

## FIRST AMERICAN TITLE

AFTER RECORDING RETURN TO:

Douglas Housing Corporation I  
425 E. 10th Street  
Douglas, Arizona 85607  
Attention: President

NCS 705004

Recorder's Use

6 of 7

### SUBORDINATE DEED OF TRUST AND FIXTURE FILING

THIS DOCUMENT SERVES AS A FIXTURE FILING UNDER  
THE UNIFORM COMMERCIAL CODE OF ARIZONA

TRUSTOR'S ORGANIZATIONAL IDENTIFICATION  
NUMBER IS: 0240317-6

THIS SUBORDINATE DEED OF TRUST AND FIXTURE FILING (hereinafter, this "Deed of Trust") is made as of this 27 day of April, 2015, by and among **COCHISE PACIFIC ASSOCIATES II**, An Arizona Limited Partnership, whose mailing address is 425 E. 10th Street, Douglas, Arizona 85607 (hereinafter, "Trustor"), the Trustee, **FIRST AMERICAN TITLE INSURANCE COMPANY**, a California corporation, whose address is P.O. Box 2922 Phoenix, AZ 85062 (hereinafter, "Trustee"), and the Beneficiary, **DOUGLAS HOUSING CORPORATION I**, an Arizona nonprofit corporation, whose address is 425 E. 10th Street, Douglas, Arizona 85607 (hereinafter, "Beneficiary").

TRUSTOR, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, all of Trustor's present and future estate, right, title and interest in and to the following property, rights, privileges and interests, to-wit (the "Property"):

See attached Exhibit "A"

TOGETHER WITH all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances there unto belonging, now or hereafter used or enjoyed with said Property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits;

TO SECURE TO BENEFICIARY the repayment of the indebtedness evidenced by Trustor's Subordinate Promissory Note dated of even date herewith (the "Note") and together with this Deed of Trust, the "Loan Documents") in the original principal amount of Five Hundred Thousand and 00/100 Dollars (\$500,000.00), in the manner and with interest as therein set forth respectively (the "Loan").

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

1. To keep the Property in good condition and repair; to permit no waste thereof and to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property.
2. To pay before delinquent all lawful taxes and assessments upon the Property.
3. To keep all buildings now or hereafter erected on the Property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust.
4. To 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, including cost of title search and attorney's fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.
5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligation secured hereby and Trustee's and attorney's fees actually incurred, as provided by statute.
6. Should Trustor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

**IT IS MUTUALLY AGREED THAT:**

1. In the event any portion of the Property is damaged by casualty or taken in an eminent domain proceeding, subject to the rights of senior lienholders, insurance and condemnation proceeds shall be used to rebuild or restore the improvements to the Property provided that (i) if such proceeds are not reasonably sufficient to so rebuild or repair, sufficient additional funds are provided from other sources to rebuild or restore the improvements to the Property and (ii) Beneficiary shall have the right to reasonably approve plans and specifications for any major rebuilding and the right to reasonably approve disbursement of such proceeds under a construction escrow or similar arrangement.
2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.
3. The Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto on written request of the Trustor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.
4. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement contained herein, all sums secured hereby shall immediately become due and payable in accordance with the Loan Documents (at the option of the Beneficiary). In such event and upon written request of Beneficiary, Trustee shall sell the trust Property at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligation secured by this Deed of Trust; (3) the surplus, if any, shall be distributed to the persons entitled thereto. Notwithstanding the foregoing or any other provision in this Deed of Trust or the Loan

Documents, during the period ending upon the later of (i) the expiration of the "Compliance Period" and (ii) the date on which the Limited Partner, or its affiliates, successors or assigns, is no longer a partner of Trustor, the Beneficiary shall not accelerate the amounts due under the Loan and/or otherwise exercise any remedies (including foreclosure) against the Trustor which would cause or require the transfer of title to the Project unless the Trustor's Limited Partner approves in writing of such remedial action. For purposes of the foregoing sentence, the term "Compliance Period" shall have the meaning as defined in and determined in accordance with Section 42(i) of the Internal Revenue Code of 1986, as amended from time to time.

5. Subject to the terms of paragraphs 4 and 13 hereof, upon default by Trustor and at the written request of Beneficiary, Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Trustor had or had the power to convey at the time of his execution of this Deed of Trust, and such as he may have acquired thereafter, Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchaser and encumbrances for value.

6. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The 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, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

7. This Deed of Trust applies to inure to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the note secured hereby, whether or not named as Beneficiary herein.

8. This Deed of Trust shall be governed by and construed in accordance with the laws and judicial decisions of the State of Arizona. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Deed of Trust against any party shall be brought and maintained in any state court of Arizona situated in Cochise County and waive any objection based on forum non conveniens with regard to any actions, claims, disputes or proceedings relating to this Deed of Trust.

9. This Deed of Trust shall be in a third-priority monetary-lien position against the Property, subject and subordinated to all terms, conditions and provisions of (i) that certain construction deed of trust wherein the beneficiary is Wells Fargo Bank, which shall be in a first-priority monetary-lien position against the Property during construction, (ii) that certain deed of trust wherein the beneficiary is Bonneville Mortgage Company, which shall be in a first-priority monetary-lien position against the Property after repayment of the Wells Fargo construction loan and (iii) that certain deed of trust wherein the beneficiary is Arizona Department of Housing which shall be in a second-priority monetary-lien position against the Property (collectively, "Senior Rights"). This paragraph shall be self-operative and no further instrument of subordination shall be required by any underlying holder of Senior Rights. In addition, this Deed of Trust is and shall be subject to and subordinate to any future deed(s) of trust or mortgage(s) hereafter encumbering the Property provided, however, that any such future loan shall not have a maturity date beyond the Maturity Date of the Note without the written consent of the Beneficiary. In confirmation of any such subordination under this paragraph, Beneficiary shall execute promptly any instrument or instruments that such future senior lender(s) may request. Also, this Deed of Trust shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) recorded against the Property.

10. Payment and performance of the obligations set forth in this Deed of Trust shall be non-

recourse to Trustor and Trustor's general and limited partners, and the Beneficiary's sole recourse with respect to the Loan shall be the right to foreclose under the Deed of Trust and other collateral forming part of the Loan Documents.

11. This Deed of Trust constitutes and shall be deemed to be a "security agreement" for all purposes of the Uniform Commercial Code of Arizona, as in effect in the State of Arizona (Arizona Revised Statutes Sections 47-1101 through 47-10102), as amended from time to time. Beneficiary shall be entitled to all the rights and remedies of a "secured party" under such Uniform Commercial Code of Arizona. Upon recording in the real property records of Cochise County, Arizona, this Deed of Trust shall be effective as a financing statement filed as a fixture filing.

12. This Deed of Trust may be executed in one or more counterparts, which together shall constitute one and the same instrument. This Deed of Trust may not be modified, amended, revised or varied in any way whatsoever except by the express terms of a writing duly executed by Trustor and Beneficiary after receipt of written consent of the Limited Partner.

13. Beneficiary shall mail a copy of any notice of default and of any notice of sale hereunder to Trustor and Limited Partner at the address hereinbefore set forth for Trustor and at the address for the Limited Partner as set forth in the Partnership Agreement. Limited Partner shall have the right, but not the obligation, to cure any default of Trustor, and Beneficiary agrees to accept cures tendered by the Limited Partner, or its designee(s), upon the same terms and conditions provided to Trustor.

14. If not otherwise defined herein, all capitalized terms used herein shall have the meanings given to such terms in the Note.

[Remainder of this page intentionally left blank  
signature page to follow]

THE UNDERSIGNED has caused this Deed of Trust to be executed on the above-stated date.

**TRUSTOR:**

**COCHISE PACIFIC ASSOCIATES II,  
AN ARIZONA LIMITED PARTNERSHIP**

By: Douglas Housing Corporation I,  
an Arizona nonprofit corporation,  
its Managing General Partner

By:

  
Gary Clark  
Board President

By: TPC Holdings V, LLC,  
an Idaho limited liability company,  
its Administrative General Partner

By:

\_\_\_\_\_  
Caleb Roope  
Manager

THE UNDERSIGNED has caused this Deed of Trust to be executed on the above-stated date.

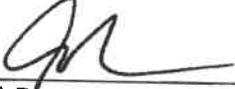
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Gary Clark  
Board President

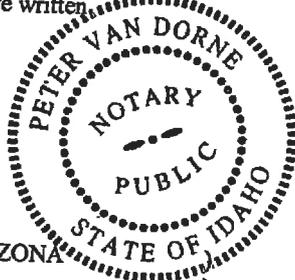
By: TPC Holdings V, LLC,  
an Idaho limited liability company,  
its Administrative General Partner

By:   
\_\_\_\_\_  
Caleb Roope  
Manager

STATE OF IDAHO )  
 ) : ss.  
COUNTY OF ADA )

On this 15<sup>th</sup> day of APRIL, 2015, before me, the undersigned, a Notary in and for said County, personally appeared Caleb Roope, known to me to be the Manager of TPC Holdings V, LLC, an Idaho limited liability company, which is the Administrative General Partner of Cochise Pacific Associates II, An Arizona Limited Partnership, and acknowledged to me that he executed the within instrument on behalf of said limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written



[Signature]  
NOTARY PUBLIC For Idaho  
Residing at BOISE, IDAHO, therein  
My Commission Expires: 2/26/2017

STATE OF ARIZONA )  
 ) : ss.  
COUNTY OF COCHISE )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2015, before me, the undersigned, a Notary in and for said County, personally appeared Gary Clark, known to me to be the Board President of Douglas Housing Corporation I, an Arizona nonprofit corporation, which is the Managing General Partner of Cochise Pacific Associates II, An Arizona Limited Partnership, and acknowledged to me that he executed the within instrument on behalf of said limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

\_\_\_\_\_  
NOTARY PUBLIC For Arizona  
Residing at \_\_\_\_\_, therein  
My Commission Expires: \_\_\_\_\_

STATE OF IDAHO )  
 ):  
COUNTY OF ADA ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 2015, before me, the undersigned, a Notary in and for said County, personally appeared Caleb Roope, known to me to be the Manager of TPC Holdings V, LLC, an Idaho limited liability company, which is the Administrative General Partner of Cochise Pacific Associates II, An Arizona Limited Partnership, and acknowledged to me that he executed the within instrument on behalf of said limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

\_\_\_\_\_  
NOTARY PUBLIC For Idaho  
Residing at \_\_\_\_\_, therein  
My Commission Expires: \_\_\_\_\_

STATE OF ARIZONA )  
 ):  
COUNTY OF COCHISE ) ss.

On this 16 day of April, 2015, before me, the undersigned, a Notary in and for said County, personally appeared Gary Clark, known to me to be the Board President of Douglas Housing Corporation I, an Arizona nonprofit corporation, which is the Managing General Partner of Cochise Pacific Associates II, An Arizona Limited Partnership, and acknowledged to me that he executed the within instrument on behalf of said limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

Lucinda Gonzalez  
NOTARY PUBLIC For Arizona  
Residing at \_\_\_\_\_, therein  
My Commission Expires \_\_\_\_\_

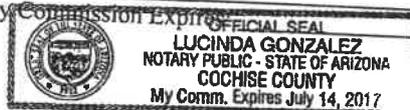


EXHIBIT "A"

-Legal Description of the Property-

Real property in the City of Douglas, County of Cochise, State of Arizona, described as follows:

THAT PART OF BLOCKS 2, 3, 4 AND 5, CLAWSON ADDITION, TOGETHER WITH THAT PORTION OF BONITA AVENUE, SECOND STREET AND THE EAST-WEST ALLEYS, AS ABANDONED BY ORDINANCE RECORDED IN DOCKET 1622, PAGE 160 AND AS CORRECTED IN DOCKET 1666, PAGE 357, ACCORDING TO THE BOOK 2 OF MAPS, PAGE 76, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID BLOCK 5; THENCE SOUTH 00° 01' 08" EAST, ALONG THE EAST LINE OF SAID BLOCK 5, AND BLOCK 2, A DISTANCE OF 512.30 FEET TO THE SOUTHEAST CORNER OF LOT 36, BLOCK 2;

THENCE WEST, ALONG THE SOUTH LINE OF LOTS 19 THROUGH 36, INCLUSIVE OF SAID BLOCK 2 AND THE WESTERLY EXTENSION THEREOF, A DISTANCE OF 520.47 FEET TO THE SOUTHEAST CORNER OF LOT 38, BLOCK 3;

THENCE CONTINUING WEST ALONG THE SOUTH LINE OF LOT 35 THROUGH 38 INCLUSIVE, OF SAID BLOCK 3, A DISTANCE OF 100.00 FEET TO THE SOUTHWEST CORNER OF LOT 35, BLOCK 3;

THENCE NORTH 00° 00' 15" EAST, A DISTANCE OF 354.19 FEET TO THE NORTHWEST CORNER OF LOT 4, BLOCK 4;

THENCE EAST, ALONG THE NORTH LINE OF LOTS 4, 3, 2 AND 1, BLOCK 4 100.00 FEET TO THE NORTHEAST CORNER OF LOT 1, BLOCK 4, AND A POINT ON THE EAST LINE OF SAID BLOCK 4;

THENCE NORTH 00° 00' 15" EAST, ALONG THE EAST LINE OF SAID BLOCK 4, A DISTANCE OF 158.11 FEET TO THE NORTHEAST CORNER OF SAID BLOCK 4;

THENCE EAST, ALONG THE EASTERLY EXTENSION OF THE NORTH LINE OF SAID BLOCK 4, A DISTANCE OF 70.00 FEET TO THE NORTHWEST CORNER OF SAID BLOCK 5;

THENCE EAST, ALONG THE NORTH LINE OF SAID BLOCK 5, A DISTANCE OF 450.26 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN DEED OF DEDICATION RECORDED IN DOCKET 1766, PAGE 361.