

EXHIBIT C
(Form Deed of Trust)

When recorded return to:

DEED OF TRUST AND ASSIGNMENT OF RENTS

DATE: _____, 2021

TRUSTOR: Mr. and Mrs. Joseph L. Garcia
920 E. 2nd St.
Douglas, AZ 85607

BENEFICIARY: City of Douglas, an Arizona municipal corporation
Attn: Luis Pedroza
425 E. 10th Street
Douglas, AZ 85607

TRUSTEE: Ana Urquijo, City Manager
City of Douglas
425 E. 10th Street
Douglas, AZ 85607

PROPERTY in Cochise County, State of Arizona, described as:

See attached Exhibit "A" made a part hereof

Together with all buildings, improvements, and fixtures thereon.

This Deed of Trust, made on the above date between the Trustor, Trustee, and Beneficiary above named.

WITNESSETH: That Trustor irrevocably grants and conveys to Trustee in Trust, with Power of Sale, the above-described real property, together with leases, rents, issues, profits, or income thereof, (all of which are hereinafter called "property income"); **SUBJECT, HOWEVER**, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect and apply such property income; **AND SUBJECT TO** existing taxes, assessments, liens, encumbrances, covenants, conditions, restrictions, right of way, and easements of record.

FOR THE PURPOSE OF SECURING:

(1) Any and all indebtedness and liabilities of Trustor to Beneficiary, and any and all advances of Beneficiary to Trustor, the payment and performance of which is hereby guaranteed to Beneficiary by Trustor, of whatever nature, now existing or hereafter arising, due or to become due, absolute or contingent, secured or unsecured, and whether several, joint or joint and several, and any and all extensions, revisions or renewals thereof in whole or in part, including but not limited to payment of the specific indebtedness(es) described in the Promissory Note executed by Trustor concurrently herewith and incorporated herein by reference, in the principal amount of **FIFTEEN THOUSAND AND 00/100 DOLLARS (\$15,00.00)** together with accruing attorneys' fees and costs;

(2) Performance of each covenant, promise and agreement of Trustor contained herein or incorporated herein by reference, and

(3) Payment of all sums required to be made by Trustor pursuant to the terms hereof.

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

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said property in violation of law; and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. To provide, maintain, and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses of Beneficiary and Trustee, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear or be named, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

4. To pay before delinquent, all taxes and assessments affecting said property; when due, all encumbrances, charges, and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust, including, without limiting the generality of the foregoing, the fees of Trustee for issuance of any Deed of Partial Release and Partial Reconveyance or Deed of Release and Full Reconveyance, and all lawful charges, costs, and expenses in the event of reinstatement of, following default in, this Deed of Trust or the obligations secured hereby.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel, and pay his reasonable fees.

5. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, together with interest from date of expenditure at the rate of 12% per annum or at the highest legal rate, whichever be the greater rate. Any amounts so paid by Beneficiary or Trustee shall become a part of the debt secured by this Deed of Trust and a lien on said premises or immediately due and payable at option of Beneficiary or Trustee.

IT IS MUTUALLY AGREED:

6. That any award of damages in connection with any condemnation or any such taking, or for injury to the property by reason of public use, or for damages for private trespass or injury thereto, is assigned and shall be paid to Beneficiary as further security for all obligations secured hereby (reserving unto the Trustor, however, the right to sue therefor and the ownership thereof subject to this Deed of Trust), and upon receipt of such moneys Beneficiary may hold the same as such further security, or apply or release the same in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

7. That time is of the essence of this Deed of Trust, and that by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay. No delays or omissions by Beneficiary in exercising any rights or remedy will impair that right or remedy, nor be an acquiescence in any default, nor affect any subsequent default of the same or of a difference nature. No waiver by Beneficiary of any default is or will be a waiver of any subsequent default.

8. That at any time or from time to time, and without notice, upon written request of Beneficiary and presentation of this Deed of Trust, and without liability therefore, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, and without affecting the security hereof for the full amount secured hereby on all property remaining subject hereto, and without the necessity that any sum representing the value or any portion thereof of the property affected by the Trustee's action be credited on the indebtedness, the Trustee may: (a) release and reconvey all or any part of said property; (b) consent to the making and recording, or either, of any map or plat of the property or any part thereof; (c) join in granting any easement thereon; (d) join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance, or charge hereof.

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

10. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power, and authority, during the continuance of this Trust, to collect the property income, reserving to Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such property income, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application thereof as aforesaid, shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

11. That upon default by Trustor in the payment of any indebtedness secured hereby or in performance of any agreement hereunder, which is not cured within sixty (60) days after the giving of written notice of the same, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice thereof, setting forth the nature thereof, and the election to cause to be sold said property under this Deed of Trust, or said property returned to the Beneficiary. Beneficiary also shall deposit with Trustee this Deed of Trust and all documents evidencing expenditures secured hereby.

In the event Beneficiary elects to cause the Property to be sold under this Deed of Trust, Trustee shall record and give notice of Trustee's sale in the manner required by law, and after the lapse of such time as may then be required by law, Trustee shall sell, in the manner required by law, said property at public auction at the time and place fixed by it in said notice of Trustee's sale to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone or continue the sale by giving notice of postponement or continuance by public declaration at the time and place last appointed for the sale. Trustee shall deliver to such purchaser its Deed conveying the property so sold, but without any covenant or warranty, expressed or implied. Any persons, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale and reasonable attorney's fees, Trustee shall apply the proceeds of sale to payment of: All sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and the remainder, if any, to the person or

persons legally entitled thereto, or as provided in A.R.S. §33-812. To the extent permitted by law, an action may be maintained by Beneficiary to recover a deficiency judgment for any balance due hereunder.

12. That Beneficiary may appoint a successor Trustee in the manner prescribed by law. A successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all the predecessor's title, estate, rights, powers, and duties. Trustee may resign by mailing or delivering notice thereof to Beneficiary and Trustor.

13. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term Beneficiary shall mean the owner and holder of the indebtedness secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and neuter, and the singular number includes the plural. If the Trustor consists of more than one person or entity, each will be jointly and severally liable to perform the obligations of the Trustor.

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

15. If there shall be filed by or against Trustor a petition (whether voluntary or involuntary) under any chapter of the United States Bankruptcy Code (the "Code") on or after the date of this Agreement, it is the intention of Trustor and Beneficiary that all of the terms and conditions of this Deed of Trust with respect to Trustor shall be incorporated into a plan of reorganization under Section 1129 of the Code (a "Plan"). Trustor agrees that under any potential Plan which may be filed in the future (i) this Deed of Trust shall represent a necessary element of such Plan, (ii) Trustor will not seek to alter or amend any of the terms and conditions of this Deed of Trust, (iii) such terms and conditions are necessary for Beneficiary's adequate protection, and (iv) such terms and conditions will remain binding upon Trustor in any such Plan.

Alternatively, in the event Trustor fails to obtain confirmation of a plan of reorganization incorporating the terms of this Deed of Trust within 120 days after a petition is filed, Beneficiary shall be entitled to the automatic and absolute lifting of any automatic stay as to the enforcement of this Deed of Trust and other security documents created herein, including specifically, but not limited to, the stay imposed by Section 362 of the Code. After the expiration of that 120-day time period, Trustor hereby consents to the lifting of any such automatic stay and will not contest any motion by Beneficiary to lift such stay. Trustor acknowledges that Beneficiary's interest in the Property can be adequately protected only if a plan of reorganization incorporating the terms of this Deed of Trust is confirmed within 120 days after the petition is filed. Beneficiary reserves its right to seek all remedies available to creditors under the Code, including, but not limited to, the right to move for relief from the automatic stay at any time.

16. Trustor shall provide Trustee with written notice within twenty (20) days after the service on Trustor of any summons or other process or notice issued in any action, suit, proceeding, or matter affecting, or in which any judgment, decree, order, lien or determination may affect or result in any lien or charge on the Property.

17. Trustor agrees it will not sell, convey, assign, lease, encumber, hypothecate, or otherwise dispose of the Property herein unless Beneficiary is paid in full as provided above, or written consent to any such transaction is obtained from the Beneficiary. Notwithstanding anything else contained herein or in the Promissory Note, Maker is permitted to obtain construction financing for the purpose of remodeling the Property in accordance with the terms of that certain Purchase and Sale Agreement and Escrow Agreement, entered into by and between Beneficiary, as seller, and Maker, as purchaser and dated as of _____, 2021, and to encumber the Property as security for such financing. Beneficiary and Maker hereby acknowledge and agree that any such financing obtained by Maker shall not impact the Beneficiary's position of holding a first priority perfected security interest in the Property.

18. This Agreement shall be construed in accordance with the laws of the State of Arizona, and the Cochise County Superior Court shall be the proper venue for any litigation arising out of the obligations hereunder.

19. The undersigned Trustor requests that a copy of any notice of Trustee's sale hereunder be mailed to Trustor at Trustor's address hereinbefore set forth.

20. Without limiting any of the foregoing rights, the Trustor hereby agrees to immediately sign a Deed in Lieu of Foreclosure, or any other applicable document that transfers the real property back to the Beneficiary, if any payment due and owing is not made sixty (60) days after its due date. If Trustor transfers the real property back to the Beneficiary, the Beneficiary shall be allowed to keep any amounts paid to the Beneficiary for the real property.

TRUSTOR:

Joseph L. Garcia

Maria De La Luz Garcia

STATE OF ARIZONA)
) ss.
County of Cochise)

This instrument was acknowledged before me this _____ day of _____, 2021, by Joseph L. Garcia.

Notary Public

Notary Seal and Expiration Date:

STATE OF ARIZONA)
) ss.
County of Cochise)

This instrument was acknowledged before me this _____ day of _____,
2021, by Maria De La Luz Garcia.

Notary Public

Notary Seal and Expiration Date: