing to Trustor and to Beneficiary.

4.03 In the event of Trustee's death, removal, resignation, refusal to act or inability to act, or in the sole discretion of Beneficiary for any reason whatsoever, Beneficiary may, at any time or from time to time without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor without conveyance from the predecessor trustee. Such substitute trustee shall not be required to give bond for the faithful performance of its duties unless required by Beneficiary. Such substitute trustee shall be appointed by written instrument duly recorded in the county where the Premises are located, which appointment may be executed by any authorized agent of Beneficiary and if Beneficiary is a business trust or corporation and such appointment be executed on its behalf by any officer of such business trust or corporation, such appointment shall be conclusively presumed to have been executed with authority and shall be valid and sufficient without proof of any action by the Board of Trustees or Board of Directors or any superior officer of the business trust or corporation. Trustor hereby ratifies and confirms any and all acts which the herein named Trustee, or its successor or successors in this trust, shall do lawfully by virtue hereof. Trustor hereby agrees, on behalf of itself and of its heirs, executors, administrators and assigns, that the recitals contained in any deed or deeds executed in due form by Trustee or any substitute trustee, or its successor or successors in this trust, acting under the provisions of this Deed of Trust, shall be prima facie evidence of the facts recited, and that it shall not be necessary to prove in any court, otherwise than by such recitals, the existence of the facts essential to authorize the execution and delivery of such deed or deeds and the passing of title thereby.

4.04 At any time and from time to time, without liability therefor and without notice, upon written request of Beneficiary, Trustee shall (a) consent in writing to the making of any map or plat of the Mortgaged Property, (b) join in granting any easement thereon, (c) join in any extension agreement or any agreement subordinating the lien or charge hereof or (d) upon presentation of this Deed of Trust and the Note or notes secured hereby for endorsement, and without affecting the personal liability of any person for the payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Mortgaged Property, reconvey any part of the Mortgaged Property.

4.05 Upon written request of Beneficiary stating that all sums secured hereby have been paid and upon surrender to Trustee of this Deed of Trust and the Note or notes secured hereby for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Mortgaged Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

ARTICLE V.
MISCELLANEOUS

5.01 In the event any one or more of the provisions contained in this Deed of Trust or in the Note or in any instrument heretofore or hereafter executed by Trustor having reference to or arising out of the indebtedness represented by the Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, but this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

5.02 Trustor agrees to pay Beneficiary or its authorized loan servicing agent for each and any Beneficiary Statement furnished at Trustor's request the maximum fee allowed by the law of the Governing Jurisdiction, or, if there be no maximum fee, then the sum of \$25.00. Such fee shall be computed as of the time said statement is furnished.

5.03 All written notices expressly provided hereunder to be given by Beneficiary to Trustor and all notices and demands of any kind or nature whatsoever that Trustor may be required or may desire to give to or serve on Beneficiary shall be in writing and shall be served by (a) hand delivery, (b) sent by United States express mail or by private overnight courier or (c) by registered or certified mail. Any such notice or demand so served by registered or certified mail shall be deposited in the United States mail, with postage thereon fully prepaid and addressed to the party so to be served at its address above stated or at such other address of which it shall have notified, in writing, the person charged with giving such notice. Service of any such notice or demand so made shall be deemed complete on the day of actual delivery as shown by the addressee's registry or certification receipt or upon the expiration of the third (3rd) day after the date of mailing, whichever is earlier in time.

5.04 Trustor hereby requests that a copy of any Notice of Default and Notice of Sale as may be required by law be mailed to it at its address herein contained.

5.05 The granting of consent by Beneficiary to any transaction as required by the terms hereunder shall not be deemed a waiver of the right to require consent to future or successive transactions.

5.06 All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of the successors and assigns of Trustor and the successors in trust of Trustee, and the endorsees, transferees, successors and assigns of Beneficiary. In the event Trustor is composed of more than one party, the obligations, covenants, agreements and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

5.07 This Deed of Trust may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same deed.

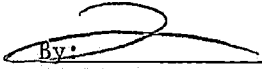
5.08 This Deed of Trust is to be construed and enforced according to the laws of the Governing Jurisdiction except that, with respect to any portion of the Mortgaged Property located outside of the Governing Jurisdiction, the laws of the state in which such portion of the Mortgaged Property is located shall be applicable thereto but only to the extent required for Beneficiary to exercise its rights and remedies in order to realize upon its interests in the Mortgaged Property.

[SIGNATURE PAGE(S) ON NEXT PAGE]

The undersigned has executed this Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing the day and year first hereinabove written.

TRUSTOR:

3515 HANCOCK STREET, LLC,
a California limited liability company

By:  Trustee
GINA CHAMPION-CAIN, TRUSTEE OF THE
GINA CHAMPION-CAIN REVOCABLE TRUST
DATED JUNE 26, 2012, its member

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 San Diego)

On Jan 15, 2018, before me, Beverly J. Ryan,
Notary Public, personally appeared Gina Champion-Cain, 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 _____ that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Beverly J. Ryan



[Signature/Notary Page(s) to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing -3515 Hancock Street, LLC]

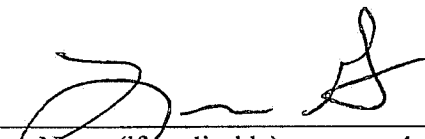
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NOTARY SEAL CERTIFICATION

(Government Code 27361.7)

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS.

Name of the Notary: Beverly J. Ryan
Commission Number: 2059231 Date Commission Expires: 3-22-18
County Where Bond is Filed: San Diego
Manufacturer or Vendor Number: NNAI
(Located on both sides of the notary seal borders)

Signature: 
Firm Name (if applicable) Linda G

Place of Execution: San Diego Date: 1/17/18

EXHIBIT "A"

PROPERTY DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN DIEGO, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3 AND 4 OF PICKETT INDUSTRIAL CENTER, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6709 FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 19, 1970.

APN: 441-530-48-00, 441-530-49-00, 441-530-50-00 & 441-530-51-00

[Exhibit "A" to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing –3515 Hancock Street, LLC]

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EXHIBIT "B"

PERMITTED EXCEPTIONS

1. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-48-00
Fiscal Year: 2017-2018
1st Installment: \$2,100.99, paid
2nd Installment: \$2,100.99, open (Delinquent after April 10)
Penalty and Cost: \$220.09
Code Area: 08256
Affects: Lot 4

2. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-49-00
Fiscal Year: 2017-2018
1st Installment: \$2,100.99, paid
2nd Installment: \$2,100.99, open (Delinquent after April 10)
Penalty and Cost: \$220.09
Code Area: 08256
Affects: Lot 3

3. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-50-00
Fiscal Year: 2017-2018
1st Installment: \$2,100.99, paid
2nd Installment: \$2,100.99, open (Delinquent after April 10)
Penalty and Cost: \$220.09
Code Area: 08256
Affects: Lot 2

4. Property taxes, including any personal property taxes and any assessments collected with taxes, are as follows:

Tax Identification No.: 441-530-51-00
Fiscal Year: 2017-2018
1st Installment: \$17,192.38, paid
2nd Installment: \$17,192.38, open (Delinquent after April 10)
Penalty and Cost: \$1,729.23
Code Area: 08256
Affects: Lot 1

[Exhibit "B" to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing –3515 Hancock Street, LLC]

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5. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy. None currently due or payable.

6. Public utility easement to San Diego Gas and Electric Company recorded August 9, 1972 as Recording No: 209518 of Official Records.

Affects: The exact location and/or extent of said easement is not disclosed in the public records. Said matter affects Lots 1 & 2.

7. Any boundary discrepancies, rights or claims which may exist or arise as disclosed by a Record of Survey No. 7447.

8. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.

Redevelopment Agency: City of San Diego, North Bay Redevelopment Project Area

Recording Date: June 3, 1998

Recording No.: 1998-0330956 of Official Records

and Recording Date: September 17, 1998

and Recording No.: 1998-0592287 of Official Records

and Recording Date: June 21, 2007

and Recording No.: 2007-0418742 of Official Records

9. Water rights, claims or title to water, whether or not disclosed by the public records.

10. Any rights, interests, or claims which may exist or arise by reason of the following matters disclosed by survey, Job No.: 16943

Dated: November 7, 2017, last revised on January 2, 2018

Prepared by: JRN Civil Engineers

Matters shown:

(a) Wood fence lies 0.1' Northwesterly and 1.7' and 1.8' Easterly of property line

(b) Wrought iron fence lies 0.3', 0.4', 0.5', 0.6', 5.9' and 6.4' Northeasterly of property line

(c) Sign board lies 4.4' Northeasterly of property line

[Exhibit "B" to Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing --3515 Hancock Street, LLC]

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