

RECORDED AT THE REQUEST OF
CHICAGO TITLE COMPANY

DOC # 2003-0690581

JUN 11, 2003 3:15 PM

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO)
CITY OF POWAY)
13325 Civic Center Drive)
Poway, California 92064)
Attention: City Clerk)

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
GREGORY J. SMITH, COUNTY RECORDER
FEES: 0.00
WAY: 4



33050 426-52

(Space above Provided For Recorder)

(Exempt from Recording Fees Per Govt Code
Section 6103)

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

THIS DEED OF TRUST WITH ABSOLUTE ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made this 10th day of June, 2003, among the Trustor, POWAY MANUFACTURED HOME COMMUNITIES, LLC, a limited liability company, the sole member of which is a California nonprofit public benefit corporation (herein "Borrower"), U.S. BANK NATIONAL ASSOCIATION (herein "Trustee"), and the Beneficiary, the CITY OF POWAY, a California municipal corporation, whose address is 13325 Civic Center Drive, Poway, California 92064 (herein "City").

BORROWER, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the property located in the County of San Diego, State of California described in Attachment No. 1 hereto and incorporated herein by this reference.

TOGETHER with all development rights or credits, air rights, water, water rights and water stock related to the real property, and all minerals, oil and gas, and other hydrocarbon substances in, on or under the real property, and all appurtenances, easements, rights and rights of way appurtenant or related thereto; all buildings, other improvements and fixtures now or hereafter located on the real property, including, but not limited to, all apparatus, equipment, and appliances used in the operation or occupancy of the real property, it being intended by the parties that all such items shall be conclusively considered to be a part of the real property, whether or not attached or affixed to the real property (the "Improvements"); all interest or estate which Borrower may hereafter acquire in the property described above, and all additions and accretions thereto, and the proceeds of any of the foregoing; (all of the foregoing, including the property described in Attachment No. 1 being collectively referred to as the "Property"). The listing of specific rights or property shall not be interpreted as a limit of general terms.

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TO SECURE to City the repayment of the indebtedness evidenced by Borrower's note dated June 10, 2003, and extensions and renewals thereof (herein "Note"), in the principal sum of U.S. \$Ten Million Six Hundred Fifteen Thousand with interest thereon, and such additional amounts as may become owing to City pursuant to that certain Loan Agreement entered into by and between the City and the Borrower dated as of June 1, 2003 (the "Loan Agreement"), which is on file with the City as a public record and is incorporated herein by this reference; the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained (collectively the "Secured Obligations").

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is unencumbered except for encumbrances of record. Borrower covenants that Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS. Borrower and City covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest indebtedness evidenced by the Note as provided in the Note.

2. Application of Payments. Unless applicable law provides otherwise, all payments received by City under the Note and paragraph 1 hereof shall be applied by City first in payment of interest on the Note, and then to the principal of the Note.

3. Prior Mortgages and Deeds of Trust; Charges; Liens. Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any.

4. Hazard Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss as required by Article VI of the Loan Agreement.

The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by City; provided, that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to City and shall include a standard mortgage clause in favor of and in a form acceptable to City. City shall have the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and City. City may make proof of loss if not made promptly by Borrower.

If the Property is abandoned by Borrower, or if Borrower fails to respond to City within 30 day as from the date notice is mailed by City to Borrower that the insurance carrier offers to settle a claim for insurance benefits, City is authorized to collect and apply the insurance proceeds at City's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.