

LOAN AGREEMENT

THIS LOAN AGREEMENT ("**Agreement**") is made as of _____, 2018, by the following (the "**Parties**" or a "**Party**"): CITY OF APACHE JUNCTION, an Arizona municipal corporation ("**Lender**"); and APACHE JUNCTION VILLAS, LLC, an Arizona limited liability company ("**Borrower**").

I. Definitions and Recitals

1.1 Assignment of Leases and Rents. The Absolute Blanket Assignment of Leases and Rents, of even date herewith prepared by Lender and executed and acknowledged by Borrower, in substance identical to **Exhibit "C."**

1.2 Business Day. Each day, other than any Friday, Saturday, or Sunday, during which Lender's principal office in Apache Junction, Arizona, is generally open to the public.

1.3 CERCLA. The Comprehensive Environmental Response, Compensation, and Liability Act.

1.4 Closing Date. The Business Day, if any, on which the Title Company unconditionally commits to record the Deed of Trust in accordance with the Closing Letter.

1.5 Closing Letter. A closing instruction letter from Lender to the Title Company in substantially the form attached as **Exhibit "D"**.

1.6 Completion Date. The date of completion of the construction of the Project, which date shall be no later than May 1, 2019.

1.7 Construction Lender. U.S. Bank.

1.8 Construction Loan. The loan in the original principal amount of \$_____, made by U.S. Bank, to Borrower.

1.9 Construction Loan Documents. All documents or instruments evidencing or securing repayment of the Construction Loan to Construction Lender.

1.10 Promissory Note. The Promissory Note representing the Lender's commitment to loan the maximum principal amount of \$34,000, executed by Borrower in the form attached hereto as **Exhibit "A."**

1.11 Deed of Trust. The Deed of Trust, Assignment of Rents, and Security Agreement of even date herewith prepared by Lender and executed and acknowledged by Borrower, in substance identical to **Exhibit "B."**

1.12 Default Interest Rate. Ten percent (10%) per annum.

1.13 Deposit Account Control Agreement. The Deposit Account Control Agreement, of even date herewith, executed by Lender, Borrower, and Deposit Bank (as defined in the Deposit Account Control Agreement).

1.14 Environmental Certification. The Environmental Certification and Agreement of even date herewith, prepared by Lender and executed by Borrower in substance identical to **Exhibit “E.”**

1.15 Environmental Laws. United States, State of Arizona, Pinal County and City of Apache Junction laws, ordinances and regulations treating with or bearing on the physical environmental condition of real property and its appurtenances, including, without limitation, CERCLA, RCRA, the Clean Water Act and similar regulatory schemes to control and address through remediation environmental issues.

1.16 Escrow. The escrow established by Title Company for purpose of Borrower’s acquisition of the Property and the funding of the Loan.

1.17 Event of Default. See Section 8.1 for this definition.

1.18 Fixed Interest Rate. Zero percent (0%) per annum, prior to any Event of Default.

1.19 Government Authority. The United States of America, the State of Arizona, Pinal County, Lender, and any political subdivision, agency, department, commission, district, board, bureau or instrumentality of any of the foregoing, which now or hereafter has jurisdiction over Borrower or any of the Property, including the construction or use of any Improvements.

1.20 Hazardous Substances. Those substances governed by Environmental Laws as to their quantity, concentration, storage and use on the Property whether they are incorporated in construction materials, in the work of construction or otherwise following construction activities. “**Permitted Substances**” are substances that, while inherently deemed hazardous or toxic above thresholds regulated by Government Authority, in the circumstances are allowed since they do not exceed those regulatory thresholds in view of their use or storage.

1.21 Improvements. All buildings, structures and other improvements that are now or hereafter located, placed or erected on any portion of the Property, whether real, personal or mixed.

1.22 Investor Member. Wincopin Circle LLLP, its successors and assigns.

1.23 Loan. The loan by Lender to Borrower of the original principal sum of Thirty-Four Thousand Dollars (\$34,000) as described in this Agreement.

1.24 Loan Documents. This Agreement, the Environmental Certification, the Note, and the Security Documents, all as may hereafter be modified.

1.25 Maturity Date. The date that is twenty (20) years from the date first set forth above in which the Loan and all interest and fees accrued thereon shall be due and payable in full by Borrower to Lender.

1.26 Note. The Promissory Note, and any extensions, modifications or renewals thereof, executed by Borrower from time to time.

1.27 Obligations. The indebtedness and any other obligations of Borrower arising pursuant to the Loan Documents.

1.28 Permanent Lender. Rocky Mountain Community Reinvestment Corporation, a Utah nonprofit corporation.

1.29 Permanent Loan. The loan in the original principal amount of One Million Eight Hundred Thirty-Five Thousand Four Hundred Ninety-Six Dollars (\$1,835,496) from the Permanent Lender to the Borrower.

1.30 Permanent Loan Documents. All documents or instruments evidencing or securing repayment of the Permanent Loan.

1.31 Pledge and Security Agreement. The Pledge and Security Agreement, of even date herewith, executed by Borrower.

1.32 Project. The acquisition, construction and operation of an 52- unit low income housing project, on the Property, including buildings, related on-site and off-site improvements for housing to older persons and families with incomes at or below 60% of the area median income for the Phoenix metropolitan area.

1.33 RCRA. The Resource Conservation and Recovery Act.

1.34 Property. That certain real property in Pinal County, Arizona commonly located at 235 West Tepee Street, Apache Junction, Arizona, 85120, and legally described on **Exhibit “F”** attached hereto.

1.35 Security Documents. Deed of Trust, Assignment of Rents and Leases, Pledge and Security Agreement, Deposit Account Control Agreement, and UCC-1s, as any of same may be modified or continued.

1.36 Term. The Loan term commencing from the date hereof and continuing until the Maturity Date.

1.37 Title Company. Lawyers Title Insurance Agency, Phoenix, Arizona. Title Company will also be providing escrow services for the Project Closing and all references to “Title Company” shall be deemed to refer to Title Company whether in its title or escrow capacity.

1.38 UCC. The Uniform Commercial Code.

II. Basic Terms

2.1 Agreement. Lender agrees to make the Loan for the benefit of Borrower and for the purpose of supplementing the acquisition and/or construction costs of the Project, and Borrower agrees to borrow the Loan proceeds for use in the acquisition and/or construction of the Project, in the manner and on the terms and conditions set forth in this Agreement and the Loan Documents.

2.2 Advance. The proceeds of the Loan in the amount of \$34,000 will be advanced to Borrower in a single lump sum payment on the Closing Date to the Title Company by the wire transfer described in and as provided by the Closing Letter.

2.3 Payment. The Loan will be evidenced by the Note and this Agreement, secured by the Security Documents, and paid as follows: On or before the Maturity Date, Borrower shall pay in full all principal under the Loan. In the event of an Event of Default, interest on all sums advanced shall bear interest at the Default Interest Rate until the Loan and said interest is paid in full.

III. Collateral

3.1 Security Documents. To secure the payment and performance of the Obligations, Borrower will execute and acknowledge, or cause to be executed and acknowledged, the Security Documents and deliver all of them to Title Company for forwarding to Lender. This Agreement is expressly conditioned upon Borrower executing and delivering to Lender the Pledge and Security Agreement and the Deposit Account Control Agreement.

3.2 Title Insurance. Borrower will provide Lender with: (a) a preliminary title commitment for the Property (the “**Title Commitment**”) prepared by the Title Company insuring that Borrower has title to the Property; and (b) an American Land Title Association (“**ALTA**”) extended coverage mortgagee’s title insurance policy insuring the Lender’s lien on the Property in the amount of the proceeds of the Loan, subject only to those exceptions approved by the Lender in writing, and such endorsements thereto as requested by Lender (the “**Lender Title Policy**”), which Lender Title Policy shall be given to Lender at the Closing.

3.3 Legal Description. Borrower and Lender acknowledge and agree that a recorded plat for the Property has been prepared (the “**Plat**”) which amends the Property’s current metes and bounds legal description but which will not be recorded until after the Closing. Borrower agrees to provide Lender with a California Land Title Association (“**CLTA**”) Form 116.3 (Legal Description – New Subdivision) Endorsement to its Policy after the Plat has been recorded, which will insure Lender, under its Lender’s Title Policy, against the failure of the Property described in Schedule A to the Policy to constitute the Property as described in Lot 1 of the Plat.

3.4 Other Documents. Borrower shall obtain and execute and deliver to Lender (or, where appropriate, cause to be executed and delivered to Lender and/or to be filed, recorded and/or accepted by third parties) such additional amendments or modifications to the Security Documents or continuation statements required to be filed pursuant to the UCC – Secured Transactions article then in effect under the Arizona Revised Statutes, as amended from time to time, as Lender may in good faith determine from time to time are reasonably required to modify

or extend the Loan Documents or the liens on the Property and fixtures thereat. The Borrower will provide Lender with such other items and documents relevant to the Loan as the Lender may require.

3.5 Release. As long as no uncured Event of Default exists, Lender will provide a full release and reconveyance of the Security Documents (on Title Company's standard form of same), upon full payment and satisfaction of the Obligations of Borrower under the Loan Documents.

3.6 Lien Priority. The Lender's Security Documents shall be subject and subordinate to (i) the Construction Loan Documents, and, after that construction loan has been repaid in full, (ii) the Permanent Loan Documents. Lender shall execute such reasonable documents as may be necessary to effectuate subordination to the Construction and Permanent Loan Documents.

IV. Closing

The obligation of Lender to advance the proceeds of the Loan is subject to the following conditions precedent:

(a) Lender shall have received evidence of all insurance required by Section 7.10 hereof.

(b) A copy of the Closing Instruction Letter duly accepted by an authorized representative of Title Company.

(c) All representations and warranties by Borrower in Part VI hereof shall remain true and correct.

(d) The Borrower has delivered to the Lender fully executed originals of all non-recordable Loan Documents and fully executed and acknowledged originals of all recordable Security Documents to the Title Company with electronic copies of the same to Lender.

(e) Lender has reviewed and approved the Title Commitment.

(f) Lender shall have received copies of the Pledge and Security Agreement and the Deposit Account Control Agreement, fully executed by Borrower, Lender, and Deposit Bank (as defined in the Deposit Account Control Agreement), as applicable.

V. General Procedures

Borrower shall use the proceeds of the Loan solely for the permitted purposes described in this Agreement. All proceeds pursuant to this Agreement and all indebtedness of Borrower to Lender, whether arising from the proceeds of the Loan pursuant to this Agreement, costs incurred by Lender for purposes of preserving or protecting any portion of the Property pursuant to any Security Documents, costs incurred by Lender in collecting any of the Obligations or in enforcing any of its rights under any Loan Documents or any other amounts Borrower is obligated to pay to

Lender pursuant to the Loan Documents, shall be added to the outstanding balance of the Loan secured by the Security Documents.

VI. Representations and Warranties

Borrower represents and warrants to Lender as follows:

6.1 Status. Borrower is a limited liability company, duly organized and validly existing under the laws of the State of Arizona.

6.2 Authority. Borrower has full power and authority to own, operate and encumber the Property. Borrower is fully authorized to enter into the Loan Documents, to borrow on the terms set forth in this Agreement and to perform the terms of the Loan Documents, none of which require the consent or approval of any third person or will conflict with or violate any legal requirement (to the best knowledge of Borrower) or any of Borrower's organizational documents. The Loan Documents constitute valid and binding legal obligations of Borrower, enforceable in accordance with their respective terms. The execution, delivery and performance of the Loan Documents will not result in any breach of, or constitute a default under, any agreement or instrument to which Borrower is a party.

6.3 Actions. No action, suit or legal or administrative proceeding is pending before any court, arbitrator or Government Authority, or is threatened to Borrower's knowledge, nor, to the best knowledge of Borrower, does any basis exist therefore, against Borrower that might adversely affect the repayment of the Loan, Borrower's performance under the Loan Documents, Borrower's financial condition, or the value of any Property. Borrower is not in default under or violation of any order, writ, injunction, decree, judgment, award, direction or demand of any court, arbitrator or Government Authority.

6.4 Financial Condition. All financial and other statements and reports previously or hereafter given to Lender by or on behalf of Borrower are and will be accurate and complete in all material respects, and fairly present the financial condition and results of operations of Borrower, as of the dates thereof. No material adverse change has occurred in the financial condition of Borrower since the date of the latest financial statements given to Lender.

6.5 Taxes. If not exempt, Borrower has filed and will file all required federal, state and local tax returns and has paid or will pay all of its taxes, assessments and all other obligations under federal, state or local law before they became delinquent.

6.6 Licenses; Utilities. Borrower has obtained and maintained in effect all licenses, permits, consents and authorizations necessary or appropriate for the operation, leasing and use of the Property. All water, sewer, electricity, gas, refuse collection and telephone service, and fire protection, necessary for the use and operation of the Property are available.

6.7 Purpose. The proceeds of the Loan will be used solely for the development of a 52-unit apartment project for low income families.

6.8 Other Agreements. No agreement exists between Borrower and any third person relating to the management of the Property, other than any agreement previously provided to Lender.

6.9 Environmental Condition of the Property. The Borrower (at its sole cost and expense) will provide the Lender with a satisfactory Phase I Environmental Assessment and other United States Department of Housing and Urban Development (“**HUD**”) required environmental reviews (collectively, the “**Environmental Assessment**”) prepared by a firm acceptable to Lender. If the Environmental Assessment reflects the existence of environmental hazards at the Property, Borrower will provide Lender with a plan for removing any hazards prior to the completion of the Project. Any such plan will be approved by the Lender in its reasonable discretion prior to execution of the plan. Except as disclosed in the Environmental Assessment, (a) no portion of the Property is now or has ever been the site of the any Hazardous Substances, except Permitted Substances; and (b) there are no above-ground or underground storage tanks on or at the Property. During the period of time that Borrower’s has owned the Property, to the best of Borrower’s knowledge, there has been no release of Hazardous Substances at, on, under, or from the Property. To the best of Borrower’s knowledge, there is no basis for the imposition of any lien against the Property based on any action of a Government Authority under any Environmental Laws, and no such lien has been imposed. Neither Borrower nor, to the best of its knowledge and based on the Environmental Assessment, any other Person is or has been involved in activities or operations on or in connection with the Property that could: (i) cause the Property to be subject to any restrictions on the ownership, occupancy, transferability or use of the Property under applicable Environmental Laws; (ii) lead to the imposition of liability under Environmental Laws against Borrower, Lender, or any other present or former occupant, operator or owner of the Property; or (iii) result in the creation of a lien under Environmental Laws against the Property.

6.10 Survival. All representations and warranties herein will survive until the Obligations have been satisfied in full.

VII. Covenants

Until the Obligations have been satisfied in full, and with respect to the covenants in Section 7.4 below, which shall survive payment in full of the Note and release of the Deed of Trust:

7.1 Information. Borrower shall: (a) furnish to Lender, with reasonable promptness, such data and information, financial or otherwise, concerning Borrower and the Property, as Lender may from time to time reasonably request; (b) promptly notify Lender of any condition or event that constitutes an Event of Default, and of any material adverse change in the financial condition of Borrower; (c) permit any authorized representative of Lender to inspect and copy the books of account of Borrower or any other person or entity with knowledge of Borrower’s affairs, finances and accounts; (d) promptly notify Lender of any litigation or claims that could materially and adversely affect the repayment of the Loan, the performance by Borrower under any Loan Documents, the financial condition or operations of Borrower or the value of the Property; and (e) promptly notify Lender of any complaint or charge filed by or with any Government Authority or any other person (i) that could materially and adversely affect any of the Property or performance under any Loan Documents, or (ii) exercising supervision or control of

Borrower, or its business or assets, that could impair the security of Lender or adversely affect any of Lender's rights under the Loan Documents.

7.2 Financial Information. Borrower shall keep and maintain full and accurate accounts and records of its operations and business affairs, in accordance with generally accepted accounting principles and similar to those maintained by other businesses of the type in which Borrower is engaged, and permit Lender by its duly authorized agents to inspect such accounts and records in Mesa, Arizona at any reasonable time. Borrower shall prepare or cause to be prepared and furnish or cause to be furnished to Lender, in form and with detail satisfactory to Lender:

(a) Within 90 calendar days after the end of each Fiscal Year, separate financial statements reflecting Borrower's financial condition at the end of such Fiscal Year and the results of its operations for such Fiscal Year ending at the end thereof and including a certified rent roll;

(b) Within 30 calendar days after the filing thereof, copies of all federal and state income tax returns, including all related schedules, and all requests for extensions of filing dates, filed by or for Borrower; and

(c) Such other information regarding the financial condition and operations of Borrower and/or the Property, as Lender may request from time to time.

7.3 Project Reports. Following completion, Borrower shall submit a written report within 60 calendar days of the closing of each fiscal year of Borrower until the terms of this Agreement are satisfied. This report shall include, but not be limited to, the financial statement for the Project and a certified rent roll showing household size, ethnicity and race, and the dates of execution of occupants' leases and the rents reserved for all leases.

7.4 Indemnification. Borrower shall indemnify, defend, and hold Lender and its past and current elected officials, appointees, employees and agents, and their respective successors and assigns (collectively, "**Indemnitees**"), harmless for, from, and against any and all claims asserted against any Indemnatee by any person arising out of or in connection with the construction, development, marketing, sale, ownership, management, rental, financing or use of the Property, including, but not limited to, claims asserted by reason of or in connection with: (i) any activity by Borrower, its agents, contractors or subcontractors, or any other person or entity carried on or undertaken on or off the Property in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Substances located or present on or under the Site; or (ii) the failure of Borrower or its agents, contractors or subcontractors to comply with any Environmental Laws relating to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Substances into, on, under or from the Property. If, in the good faith judgment of Lender, Borrower is incapable of or unwilling to defend the relevant Indemnatee(s) against such claims or fails to defend the relevant Indemnatee(s) against such claims in a manner Lender in good faith deems appropriate, Lender may hire its own counsel and appear in any action or proceeding to defend the relevant Indemnatee(s) against such claims, and Borrower shall reimburse Lender for all costs incurred by Lender in connection therewith. The relevant Indemnatee(s), at its (their) sole option, shall be entitled to settle or compromise, in good faith and with ten (10) Business Days' prior

notice to Borrower, any claim asserted against those Indemnitee(s), and such settlement shall be binding on Borrower for purposes of the foregoing indemnification; provided that Borrower may first settle or compromise any such claim, or decide not to settle or compromise any such claim, as long as all Indemnites are fully released from all liability thereon. Payment by Lender pursuant to such settlement or compromise, or payment by Lender of any judgment or claim successfully asserted against an Indemnitee or the Property, shall be added to the outstanding balance of the Obligation and bear interest at the Default Interest Rate until paid. The agreements in this Section 7.4 will survive repayment of the Obligation. This release, indemnity, and duty to defend shall not apply to grossly negligent acts or failures to act by, or the intentional conduct of, Lender, or its elected officials, appointees, employees and agents.

7.5 Costs. Borrower shall pay the title insurance premium for the Lender's Title Policy referenced in Section 3.2 above.

7.6 Management. The Project shall be managed by Adams Construction & Management Company, Inc., and Lender shall have the right to approve any changes to the property manager in its sole discretion.

7.7 Transfers. Without the prior consent of Lender, and except as permitted in the Deed of Trust, Borrower shall not: (a) assign, transfer or convey any of its right, title or interest in any of the Property; or (b) create or suffer to be created any mortgage, pledge, security interest, encumbrance or other lien on any of the Property beyond the Security Documents and any prior liens approved by Lender.

7.8 [Reserved by the Parties]

7.9 Organization.

(a) Lender will have no duty to inquire into the powers of Borrower or its representatives when acting or purporting to act on Borrower's behalf and or to determine or be concerned with any fiduciary or other duty of Borrower or any member thereof to any other person. Nothing in this Section 7.9(a) will affect any rights and obligations between Borrower and any person other than Lender.

(b) If, after the Closing Date, Borrower amends its organizational documents, Borrower shall provide copies of any such amendment(s) to Lender and thereafter Lender may impose such documentary, title insurance, opinion of counsel and/or recording and filing requirements as Lender may determine on a conservative basis are required or prudent to assure that Lender's rights will not be adversely affected.

7.10 Insurance. Borrower shall cause the Property to be insured at all times during the term of the Loan as follows:

(a) With comprehensive general liability insurance, including automobile insurance, with liability limits in amounts not less than \$1,000,000 per occurrence and \$3,000,000 aggregate limit of liability for bodily injury, including death, and property damage in any one occurrence. Said policies of insurance must include coverage for all operations performed on or about the Project, including coverage for collapse, explosion and underground liability

coverage, coverage for the use of all owned, non-owned, hired automobiles, vehicles and other equipment both on and off the Project site and contractual liability coverage which shall specifically insure the indemnification provisions of this Agreement. The above requirement shall include, but shall not be limited to, protection against damage or destruction of public and private property, including telephone conduit, telegraph conduit, power conduit, telephone signal cables, fiber optics cables, television cables, computer cables, fire alarm circuits, gas mains, water service connections, sanitary sewer, sewer, house or building connections, water mains, water service connections, steam lines, petroleum products pipelines, storm drains, storm inlet lines including all appurtenances thereto while located below the surface of the ground including injury or death to person or persons. All such insurance shall indicate that Lender, its elected officials, appointees, employees and agents, are additional insured parties.

(b) During any period of construction, Builder's Risk Insurance for the full replacement value of the Improvements.

(c) With property and casualty insurance in an amount that is the greater of: (i) the amounts specified from time to time by the senior lender having a lien with priority over the Deed of Trust; and (ii) the full replacement cost of the Improvements (with the exception of the foundations and footings), as determined by periodic appraisals of the Property and Improvements; and all such insurance shall indicate that Lender is an additional insured and a loss payee subject to the rights of any senior lender. Such insurance shall include coverage for loss of business income and personal property loss coverage for furnishings, fixtures and equipment within the common areas of the Property.

(d) If Owner fails to maintain the full insurance coverage required by this Agreement, Lender may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements. All amounts so advanced by the Lender shall become an additional obligation of Borrower under the Loan, which amounts, together with interest thereon at the Default Rate of interest described in the Note. Borrower agrees to pay the amount of any such advance by Lender promptly upon demand. Any such premium amounts advanced by the Lender shall be secured by the Deed of Trust.

7.11 Payment, Fees and Other Amounts Payable. Borrower shall promptly pay or cause to be paid, as the same become due, all governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any interest therein which, if not paid, will become a lien on the Property prior to or on a parity with the Lender Security Documents, including all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project. Provided, however, with respect to governmental charges that may lawfully be paid in installments over a period of years, Borrower shall be obligated to pay only such installments as are required to be paid during the term of this Agreement when due. Borrower may, in good faith, contest any such charges and in the event of any such contest may permit the charges so contested to remain unpaid during the period of such a contest and any appeal therefrom, so long as during such period, enforcement of any such contested item shall be effectively stayed. If Borrower shall fail to pay any of the foregoing items required herein to be paid by Borrower, Lender may (without obligation to) pay the same and any amounts so advanced therefor by Lender shall become an additional obligation of Borrower under

the Loan and such amounts, together with interest thereon at Arizona's statutory judgment interest rate from the date thereof, Owner agrees to pay on demand. Any such amounts so advanced by the Lender shall be secured by the Deed of Trust.

7.12 Payments Required. The obligations of Borrower to make the payments required in Section 7.11 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional without offset or counterclaim for claims against Lender or any other party.

7.13 Maintenance of Project. Borrower agrees that, during the term of this Agreement, it shall, at its own expense, keep the Project in as reasonably safe condition as its operations shall permit and keep the buildings and all other improvements forming a part of the Project in good repair and in good operating condition making, from time to time, all necessary repairs thereto and renewals and replacements thereof. Any tangible property purchased or installed with proceeds from the Loan or received in exchange for tangible property purchased or installed with proceeds from the Loan shall become a part of the Project. Borrower shall not permit any mechanic's lien, security interest, or other encumbrance to be established or to remain against the Project for labor or materials furnished in connection with the construction or installation of the Project or any additions, modifications, improvements, repairs, renewals or replacements; provided, however, if Borrower shall notify Lender of its intention to do so, Borrower may, in good faith, contest any mechanic's or other liens filed or established against the Project and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Borrower determines, or Lender notifies Borrower that, in Lender's opinion, non-payment of any such items jeopardizes the Loan's priority or that the Project or any part thereof shall be subject to loss or forfeiture. In the event of such Lender notice, Borrower shall promptly pay and cause to be satisfied and discharged all such unpaid items.

VIII. Default and Remedies

8.1 Events of Default. Occurrence of one or more of the following will constitute an "Event of Default" by Borrower:

(a) Any failure by Borrower to pay to Lender any amount due under any Loan Document as and when the same becomes due and payable.

(b) Any failure by Borrower, after the expiration of any applicable notice and cure period, to perform or observe in any material way any of the terms, provisions, conditions or covenants of any Loan Document, other than any failure described in Section 8.1(a).

(c) If any warranty, representation, financial or other statement or certificate by Borrower in or provided pursuant to any Loan Document, or made or furnished to Lender by or on behalf of Borrower, shall be or have been false, inaccurate or misleading and that has a material adverse effect on the payment and performance of the Borrower under the Loan Documents.

(d) If Borrower: (i) is dissolved, liquidated or terminated or otherwise ceases to exist; or (ii) has a receiver, trustee, custodian or conservator appointed with respect to any of its property.

(e) If a petition for relief under any chapter of the Bankruptcy Code, or any similar debtor relief law, is filed by or against Borrower and, if an involuntary petition, is not dismissed within 90 calendar days.

(f) If any mechanics' or materialmen's lien, stop notice, attachment, garnishment, replevin, execution or other statutory or judicial lien is filed, levied or claimed against all or any portion of or interest in the Property or the Loan or any proceeds thereof, and such claim or lien is not discharged, satisfied or bonded over to Lender's good faith satisfaction within ten (10) Business Days, and in any event not later than the fifth (5th) Business Day prior to any sale or seizure of any property within the Property.

8.2 Cure Period. If an Event of Default occurs under the Loan Documents, other than failure of payment of the Loan on the Maturity Date, upon written notice from Lender to Borrower and its Investor Member, reasonably specifying the Event of Default, Borrower shall have ten (10) Business Days in which to cure the Event of Default. The ten (10) Business Day period described in the foregoing sentence shall be extended for an additional ten (10) Business Days for a total of twenty (20) Business Days if: (i) the Event of Default is reasonably capable of being cured, but not within ten (10) Business Days and not by the payment of money; and (ii) Borrower promptly commences, expeditiously takes and diligently pursues all reasonable steps to cure such Event of Default. Notwithstanding the foregoing, if, in Lender's good faith judgment, the delay resulting from any cure period could result in the imposition of any lien, claim or encumbrance on any part of the Property that would have priority over any Security Document, or would otherwise impair the priority, diminish the value or cause the loss or impairment of any of Lender's security, then Lender may immediately make protective advances and enforce any remedies described in the Loan Documents, excluding commencement of foreclosure as to portions of the Property, with or without notice or awaiting the expiration of any cure period. The giving of any such notice will not preclude Lender from other or additional notices of any other Event of Default, whether or not any such other Event of Default is or was in existence at the time of such notice. The filing of a voluntary petition for relief under the Bankruptcy Code by Borrower will constitute an Event of Default not capable of cure unless discharged within 60 calendar days thereof. Notwithstanding any provision of any Document to the contrary, no notice or cure period need be given of any Event of Default which exists by reason of the failure to pay the Loan on the Maturity Date. All cure periods in the Loan Documents will run concurrently with all applicable statutory cure periods. Any member of Borrower shall have the same right but not the obligation to cure defaults hereunder on the same terms as Borrower.

8.3 Remedies.

(a) If an Event of Default occurs and is not cured as provided in Section 8.2, Lender will have the right, at its sole option, to declare the whole Obligation then outstanding immediately due and payable, including all accrued and unpaid interest, and costs, charges and expenses described in the Loan Documents, and the total sum shall thereafter bear interest at the Default Interest Rate until paid. The same shall be collectible by one or more suits at law and/or trustee's sale proceedings under, or judicial foreclosure of, the Deed of Trust in the same manner as if the entire Obligation then owing had been made payable at the time of Lender's election to declare the Obligation then due and payable, and with all of the rights and remedies provided by the Loan Documents, and with any other relief to which Lender may be legally or equitably entitled

under applicable law. Any sums advanced or costs or expenses incurred by Lender under the Loan Documents will be immediately payable by Borrower on Lender's demand, bear interest at the Default Interest Rate and be secured by the Security Documents. The foregoing sentence shall be equally applicable to costs and expenses incurred by Lender in any proceeding under the Bankruptcy Code.

(b) If any Event of Default or event which, with the giving of notice or the passage of time or both, would constitute an Event of Default exists which has not been cured, Lender may, at its option, take any action which Lender determines in good faith is necessary to preserve and protect the Property. If an involuntary petition is filed against Borrower under the Bankruptcy Code, Lender may at its option withhold any advances under this Agreement until such petition is dismissed or the court enters an order confirming that Lender's liens on any then-owned or after-acquired property will remain in full force and effect with respect to any indebtedness then or thereafter evidenced or secured by any Loan Document.

(c) If any Event of Default occurs and is either not cured as provided in Section 8.2 or is not reasonably capable of cure, Lender may, at its sole option, enter into possession of the Property and perform any work necessary to safeguard any portion thereof, and employ watchmen to protect the Property from damage. All sums so expended by Lender shall constitute advances for the account of Borrower and be added to the Loan secured by the Security Documents, and interest shall accrue thereon at the Default Interest Rate until paid.

(d) Borrower irrevocably authorizes Lender, in the name of Borrower, upon the occurrence of an Event of Default and the failure to cure: (i) to use any funds of Borrower in the possession of Lender for the purpose of doing any of the acts in (c) above; (ii) to employ such contractors, subcontractors, agents, architects, engineers and inspectors as shall be required for such purposes; (iii) to pay, settle, or compromise existing bills and claims which may be or become liens against any of the Property, or as may be necessary or desirable for the completion of the work or for the clearance of title; (iv) to execute all applications and certificates in the name of Borrower that may reasonably be required to accomplish the foregoing; and (v) to perform every related act that Borrower might perform on Borrower's own behalf. The foregoing authorization is coupled with an interest and given as security to prosecute and defend all actions or proceedings in connection with any part of the Property. Lender shall not be obligated to perform any obligation, duty or liability of Borrower under any other agreement affecting the Property.

(e) If Lender so requires, Borrower shall deposit in an escrow account with Lender all security deposits received by or on behalf of Borrower or any property manager from any Property tenants.

8.4 Borrower's Exculpation.

(a) Subject to the provisions of this Section 8.4 and notwithstanding any other provision in the Loan Documents, the personal liability of the Borrower and of any members or officers of the Borrower to pay the principal of and interest on the debt evidenced by the Note and any other agreement evidencing the Borrower's obligations under the Note or the other Loan Documents shall be limited to: (i) the real and personal property of the Project and the Security Documents described in this Agreement; and (ii) the rents, profits, issues, products and income of

the Project as they become due and payable, including any received or collected by or on behalf of the Borrower after an Event of Default (as defined in Section 8.1 hereof) and not applied to the payment of principal and interest due under the Note or payment of utilities, taxes and assessments, insurance premiums and ground rents, if any, on the Project and other reasonable and customary operating expenses of the Project (but not including any fees or other payments of any kind or nature made to the Borrower or any affiliate or related entity of the Borrower), except not including any amounts to the extent that Borrower did not have the legal right, because of a bankruptcy, receivership or similar judicial proceeding, to direct the disbursement of such sums.

(b) Except as provided in this Section 8.4, Lender shall not seek: (i) any judgment for a deficiency against the Borrower, any member, or any officer of the Borrower, or the heirs, legal representatives, successors or assigns, of any of the foregoing, or any other person or entity, in any action to enforce any right or remedy under the Loan Documents; or (ii) any judgment on the Note, except as may be necessary in any action brought under the Loan Documents to enforce the lien against the Project, Project revenues or other collateral.

(c) The Borrower (except as provided in the immediately succeeding sentence), shall be personally liable in the amount of any loss, damage or cost to the Lender resulting from: (i) fraud or intentional misrepresentation by the Borrower in connection with obtaining the Loan evidenced by the Note; (ii) insurance proceeds, condemnation awards, or other sums or payments attributable to the Project not applied in accordance with the provisions of the Loan Documents, except to the extent that the Borrower did not have the legal right, because of a bankruptcy, receivership or similar judicial proceeding, to direct disbursement of such sums or payments; (iii) all rents, profits, issues, products and income of the Project received or collected by or on behalf of the Borrower, as they become due or payable, or following any Event of Default under the Loan Documents and not applied to payment of principal and interest due under the Note and payments of utilities, taxes and assessments, insurance, and ground rents, if any, on the Project, and other reasonable and customary operating expenses of the Project (but not including any fees or other payments of any kind or nature made to the Borrower or any affiliate or related entity of the Borrower other than a member of the Borrower), except not including amounts to the extent that the Borrower did not have the legal right, because of a bankruptcy, receivership or similar judicial proceeding, to direct the disbursement of such sums; (iv) a breach of any environmental representation, obligation or warranty made or undertaken by the Borrower in the Loan Documents or any other document executed by the Borrower in connection with the Loan evidenced by the Note; (v) amounts necessary to repair or replace any damage caused by the willful or wanton act or omission of the Borrower; (vi) the Borrower's failure to pay transfer fees and charges due Lender under the Note or the Loan Documents in connection with any transfer of all or any part of the Project, or any interest therein, from the Borrower to the Borrower's transferee, or transfer of beneficial interest in the Borrower (if the Borrower is not a natural person or persons but is a corporation, partnership, trust or other legal entity); or (vii) security deposits paid by tenants improperly retained by the Borrower.

(d) No provision of this Section 8.4 shall: (i) affect any guaranty or similar agreement executed in connection with debt evidenced by the Note; (ii) release or reduce the debt evidenced by the Note; or (iii) impair the lien of the Deed of Trust or the Lender's lien on any security interest in the Security Document.

IX. General and Miscellaneous

9.1 Right to Assign. Borrower may not assign, sell or otherwise transfer any of its rights under this Agreement, and any such purported assignment, sale or transfer shall be void and constitute an Event of Default incapable of cure.

9.2 Integration. The Loan Documents constitute a complete integration of the agreement of the Parties with respect to the Loan, and may be modified in the future only by written amendment. All prior oral and/or written commitments from Lender to Borrower, or any principals or agents thereof, with respect to the Loan have been merged in the Loan Documents and shall, except as expressly provided in the Loan Documents, be of no further force or effect. No representations, promises, warranties, understandings or agreements, express or implied, verbal or written, exist with respect to the Loan except those expressly set forth in the Loan Documents. Borrower acknowledges that its execution and delivery of the Loan Documents has not been induced by any representation, promise, warranty, understanding or agreement made by Lender or its agents, officers, employees or representatives that are not set forth in the Loan Documents.

9.3 Cumulative Rights. The rights and remedies provided to Lender by the Loan Documents are for Lender's sole and exclusive benefit, shall be cumulative and shall not preclude the exercise of rights and remedies that may otherwise be available. Lender may exercise any such right, power or remedy, at its option and in its sole and absolute discretion, without any obligation to do so. If Lender is given two or more alternative courses of action, Lender may elect any alternative or combination of alternatives, at its option and in its sole and absolute discretion. No single or partial exercise of any right, power or remedy shall preclude any other or further exercise thereof or of any other right, power or remedy.

9.4 Law and Venue. The terms and conditions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona. Any action at law or in equity brought by either Party for the purpose of enforcing a right or rights provided for in this Agreement, shall be tried in a court of competent jurisdiction in Pinal County, State of Arizona. The parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other county. In the event either Party shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition in this Agreement, it is mutually agreed that the prevailing Party in such action shall recover all costs including: all litigation and appeal expenses, collection expenses, reasonable attorney fees, necessary witness fees and court costs to be determined by the court in such action.

9.5 Waivers by Borrower. Borrower waives, to the extent allowed by law, presentment, demand, protest and notices of protest, nonpayment, partial payment, acceleration and all other notices and formalities except as expressly required by this Agreement. Borrower further consents to and waives notice of (a) the granting of indulgences or extensions of time of payment; exercise of lender's security interests.

9.6 Waivers by Lender. No delay or omission by Lender in exercising any right, power or remedy hereunder, and no indulgence given to Borrower with respect to any condition set forth herein or Event of Default, shall: (a) impair any right, power or remedy of

Lender under any Loan Document; or (b) be construed as Lender's waiver of, or acquiescence in, such condition or any Event of Default. No waiver by Lender of any Event of Default shall constitute a waiver of any other prior or subsequent Event of Default. Lender shall not be estopped from taking any action with respect to any Event of Default because of any delay by Lender in giving notice of such Event of Default or exercising any remedy based thereon. No waiver of any Event of Default shall be effective unless it is written and signed by an authorized officer of Lender.

9.7 Successors and Assigns. Except as is expressly provided herein, this Agreement shall be binding on and inure to the benefit of the successors and assigns of the Parties. This Agreement shall not confer any rights on any person other than the Parties and their respective successors and assigns. None of the proceeds of the Loan shall constitute a fund for the benefit of any contractor or labor or material supplier.

9.8 Construction. The headings or captions of Parts and Sections in the Loan Documents are for convenience only, and do not define, limit or describe the scope or intent of such Parts or Sections. The Loan Documents shall be construed as a whole, in accordance with the fair meaning of their language, and, as each Party has been represented by legal counsel of its choice in the negotiation of the Loan Documents, they shall not be construed for or against any Party by reason of the identity of the Party drafting them. As used in the Loan Documents, the term(s): (a) "include" or "including" shall mean without limitation by reason of enumeration; (b) "herein," "hereunder," "hereof," "hereinafter" or similar terms refer to this Agreement as a whole rather than to any particular Part or Section; (c) "person" includes a corporation, trust, partnership, association, limited liability company, Government Authority or other entity, as well as a natural person; (d) "month" means a calendar month; and (e) "day" means a calendar day unless otherwise provided. Unless otherwise expressly provided in a Document, this Agreement shall prevail if an irreconcilable conflict exists between this Agreement and any other Document. Technical words and phrases and those that have acquired particular meanings in the banking, real estate and construction industries shall be construed according to those particular meanings when the context in which they are used in this Agreement reasonably indicates that the technical meaning is intended.

9.9 Severability. Lender and Borrower each believe that the execution, delivery and performance of this Agreement are in compliance with all applicable laws. However, in the unlikely event that any provision of this Agreement is declared void or unenforceable (or is construed as requiring Lender to do any act in violation of any applicable laws, including any constitutional provision, law, regulation, or City of Apache Junction Code), such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect; provided that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic and otherwise) to the Parties as if such severance and reformation were not required. Unless prohibited by applicable laws, the Parties further shall perform all acts and execute, acknowledge and/or deliver all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

9.10 Time. Time is of the essence of all Loan Documents. Time periods will be determined by excluding the day of the event when the period commences or from which it runs and will expire at 5:00 p.m. Apache Junction, Arizona time on the last day included in such period unless it is not a Business Day, in which case it will expire at 5:00 p.m. on the next Business Day.

9.11 Miscellaneous. The only relationship created by this Agreement is that of Borrower and Lender, and Borrower is not and shall not be the agent of Lender for any purpose whatsoever. Each Party warrants and represents to the other that it has dealt with no mortgage broker or finder with respect to the Loan.

9.12 Prohibition to Contract with Consultants Who Engage in Boycott of the State of Israel. The parties acknowledge A.R.S. §§ 35-393 through 35-393.03, as amended, which forbids public entities from contracting with consultants who engage in boycotts of the State of Israel. Should Borrower under this Agreement engage in any such boycott against the State of Israel, this Agreement is automatically terminated. Any such boycott is a material breach of contract and will subject Borrower to monetary damages, including but not limited to, consequential and liquidated damages.

9.13 Conflicts of Interest. This Agreement is subject to, and may be terminated by Lender in accordance with, the provisions of A.R.S. § 38-511.

9.14 Force Majeure. Neither Lender nor Borrower, as the case may be, shall be considered not to have performed its obligations under this Agreement in the event of enforced delay (an “**Enforced Delay**”) due to causes beyond its control and without its fault or negligence or failure to comply with applicable laws, including, but not restricted to, acts of God, fires, floods, epidemics, pandemics, quarantine, restrictions, embargoes, labor disputes, and unusually severe weather or the delays of subcontractors or materialmen due to such causes, acts of a public enemy, war, terrorism or act of terror (including but not limited to bio-terrorism or eco-terrorism), nuclear radiation, blockade, insurrection, riot, labor strike or interruption, extortion, sabotage, or similar occurrence or any exercise of the power of eminent domain of any governmental body on behalf of any public entity, or a declaration of moratorium or similar hiatus (whether permanent or temporary) by any public entity directly affecting the obligations under this Agreement. In no event will Enforced Delay include any delay resulting from unavailability for any reason of labor shortages, or the unavailability for any reason of particular consultants, subcontractors, vendors or investors desired by Borrower in connection with the obligations under this Agreement. Borrower agrees that Borrower alone will bear all risks of delay which are not an Enforced Delay. In the event of the occurrence of any such Enforced Delay, the time or times for performance of the obligations of the Party claiming delay shall be extended for a period of the Enforced Delay; provided, however, that the Party seeking the benefit of the provisions of this Section shall, within thirty (30) calendar days after such Party knows or should know of any such Enforced Delay, first notify the other Party of the specific delay in writing and claim the right to an extension for the period of the Enforced Delay; and provided further that in no event shall a period of Enforced Delay exceed ninety (90) calendar days.

9.15 Compliance with Federal and State Laws. Borrower understands and acknowledges the applicability of the American with Disabilities Act, the Immigration Reform

and Control Act of 1986 and the Drug Free Workplace Act of 1989 to the services performed under this Agreement.

As required by A.R.S. § 41-4401, Borrower hereby warrants its compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A). Borrower further warrants that after hiring an employee, Borrower will verify the employment eligibility of the employee through the E-Verify program. If Borrower uses any subcontractors in performance of services, subcontractors shall warrant their compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A), and subcontractors shall further warrant that after hiring an employee, such subcontractor verifies the employment eligibility of the employee through the E-Verify program. A breach of this warranty shall be deemed a material breach of the Agreement that is subject to penalties up to and including termination of this Agreement. Borrower is subject to a penalty of \$100 per day for the first violation, \$500 per day for the second violation, and \$1,000 per day for the third violation. Lender at its option may terminate this Agreement after the third violation. Borrower shall not be deemed in material breach of this Agreement if Borrower and/or subcontractors establish compliance with the employment verification provisions of Sections 274A and 274B of the federal Immigration and Nationality Act and the E-Verify requirements contained in A.R.S. § 23-214(A). Lender retains the legal right to inspect the papers of any Borrower or subcontractor employee who works under this Agreement to ensure that the Borrower or subcontractor is complying with the warranty. Any inspection will be conducted after reasonable notice and at reasonable times. If state law is amended, the parties may modify this paragraph consistent with state law.

9.16 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

X. Notices

10.1 Notices. All notices, requests, demands, approvals, consents, waivers and other communications required or permitted by any Document must be in writing and: (a) personally delivered, which will be effective on delivery; (b) sent by certified United States mail, return receipt requested, postage prepaid, which communication will be effective two (2) Business Days after deposit or any earlier date shown on the receipt; (c) sent by telecopier transmission, which will be effective on acknowledgment of receipt during regular business hours or, if after regular business hours or not on a Business Day, on the next Business Day; or (d) sent by a reputable national overnight commercial courier service such as Federal Express but not United States Postal Service Express Mail, which will be effective on the first Business Day after deposit. The addresses and numbers of the Parties for notice are:

If to Borrower:

Apache Junction Villas, LLC
c/o Adams Construction
1611 E. 2450 S., STE 1A
St. George, Utah 84790
Attention: Gregory Wagner
Phone: (435) 652-0144
Fax: (435) 652-0145
Email: gwagner@acmc-utah.com

If to Lender:

City of Apache Junction
300 E. Superstition Boulevard
Apache Junction, AZ 85119

Attention: City Manager
Phone: (480) 474-5066
Fax: (480) 474-5110
Email: bpowell@ajcity.net

With copies to:

Borrower's Investor Member:

Wincopin Circle LLLP, its successors and
assigns
c/o Enterprise Community Asset
Management, Inc.
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: General Counsel

Borrower's Permanent Lender:

RCMCRC
475 East 200 South, Suite 210
Salt Lake City, UT 84111

Construction Lender:

U.S. Bank

Any Party may change its address or number with five (5) Business Days' notice to the other Parties. Lender's notice to Borrower under the Loan Documents will not be required if such notice is prohibited by 11 U.S.C. § 362.

[Signature Page Follows]

DATED as of the day first above written.

APACHE JUNCTION VILLAS, LLC, an
Arizona limited liability company

CITY OF APACHE JUNCTION, an
Arizona municipal corporation

By: AJ VILLAS MANAGEMENT, LLC, an
Arizona limited liability company,
Its: Managing Member

By: _____
Name: Bryant Powell
Its: City Manager

By: Adams Construction and Management
Co., Inc., an Arizona corporation
Its: Sole Member

By: _____
Gregory A. Wagner President

Approved as to form:

Joel Stern, City Attorney

Exhibits List:

Exhibit “A”: Promissory Note

Exhibit “B”: Deed of Trust

Exhibit “C”: Absolute Blanket Assignment of Leases and Rents

Exhibit “D”: Closing Letter

Exhibit “E”: Environmental Certification

Exhibit “F”: Legal Description

Exhibit "A"

PROMISSORY NOTE

\$34,000.00

Apache Junction, Arizona
_____, 2018

FOR VALUE RECEIVED, the undersigned Maker promises to pay to the City of Apache Junction, a municipal corporation of the State of Arizona ("**Holder**"), the principal sum of Thirty Four Thousand Dollars (\$34,000.00) without interest on the outstanding principal balance, unless there is an Event of Default (as defined below). The entire principal sum then outstanding, if any, shall be due and payable on the twentieth (20th) anniversary of the date first set forth above (the "**Maturity Date**").

There shall be no prepayment premium or penalty. Principal shall be payable in the form of immediately available funds in lawful money of the United States.

A default hereunder shall occur if the undersigned shall: (a) fail to pay principal upon the Maturity Date; (b) fail to comply with the terms of the Deed of Trust, Assignment of Rents and Security Agreement of even date herewith (other than regarding payment on the Maturity Date) securing this Note (the "**Deed of Trust**") within thirty (30) calendar days following written notice from holder of such failure; or (c) default under the Construction Deed of Trust in favor of U.S. Bank, to be recorded in the Official Records of Pinal County, Arizona, or the Promissory Note secured thereby.

Should Maker default in the timely performance of any of the foregoing obligations and any applicable cure period lapse, this shall constitute an **Event of Default**, and the entire outstanding principal balance immediately shall become due and payable without further demand or notice to Maker. Should an Event of Default occur, the outstanding principal balance shall bear default interest at the rate of ten percent (10%) per annum ("**Default Rate**"), which default interest shall be calculated from the date of the Event of Default until all sums are fully paid; provided, however, any interest in excess of the highest legal rate permitted under applicable law shall be waived or refunded to the undersigned Maker or its assigns or successors.

Failure to exercise any option herein given holder shall not constitute a waiver of the right of holder to exercise such option subsequently. Time is of the essence of each and every provision hereof.

In the event this Note or any interest now or hereafter securing it is referred to an attorney for collection or enforcement by trustee's sale or otherwise, then the undersigned agrees to pay all costs and expenses incurred by the owner or holder hereof including reasonable attorney fees. Court costs and reasonable attorney fees in the event of suit or any appeal are to be awarded to the prevailing party, in the option of the court, as part of any judgment rendered therein and the attorney fees are to be determined by a judge of the court. If collection is undertaken without suit, all reasonable attorney fees actually incurred hereunder shall be paid as a condition to Maker's curing all defaults hereunder.

This Note shall be construed and enforced in accordance with the laws of the State of Arizona; and venue for its enforcement shall be appropriate in Pinal County, Arizona. This Note is secured by the Deed of Trust referenced above and additional security documents.

Section 8.4 of the Loan Agreement of even date herewith executed by and between Maker as "Borrower" and Holder as "Lender" is incorporated herein.

MAKER:

APACHE JUNCTION VILLAS, LLC, an Arizona
limited liability company

By: AJ VILLAS MANAGEMENT, LLC, an
Arizona limited liability company

Its: Managing Member

By: Adams Construction & Management Co., Inc.
an Arizona Corporation

Its: Sole Member

By: _____
Gregory A. Wagner, President

Exhibit "B"

When Recorded, Mail to:

Bruce Babcock
Jones Waldo
170 South Main Street, Suite 1500
Salt Lake City, Utah 84101

DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (this "**Deed of Trust**"), dated as of _____, 2018, is made by and among APACHE JUNCTION VILLAS, LLC, an Arizona limited liability company, as **Trustor**, whose mailing address is 235 West Tepee Street, Apache Junction, Arizona, 85120; Commonwealth Land Title Insurance Company, as **Trustee**, whose mailing address is 2390 E. Camelback Road, Suite 230, Phoenix, AZ 85016; and the CITY OF APACHE JUNCTION, an Arizona municipal corporation, whose mailing address is 300 E. Superstition Boulevard, Apache Junction, Arizona 85119, Attn: Bryant Powell as **Beneficiary**.

TRUSTOR CONVEYS, TRANSFERS, AND ASSIGNS to Trustee in Trust, with Power of Sale, the real property in Pinal County, Arizona legally described on Exhibit A attached hereto and commonly located at 235 West Tepee Street, Apache Junction, Arizona.

TOGETHER WITH the rents, issues, profits, and income thereof and all personal property and fixtures located thereat from time to time, except fuel and other petroleum products and the residue thereof (collectively, the "**Property**"), SUBJECT, HOWEVER, to the right, power, and authority hereinafter given to and conferred upon Trustor to collect and apply income of the Property.

This Deed of Trust is given for the purpose of securing: (A) performance of each agreement of Trustor herein contained; (B) payment of the indebtedness in the principal amount of Thirty Four Thousand Dollars (\$34,000) evidenced by a Promissory Note dated _____, 2018, and any extension or renewal thereof, executed by Trustor (the "**Note**"); and (C) performance of the obligations of Trustor as "Borrower" to Beneficiary as "Lender" under that certain Loan Agreement of even date herewith (the "Loan Agreement"). The Trustor's various obligations under the Note, the Loan Agreement and this Deed of Trust are referred to collectively herein from time to time as the "**Obligations**."

To protect the security of this Deed of Trust, it is agreed that:

(1) Trustor shall keep the Property in good condition and repair, shall not remove or demolish any building or other improvement thereon, shall complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon, and shall pay when due all claims for labor performed and materials furnished therefor, shall comply with all laws (including without limitation environmental laws) affecting the Property or requiring any alterations or improvements to be made thereon, shall not commit or permit waste thereof, shall not commit, suffer, or permit any act upon the Property in violation of law, and shall do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) (A) At Trustor's sole expense Trustor shall keep all improvements now or hereafter erected on the Property continuously insured during the term hereof against loss by fire or other hazards in an amount not less than the per-occurrence coverage required by U.S. Bank ("Construction Lender") encumbering the Property during the period of initial construction, and each such policy shall provide for a minimum thirty (30) calendar days written notice of cancellation to Beneficiary. All policies shall name the Beneficiary, its elected officials, appointees, employees and agents, as additional insured parties and shall be underwritten by such companies as Beneficiary may first approve and, following the release of the Construction Lender's security instruments, shall have the loss payable first to Beneficiary and Rocky Mountain Community Reinvestment Corporation ("Permanent Lender") (rather than jointly to Trustor and Beneficiary), and then to Trustor. The amount collected under any insurance policy may be applied upon any Obligations hereby secured as the Beneficiary may determine subject only to subparagraph (B) below and the rights of prior lenders. Trustor further shall provide or to cause to be provided comprehensive personal liability and property damage insurance coverage in a combined single limit amount of not less than the amount specified in Section 7.10 of the Loan Agreement; and as to all such coverage Trustor shall cause Beneficiary to be named as an additional insured.

(B) In the event of any loss or claim, Trustor will give immediate written notice thereof to Beneficiary, and Beneficiary may make proof of loss if not made promptly by Trustor. Subject to the rights of senior lienholders, each insurance company is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Trustor or to Trustor and Beneficiary jointly. Insurance proceeds or any part thereof may be applied by Beneficiary, at its option, either to the reduction or payment of the Obligations or to the repair, rebuilding and restoration of the Property lost, damaged or destroyed. Unless the Trustor is in default under the terms of this Deed Of Trust, the Note, the insurance proceeds or any part thereof may be turned over to Trustor by Beneficiary, to the repair, rebuilding and restoration of the Property, but Beneficiary shall not be obligated to ensure the proper application of any amount paid over to Trustor. Notwithstanding the foregoing sentence, if proceeds are used for the repair, rebuilding and restoration of the Property, Beneficiary may require that the insurance proceeds be placed in a segregated account with Beneficiary and used for the repair, rebuilding and restoration of the insured loss, through such commercially reasonable advance procedures as shall be agreed to by Trustor and Beneficiary and with such other safeguards and procedures for release of such proceeds and payment of construction and related expenses as Beneficiary customarily imposes for advances of construction loan funds, which shall include requirements that: (i) Trustor first expend or deposit into the escrow account any difference between the total cost of repair,

rebuilding and restoration and the amount of such proceeds; (ii) Trustor, at its expense, promptly prepare and submit to Beneficiary all plans and specifications necessary for the restoration and repair of the damaged Property, together with evidence acceptable to Beneficiary setting forth the total expenditure needed for the restoration and repair based upon a fixed price contract with a reputable builder; (iii) the plans and specifications and all other aspects of the proposed restoration and repair be subject to Beneficiary's approval in the exercise of its reasonable discretion; (iv) Trustor commence restoration and repair of the damaged Property only after Beneficiary shall have notified Trustor in writing that the use of proceeds for restoration and repair is allowable under this Paragraph (2)(B) that the required safeguards, procedures and assignments described in this Paragraph (2)(B) are in place and that the plans and specifications and all other aspects of the proposed restoration have been approved by Beneficiary, and Trustor shall thereafter proceed diligently with the restoration and repair until completed; (v) disbursements be made from the escrow account for the restoration and repair in accordance with a disbursement schedule; and (vi) all funds held in the escrow account be assigned to Beneficiary as further security for the Obligations and any balance remaining shall be released to Trustor upon completion of such repair, rebuilding or restoration. The Property as rebuilt or restored shall be of at least equal value and substantially identical character as prior to the damage or destruction.

(C) Application of insurance proceeds by Beneficiary shall not cure or waive any Event of Default hereunder or invalidate any act done hereunder because of such default. In the event proceedings have been commenced for sale of the Property by Trustee or for foreclosure of this Deed of Trust under the laws relating to deeds of trust and mortgages, or in the event Beneficiary shall take possession of the Property, all right, title and interest of Trustor in and to any insurance policies then in force, including any right to unearned premiums, shall inure to the benefit of and pass to Beneficiary, if in possession, the receiver, or the purchaser of the Property upon sale, as the case may be, or at Beneficiary's election, evidence of such insurance satisfactory to it shall be delivered to it in lieu of such policy or policies.

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

(4) Trustor shall pay, before delinquency, all taxes and assessments affecting the Property (including without limitation real and personal property taxes); all encumbrances, charges, and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust, including without limitation the fees of Trustee for issuance of any deed of release and reconveyance and all lawful charges, costs, and expenses in the event of reinstatement of, following default in, this Deed of Trust or the Obligations. Trustor shall provide to Beneficiary written proof of payment of real property taxes within ten (10) calendar days of each semiannual payment thereof. Trustor shall further pay timely all permit and license fees necessary for operation of the Property.

(5) Should Trustor fail to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary may, but without obligation to do so, and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof: 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 the Property for such purposes; 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 professionals, and pay reasonable attorney fees. Trustor shall pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the default interest rate provided for in the Note until fully paid.

(6) Subject to the rights of senior lienholders, any award of damages in connection with any condemnation of the Property or any part thereof is hereby assigned to and shall be paid to Beneficiary, who may apply such moneys received in the same manner and with the same effect as provided in Paragraph 2(B) for disposition of proceeds of fire or other insurance.

(7) By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive the right either to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

(8) At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of the Obligations, and upon payment of its fees, Trustee may: Consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) 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 by deed of release and full reconveyance release and reconvey, without covenant or warranty, express or implied, the Property then held thereunder. The recitals in such deed of release and full reconveyance of any matters shall be conclusive proof of the truthfulness thereof. The grantee in such deed of release and full reconveyance may be described as "The Person or Persons Legally Entitled Thereto."

(10) As additional security, Trustor hereby gives to and confers upon Beneficiary the absolute right, power, and authority during the continuance of this Trust to collect and have the rents and other income of the Property, reserving unto Trustor only a revocable license, prior to any Event of Default, to collect and retain such rents and other income as it becomes due and payable. Upon such Event of Default, Beneficiary may, at any time, without notice, either in person or by agent, or by a receiver to be appointed by a court (and Trustor does hereby irrevocably consent to such appointment), and without regard to the adequacy of any security for the Obligations or the solvency of the Trustor: Enter upon and take possession of the Property or any part thereof, in Beneficiary's own name sue for or otherwise collect income of the Property, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any Obligations and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such income of the Property and the application thereof as aforesaid shall not cure or waive any Event of Default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary shall not be deemed by virtue of this assignment to have assumed any of

the lessor's obligations, duties or liabilities under or in connection with the leases. Trustor hereby authorizes all lessees and guarantors under the leases upon receipt of written notice from the Beneficiary that an Event of Default has occurred hereunder, to pay over all rent or other sums at any time owed under the leases to the Beneficiary.

(11) Trustor shall not sell or encumber the Property with monetary liens (except non-delinquent taxes) other than a construction deed of trust ("Construction Deed of Trust") in favor of Construction Lender, a deed of trust in favor of Permanent Lender (including any refinancing of the Permanent Loan) ("Permanent Deed of Trust") (following the discharge of the liens of the Construction Lender) which shall be senior to this Deed of Trust without Beneficiary's prior written authorization, which may be withheld in Beneficiary's sole direction; provided, however, Trustor's managing member may be removed for cause under Trustor's operating agreement without Beneficiary's approval, so long as Beneficiary is promptly notified of the identity of Trustor's new managing member and its address for notices, and Trustor's Investor Member (as defined in the Loan Agreement) may transfer its interest in Trustor without Beneficiary's approval. Such replacement of the managing member shall not trigger any due on transfer provision hereof.

(12) Trustor shall not generate at or dispose of upon or permit the generation or disposal of upon the Property any toxic waste or hazardous substance as defined in any federal, state or local ordinance, statute, or regulation now or in the future (collectively, "**Hazardous Substances**") other than in *de minimus* amounts commonplace in construction, nor permit any lien under any environmental laws to attach to the Property, but instead maintain and use the Property and/or cause the Property to be maintained and used in accordance with applicable land use statutes, ordinances, by-laws, codes, rules and regulations of all federal, state and municipal authorities insofar as applicable, and Trustor shall provide Beneficiary with prompt written notice: (i) Upon Trustor's becoming aware of any release or threat of release of any Hazardous Substances upon, in, under, about or from the Property (whether or not caused by Trustor); (ii) upon Trustor's receipt of any notice, including without limitation, any notice of violation, from any federal, state municipal or other governmental agency or authority pursuant to the provision of any of the environmental laws and (iii) upon Trustor's obtaining knowledge of any occurrence of any expense by any governmental authority in connection with the assessment, containment or removal of any Hazardous Substances (a) located in, upon, under or about the Property, (b) emanating from the Property or (c) improperly stored, transported, disposed of or released by Trustor (whether or not on, from, about or emanating from the Property). Trustor shall and hereby agrees to indemnify, exonerate, defend (with counsel acceptable to Beneficiary) and hold Beneficiary and Trustee harmless for, from and against any claim, liability, loss, cost, damage or expense, including, without limitations, reasonable costs of environmental consultants, Beneficiary's fees and expenses and reasonable attorney fees and expenses, arising out of any breach of any of the representations, warranties, conditions and covenants of this Paragraph 12 (whether before or after foreclosure proceedings are commenced or entry for the purpose of which foreclosure is made) and in connection with the enforcement of the aforesaid indemnification agreement. Notwithstanding the foregoing, Beneficiary shall have the option of conducting its defense with counsel of Beneficiary's choice (in the event that Trustor shall fail to take action to defend Beneficiary within a reasonable time after the assertion of any such claim), but at the expense of Trustor as aforesaid. The indemnity provisions of this Paragraph 12 shall survive the payment and performance of the Obligations and release of this Deed of Trust.

(13) (A) Upon default by Trustor (i) in payment of any of the Obligations when due or (ii) in performance of any other (i.e., non-payment) agreement hereunder, and upon delivery by Beneficiary to Trustee of demand for cure and the lapse of the applicable cure period described in the Loan Agreement, from and after the Completion Date, each of which shall be deemed an **“Event of Default”** hereunder: (a) All sums secured hereby shall become immediately due and payable on delivery to Trustee of Beneficiary’s written declaration that such sums are immediately due and payable, and (b) Trustee at its election may proceed to sell at public auction the Property secured hereby under (x) the Power of Sale contained herein on delivery by Beneficiary to Trustee of written notice of election to have the Property sold (as to the realty and fixtures) and (y) the provisions of Arizona’s Uniform Commercial Code (the **“AUCC”**) as to the personalty constituting the Property, in each instance after the giving of notice of sale in the manner provided by law.

(B) In addition, a default under the Construction Deed of Trust or the Permanent Deed of Trust or the promissory notes secured thereby (the **“Senior Notes”**) shall be deemed an Event of Default hereunder and under the Note. In addition to Beneficiary’s remedies for a default hereunder or under the Note, Beneficiary shall have the right, in the event of Trustor’s default under the Construction Deed of Trust, the Permanent Deed of Trust or the Senior Notes, to cure any such default, and any sum paid to the holder of the Senior Notes in so curing shall be added to the principal balance due under the Note and become part of the Obligations.

(C) Beneficiary shall deposit with Trustee this Deed of Trust, the Note, and all other documents evidencing the Obligations. At a sale of the Property under the Power of Sale contained herein any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale. Trustee shall deliver to the purchaser a Trustee’s Deed, without covenant or warranty, express or implied, to the Property so sold. After deducting costs and expenses of exercising the Power of Sale, and of the sale, including, but not limited to, costs of evidence of title, Trustee’s fees, and Trustee’s attorney fees, if any, Trustee shall apply the proceeds of the Trustee’s Sale in the manner provided by law. The purchaser at the Trustee’s Sale shall be entitled to immediate possession of the Property as against Trustor and shall have a right to the summary proceedings to obtain possession provided in Title 12, Chapter 8, Article 4 of the Arizona Revised Statutes, together with costs and reasonable attorney fees.

(D) In the event this instrument is construed not to be a Deed of Trust for any reason, Beneficiary may nonetheless foreclose this instrument in the manner provided under Arizona law for the foreclosure of a mortgage. To the extent lawful, Trustor hereby expressly waives any right pertaining to the marshaling of assets, the administration of estates of decedents, or other matter to defeat, reduce or affect the right of Beneficiary to sell the Property for the collection of the Obligations (without any prior or different resort for collection), or the right of Beneficiary to receive the proceeds of sale of the Property in preference to every other person and claimant.

(E) Beneficiary may sell the personal property items of the Property at public or private sale either with or without having such collateral at the place of sale. The proceeds of such sale, after deducting therefrom all expenses of Beneficiary in taking, storing, repairing and selling such collateral (including reasonable attorney fees) shall be applied to the payment of the Obligations and any surplus thereafter remaining shall be paid to the Trustor. At any such public

or private sale of the personal property or any part thereof, Beneficiary may purchase all or a portion of such collateral offered at such sale. Trustor agrees that as to the personalty notice and demand shall be conclusively deemed effective and reasonable if such notice is sent by certified mail, postage prepaid to Trustor at its address set forth above (or at such other address as Trustor may designate hereafter by written notice to Beneficiary) at least five (5) Business Days prior to such sale or other disposition. Beneficiary shall have all rights and remedies afforded a secured party under the AUCC or other laws of the United States and the State of Arizona applying to the personal property collateral.

(F) Any member in Trustor may cure any Event of Default hereunder with the same effect as if Trustor had cured the Event of Default.

(14) Trustee may resign by mailing or delivering notice thereof to Beneficiary and to Trustor. Upon such resignation, Beneficiary may appoint a successor trustee, which appointment shall constitute a substitution of trustee upon the mailing and recording of written notice thereof by Beneficiary in the manner prescribed by Arizona law.

(15) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto and their successors, and assigns. The term “**Beneficiary**” shall mean the owner and holder, including a pledgee, of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(16) Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made 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.

(17) Time is of the essence of this Deed of Trust and each and every provision hereof, and shall be governed in its interpretation and enforcement by Arizona law. This Deed of Trust shall not be modified or amended in any manner except in a writing signed by each of Trustor and Beneficiary.

(18) Trustor and Beneficiary agree that the trust relationship between them created by this instrument is strictly limited to the creation and enforcement of a security interest in real and personal property. Thus, all Trustee’s duties, fiduciary or otherwise, are strictly limited to those imposed by this document, A.R.S. § 33-801 *et seq.*, and Arizona reported court decisions, and no additional duties, burdens, or responsibilities shall be placed on Trustee. In addition, Beneficiary shall have the right to subordinate this Deed of Trust and its rights hereunder to any lease, except that Beneficiary expressly excludes from such subordination Beneficiary’s rights to insurance proceeds and condemnation awards as set forth herein. Neither anything contained herein, or in the Note nor the acts of the parties hereto shall be construed to create a partnership or joint venture between Beneficiary and Trustor. Trustor is not the agent or representative of Beneficiary.

(19) Trustor requests that a copy of any Notice of Trustee’s Sale hereunder be mailed to Trustor at the address set forth above. All notices required hereby shall be sent to the addresses

indicated above unless such party shall have recorded a Request for Notice pursuant to A.R.S. § 33-809(A) indicating a different address.

(20) This Deed of Trust may be executed in counterparts and when a counterpart has been executed by each party those counterparts, taken together, shall constitute a single document. This instrument further shall serve as a security agreement encumbering all personal property and trade fixtures items constituting the Property consistent with the AUCC, and Trustor hereby grants and assigns to Beneficiary a second position security interest in all of Trustor's furniture, fixtures and equipment, inventory and all other goods at the Property and all of Trustor's contracts, contract rights, rentals, documents and instruments with respect to the Property and all proceeds from, increases or additions to, or substitutions for any of the foregoing presently owned by Trustor or at any time hereafter acquired wherever located. Trustor shall not grant any assignment for the benefit of Trustor's creditors.

(21) Trustor does not now appear, and shall not in the future appear, on any "**Government Lists**," where that term includes (i) the Specially Designated Nationals and Blocked Persons List maintained by OFAC, (ii) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC as to which Beneficiary notifies Trustor in writing is later included in "Governmental Lists", or (iii) any similar list maintained by the United States Department of State, the United States Department of Commerce or any other governmental authority or pursuant to any Executive Order of the President of the United States of America as to which Beneficiary notifies Trustor in writing is later included in "Governmental Lists." If Trustor cannot certify from time to time upon request of Beneficiary that it does not appear in Government Lists, Trustor's failure to so certify shall be an Event of Default without any further action by either of the parties.

(22) All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, return receipt requested, postage prepaid, or by hand-delivery by a courier service, addressed as follows:

If to Beneficiary:

City Manager's Office
City of Apache Junction
300 E. Superstition Blvd.
Apache Junction, AZ 85119

If to Trustor:

Adams Construction and Management Co., Inc.
Attn: Gregory A. Wagner
1611 E. 2450 S., Suite 1A
St. George, Utah 84790

With copies to:

Bruce Babcock
Jones Waldo
170 S. Main St., Ste. 1500
SLC, Utah 84101-1644

Borrower's Investor Member:

Wincopin Circle LLLP, its successors and assigns
c/o Enterprise Community Asset Management, Inc.
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attn: General Counsel

Trustor's Construction Lender:

U.S. Bank
Loan No.: _____
Attention: Loan Administrator

Trustor's Permanent Lender:

Rocky Mountain Community Reinvestment Corporation
475 East 200 South, Suite 210
Salt Lake City, Utah 84111

The Beneficiary and other Parties listed above may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificate or other communication shall be sent.

(23) Trustor has informed Beneficiary that Trustor intends that the Property qualify for an allocation of low-income housing tax credits (“**Tax Credits**”) under Section 42 of the Internal Revenue Code of 1986, as amended (the “**Code**”). In order to receive an allocation of Tax Credits, Trustor will be required to record in the real property records of Pinal County, Arizona, an “extended low-income housing commitment” (as defined in Code Section 42(h)(6)(B)) (the “**Extended Use Agreement**”). The Arizona Department of Housing or applicable federal law requires for the granting of tax credits that the lien of this Deed of Trust be subordinate to the Extended Use Agreement, and Beneficiary shall execute a subordination agreement (the “**Tax Credit Subordination Agreement**”) wherein the lien of this Deed of Trust will be subordinated to the Extended Use Agreement. The Tax Credit Subordination Agreement will: (a) provide that if Beneficiary or its successors or assigns (collectively, the “**REO Owner**”) acquires the Property by foreclosure (or instrument in lieu of foreclosure, then the “extended use period” (as defined in Code Section 42(h)(6)(D)) shall terminate, except for the obligation of the REO Owner to comply with the limitations on evictions, termination of tenancy and increase in rents for the three year period following the REO Owner’s acquisition of the Property, as set forth in Code Section 42(h)(6)(E)(ii); and (b) otherwise be in a form reasonably acceptable to Beneficiary.

(24) Section 8.4 of the loan agreement of even date herewith executed by and between Maker as “Borrower” and Holder as “Lender” is incorporated herein, anything to the contrary herein notwithstanding.

(25) Trustor believes that the execution, delivery and performance of this Deed of Trust are in compliance with all applicable laws. However, in the unlikely event that any provision of this Deed of Trust is declared void or unenforceable (or is construed as requiring Trustee or Beneficiary to do any act in violation of any applicable laws, including any constitutional provision, law, regulation, or city code), such provision shall be deemed severed from this Deed of Trust and this Deed of Trust shall otherwise remain in full force and effect; provided that this Deed of Trust shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed agreement (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic and otherwise) to the parties as if such severance and reformation were not required. Unless prohibited by applicable laws, the parties further shall perform all acts and execute, acknowledge and/or deliver all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Deed of Trust, as reformed.

(26) Neither Beneficiary, Trustee, nor Trustor, as the case may be, shall be considered not to have performed its obligations under this Deed of Trust in the event of enforced delay (an “**Enforced Delay**”) due to causes beyond its control and without its fault or negligence or failure to comply with applicable laws, including, but not restricted to, acts of God, fires, floods, epidemics, pandemics, quarantine, restrictions, embargoes, labor disputes, and unusually severe weather or the delays of subcontractors or materialmen due to such causes, acts of a public enemy, war, terrorism or act of terror (including but not limited to bio-terrorism or eco-terrorism), nuclear radiation, blockade, insurrection, riot, labor strike or interruption, extortion, sabotage, or similar occurrence or any exercise of the power of eminent domain of any governmental body on behalf of any public entity, or a declaration of moratorium or similar hiatus (whether permanent or temporary) by any public entity directly affecting the obligations under this Deed of Trust. In no event will Enforced Delay include any delay resulting from unavailability for any reason of labor shortages, or the unavailability for any reason of particular consultants, subcontractors, vendors or investors desired by Trustor in connection with the obligations under this Deed of Trust. Trustor agrees that Trustor alone will bear all risks of delay which are not Enforced Delay. In the event of the occurrence of any such Enforced Delay, the time or times for performance of the obligations of the party claiming delay shall be extended for a period of the Enforced Delay; provided, however, that the party seeking the benefit of the provisions of this Section shall, within thirty (30) calendar days after such party knows or should know of any such Enforced Delay, first notify the other party of the specific delay in writing and claim the right to an extension for the period of the Enforced Delay; and provided further that in no event shall a period of Enforced Delay exceed ninety (90) calendar days.

(27) Trustor understands and acknowledges the applicability of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989 to the services performed under this Deed of Trust. As required by A.R.S. § 41-4401, Trustor hereby warrants its compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A). Consultant further warrants that after hiring an employee, Trustor will verify the employment eligibility of the employee through the E-Verify program. If Trustor uses any subcontractors in performance of services, subcontractors shall warrant their compliance with all federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A), and subcontractors shall further warrant that after hiring an employee, such subcontractor verifies the employment eligibility of the employee through the E-

Verify program. A breach of this warranty shall be deemed a material breach of this Deed of Trust that is subject to penalties up to and including termination of this Deed of Trust. Trustor is subject to a penalty of \$100 per day for the first violation, \$500 per day for the second violation, and \$1,000 per day for the third violation. Beneficiary at its option may terminate this Deed of Trust after the third violation. Trustor shall not be deemed in material breach of this Deed of Trust if Trustor and/or subcontractors establish compliance with the employment verification provisions of Sections 274A and 274B of the federal Immigration and Nationality Act and the E-Verify requirements contained in A.R.S. § 23-214(A). Beneficiary retains the legal right to inspect the papers of any consultant or subcontractor employee who works under this Deed of Trust to ensure that the consultant or subcontractor is complying with the warranty. Any inspection will be conducted after reasonable notice and at reasonable times. If state law is amended, the parties may modify this paragraph consistent with state law.

(28) This Deed of Trust is subject to, and may be terminated by Beneficiary in accordance with, the provisions of A.R.S. § 38-511.

(29) The parties acknowledge A.R.S. §§ 35-393 through 35-393.03, as amended, which forbids public entities from contracting with consultants who engage in boycotts of the State of Israel. Should Trustor under this Deed of Trust engage in any such boycott against the State of Israel, this Deed of Trust is automatically terminated. Any such boycott is a material breach of contract and will subject Trustor to monetary damages, including but not limited to, consequential and liquidated damages.

(30) The terms and conditions of this Deed of Trust shall be governed by and interpreted in accordance with the laws of the State of Arizona. Any action at law or in equity brought by either party for the purpose of enforcing a right or rights provided for in this Deed of Trust, shall be tried in a court of competent jurisdiction in Pinal County, State of Arizona. The parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other county. In the event either party shall bring suit to enforce any term of this Deed of Trust or to recover any damages for and on account of the breach of any term or condition in this Deed of Trust, it is mutually agreed that the prevailing party in such action shall recover all costs including: all litigation and appeal expenses, collection expenses, reasonable attorney fees, necessary witness fees and court costs to be determined by the court in such action.

**[SIGNATURE OF TRUSTOR APPEARS ON THE NEXT PAGE, NO FURTHER TEXT
APPEARS ON THIS PAGE]**

TRUSTOR:

APACHE JUNCTION VILLAS, LLC, an
Arizona limited liability company

By: AJ VILLAS MANAGEMENT, LLC, an
Arizona limited liability company
Its: Managing Member

By: Adams Construction and Management Co.,
INC., an Arizona corporation
Its: Sole Member

By: _____
Gregory A. Wagner /President

STATE OF ARIZONA)
) ss.
County of _____)

This instrument was acknowledged before me for the purposes therein contained this____
day of _____, 2018, by _____, the _____ of Adams Construction and
Management Co., INC., an Arizona corporation and the Sole Member of AJ VILLAS
MANAGEMENT, LLC, an Arizona limited liability company, the Managing Member of
APACHE JUNCTION VILLAS, LLC, an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBIT A

Lots 1 through 47, inclusive, and Tracts A and B, of IDAHO CREEKVILLAS –PHASE 3, according to the plat of record in the office of the County Recorder of Pinal County, Arizona recorded in Cabinet G, Slide 59.

EXCEPT all coal, oil, gas and other mineral deposits, as reserved in patent from the United States of America.

Exhibit "C"

When Recorded, Mail to: Bruce Babcock
Jones Waldo
170 S. Main Street, Suite 1500
Salt Lake City, Utah 84101

ABSOLUTE BLANKET Assignment of Rents and Leases

THIS ABSOLUTE BLANKET ASSIGNMENT OF RENTS AND LEASES (this "**Assignment**") dated as of _____, 2018, is made by APACHE JUNCTION VILLAS, LLC, an Arizona limited liability company, whose mailing address is 235 West Tepee Street, Apache Junction, Arizona 85120 (the "**Assignor**"), in favor of CITY OF APACHE JUNCTION, an Arizona municipal corporation, whose mailing address is 300 E. Superstition Boulevard, Apache Junction, Arizona 85119 (together with any successors and assigns, "**Lender**"). All capitalized terms not defined herein shall have the meanings ascribed to them in the Loan Agreement of even date herewith executed by Lender and Assignor as "Borrower" (the "**Loan Agreement**").

WITNESSETH:

WHEREAS, Lender has agreed to make a loan to Assignor (also referred to as the "**Borrower**"), in the maximum principal amount of THIRTY FOUR THOUSAND DOLLARS (\$34,000.00) (the "**Loan**"), which Loan is evidenced by a Loan Agreement and a Promissory Note of even date herewith (as amended, substituted, restated or modified from time to time, the "**Note**") and which Loan is secured by, among other things, the Deed of Trust, Assignment of Rents and Security Agreement (as amended, substituted, restated or modified from time to time, collectively, the "**Deed of Trust**") made by Assignor in favor of Lender, encumbering, among other things, certain real property commonly located at 235 West Tepee Street, Apache Junction, Arizona, as more fully described on **Exhibit A** attached hereto and incorporated by reference herein, together with the improvements, fixtures and equipment thereon (collectively, the "**Property**"), together with other documents and instruments; and

WHEREAS, as a condition precedent to the Lender extending any financial accommodation to Borrower pursuant to the Note or otherwise, Lender has requested that Assignor execute and deliver this Assignment to Lender, and that any loan or other financial accommodation made by Lender to Borrower, as the case may be, under the Loan Agreement or otherwise shall be in reliance upon this Assignment.

GRANTING CLAUSE

For full and fair consideration, the receipt and sufficiency whereof are hereby acknowledged, Assignor does hereby grant, assign, and transfer to Lender all right, title and interest of the Assignor in, under or pursuant to any and all present or future leases or subleases, whether written or oral, or any lettings of possession of, or any agreements for the use or occupancy of, the whole or any part of the real estate and Property hereinafter described which the Assignor may have heretofore made or agreed to or may hereafter make or agree to, or which may be made or agreed to by the Lender under the powers hereinafter granted, including all amendments and supplements to and renewals thereof at any time made (collectively, the “**Leases**” and each is individually a “**Lease**”), relating to the Property including, without limiting the generality of the foregoing, all right, title and interest of Assignor in and to all the rents (whether fixed or contingent), earnings, renewal rents and all other sums due or which may hereafter become due under or by virtue of the Leases and all rights under or against guarantors of the obligations of lessees and obligors under the Leases.

THIS ASSIGNMENT OF LEASES AND RENTS IS GIVEN TO SECURE:

(i) The payment and performance in full of the Obligations, Loan Agreement)(ii) the performance of all obligations, covenants, promises and agreements of the Assignor contained in the Loan Agreement, or any agreements setting forth terms and conditions applicable to the Loan or providing collateral security therefor, (iii) the payment of all expenses and charges, legal or otherwise, paid or incurred by Lender in realizing upon or protecting the indebtedness referred to in the foregoing clauses (i), (ii) and (iii) or any security therefor, including this Assignment (the Deed of Trust, the other Loan Documents and the other indebtedness, obligations and liabilities referred to in clauses (i), (ii) and (iii) above being hereinafter collectively referred to as the “**indebtedness hereby secured**”).

ASSIGNOR HEREBY COVENANTS, AGREES, REPRESENTS AND WARRANTS AS FOLLOWS:

1. Upon the occurrence of any Event of Default as defined in the Loan Agreement, and subject to the rights of superior lienholders, the Assignor does hereby irrevocably constitute and appoint Lender the true and lawful attorney of the Assignor with full power of substitution for Assignor and in Assignor’s name, place and stead to ask, demand, collect, receive, receipt for, sue for, compound and give acquittances for any and all sums due or to become due under any Lease, with full power to settle, adjust or compromise any claim thereunder as fully as the Assignor could do, and to endorse the name of the Assignor on all commercial paper given in payment or in part payment thereof, and in Lender’s discretion to file any claim or take any other action or proceeding, either in Lender’s name or in the name of the Assignor or otherwise, which Lender may deem necessary or appropriate to protect and preserve the right, title and interest of Lender in and to such sums and the security intended to be afforded hereby.

2. The Assignor warrants to Lender that the Assignor has good right to make this Assignment and that the rights, rents and other sums due or which may hereafter become due and which are intended to be assigned hereunder are not presently alienated, assigned, or pledged to any other person or entity except as disclosed in the Loan Agreement.

3. This Assignment includes and establishes a present, absolute and primary transfer and assignment of all rents, earnings, income, issues and profits from the Leases, but so long as no Event of Default has occurred under the terms as set forth in the Note, the Deed of Trust, or any other Loan Documents, the Assignor shall have the right and license to collect, use and enjoy all rents and other sums due or to become due by virtue of any Lease as they respectively become due, but not more than thirty (30) calendar days in advance.

4. The Assignor hereby irrevocably consents to and authorizes and directs that the tenant or other obligor under any Lease upon demand and notice from Lender of Lender's right to receive rents and other sums hereunder, shall pay such rents and other sums to Lender after an Event of Default without any obligation on the part of such tenant or other obligor to determine the actual existence of any default or event claimed by Lender as the basis for Lender's right to receive such rents or other sums and notwithstanding any notice from or claim of the Assignor to the contrary. The Assignor hereby waives any right or claim against any tenant or other obligor for any such rents and other sums paid by tenant or other obligor to Lender.

5. Without limiting any legal rights of Lender as the absolute assignee of the rents, issues and profits of the Leases and in furtherance thereof, Assignor agrees that after an Event of Default, whether before or after the Loan is declared due in accordance with its terms, the Lender may, at its option, (i) take actual possession of the Property hereinabove described, or of any part thereof, personally or by agent or attorney, as for condition broken, and without force and with process of law, enter upon, take and maintain possession of all or any part of said Property, together with all documents, books, records, papers and accounts relating thereto, and exclude the Assignor, its agents or servants, therefrom and hold, operate, manage and control the Property, and at the expense of the Assignor, from time to time, cause to be made all necessary or proper repairs, renewals, replacements, useful alterations, additions, betterments and improvements to the Property as may seem judicious, and pay taxes, assessments and prior or proper charges on the Property, or any part thereof, and insure and reinsure the same, and lease the Property in such parcels and for such times and on such terms as Lender may deem fit and subject to the terms of the Declaration of Affirmative Land Use and Restrictive Covenants recorded against the Property, including leases for terms expiring beyond the maturity of the indebtedness evidenced by the Note, and cancel any lease or sublease for any cause or on any ground which would entitle the Assignor to cancel the same and in every such case have the right to manage and operate the said Property and to carry on the business thereof as Lender shall deem proper or (ii) with or without taking possession of the Property, Lender may proceed to enforce the Leases and collect all sums due or to become due thereunder and by so doing, Lender shall not be deemed a mortgagee in possession nor to have assumed or become responsible or liable for any obligations of Assignor arising thereunder or in respect thereof.

6. Any sums received by Lender under or by virtue of this Assignment shall be applied to the payment of or on account of the following in such order and manner as Lender may elect:

(a) to the payment of all proper charges and expenses, including the just and reasonable compensation for the services of Lender, its attorneys, agents, clerks, servants and others employed in connection with the operation, management and control of the Property and the conduct of the business thereof;

(b) to the payment of any sum secured by a lien or encumbrance upon the Property;

(c) to the cost of completing any improvements being constructed on or about the Property at the time of taking over the Leases; and

(d) to the reduction of the indebtedness hereby secured, whether or not the same may then be due or be otherwise adequately secured.

The manner of application of such sums and the items which shall be credited or paid out of same shall be within the sole discretion of Lender and nothing contained herein shall obligate Lender to use any such sums for a purpose other than reducing the indebtedness hereby secured unless it shall elect to do so. Lender shall be subrogated to any lien discharged out of the rents, income and profits of the Property.

7. Assignor hereby further covenants that the Assignor will, upon request of Lender, execute and deliver such further instruments and do and perform such other acts and things as Lender may reasonably deem necessary or appropriate to more effectively vest in and secure to Lender the rights and rents which are intended to be assigned to Lender hereunder. Assignor irrevocably waives any right it now or hereafter may have to offset any claim or liability owing from it to any obligor on a Lease against sums due or to become due from such obligor under a Lease.

8. Assignor covenants and agrees to observe and perform all of the obligations imposed on it under the Leases and not to do or permit to be done anything to impair the security thereof, not to further assign or encumber its rights under the Leases or its rights to the rents or other sums due or to become due thereunder and not suffer or permit any of the Leases to be subordinated to any other liens or encumbrances whatsoever except as disclosed in the Loan Agreement, any such subordination to be null and void unless done with the written consent of Lender. Assignor further covenants and agrees that it will, at the request of Lender, submit the executed originals of all Leases or true and correct copies thereof and of amendments thereto to Lender.

9. The acceptance by Lender of this Assignment, with all of the rights, powers, privileges and authority so created, shall not, prior to entry upon and taking of actual physical possession of the Property by Lender, be deemed or construed to constitute Lender a mortgagee in possession nor impose any obligation whatsoever upon Lender, it being understood and agreed that Lender does not hereby undertake to perform or discharge any obligation or liability of the landlord under any Leases or under or by reason of this Assignment. Lender shall have no liability to Assignor or anyone for any action taken or omitted to be taken by it hereunder, except for its willful misconduct. Subject to the limitation imposed by the preceding sentence, should Lender incur any liability, loss or damage under or by reason of this Assignment or for any action taken by Lender hereunder, or in defense against any claim or demand whatsoever which may be asserted against Lender arising out of any Lease, the amount thereof, including costs, expenses and reasonable attorney fees, together with interest thereon at the rate applicable to the Loan at the time of incurrence (or if the Loan has been paid in full at the time of incurrence, then at the rate applicable to the Loan at the time of such payment in full), shall be secured by this Assignment

and by the Deed of Trust, and the Assignor shall reimburse the Assignee therefore immediately upon demand. Assignor's obligation to so pay shall survive payment of the indebtedness hereby secured and the release of this Assignment.

10. The rights and remedies of Lender hereunder are cumulative and are not secondary to or in lieu of, but are in addition to any rights or remedies which Lender shall have under the Deed of Trust or any other instrument or document or under applicable law and the exercise by Lender of any rights and remedies herein contained shall not be deemed a waiver of any other rights or remedies of Lender, whether arising under the Deed of Trust or otherwise, each and all of which may be exercised whenever Lender deems it in its interest to do so. The rights and remedies of Lender may be exercised from time to time and as often as such exercise is deemed expedient and the failure of Lender to enforce any of the terms, provisions and conditions of this Assignment for any period of time, at any time or times, shall not be construed or deemed to be a waiver of any rights under the terms hereof.

11. The right of Lender to collect and receive the rents assigned hereunder or to exercise any of the rights or powers herein granted to Lender shall, to the extent not prohibited by law, extend also to the period from and after the filing of any suit to foreclose the lien of the Deed of Trust, including any period allowed by law for the redemption of the Property after any exercise by Lender of its power of sale.

12. This Assignment shall be assignable by Lender and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective legal representatives, successors and assigns of each of the parties hereto. All provisions hereof are severable and if any provisions hereof shall be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall in no way be affected thereby

13. There shall be no merger of interest or estate created by this Assignment with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**[SIGNATURES APPEAR ON THE FOLLOWING PAGE; NO FURTHER TEXT
APPEARS ON THIS PAGE]**

LENDER:

CITY OF APACHE JUNCTION, an Arizona
municipal corporation

By: _____
Name: Bryant Powell
Its: City Manager

ASSIGNOR:

APACHE JUNCTION VILLAS, LLC, an Arizona
limited liability company

By: AJ VILLAS MANAGEMENT, LLC, an
Arizona limited liability company
Its: Managing Member

By: Adams Construction and Management Co.,
INC., an Arizona corporation
Its: Sole Member

By: _____
Gregory A. Wagner
President

STATE OF ARIZONA)
) ss.
County of _____)

This instrument was acknowledged before me for the purposes therein contained this ____day of _____, 2018, by Gregory A. Wagner, the President of Adams Construction and Management Co., INC., an Arizona corporation and the Sole Member of AJ VILLAS MANAGEMENT, LLC, an Arizona limited liability company, the Managing Member of APACHE JUNCTION VILLAS, LLC. an Arizona limited liability company.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss.
County of Pinal)

This instrument was acknowledged before me for the purposes therein contained this ____day of _____, 2018, by Bryant Powell, the City Manager of CITY OF APACHE JUNCTION, an Arizona municipal corporation.

Notary Public

My Commission Expires:

EXHIBIT A

LEGAL DESCRIPTION OF APACHE JUNCTION VILLAS

Lots 1 through 47, inclusive, and Tracts A and B, of IDAHO CREEKVILLAS –PHASE 3, according to the plat of record in the office of the County Recorder of Pinal County, Arizona recorded in Cabinet G, Slide 59.

EXCEPT all coal, oil, gas and other mineral deposits, as reserved in patent from the United States of America.

**Exhibit “D”
Closing Letter
(to Come)**

Exhibit “E”

ENVIRONMENTAL CERTIFICATION AND AGREEMENT

THIS CERTIFICATION AND AGREEMENT REGARDING HAZARDOUS SUBSTANCES (this “**Agreement**”) is made as of the ____ day of _____, 2018, by and between APACHE JUNCTION VILLAS, LLC, an Arizona limited liability company (“**Borrower**”) and CITY OF APACHE JUNCTION, an Arizona municipal corporation (“**Lender**”).

I. RECITALS

1.1 Borrower desires to obtain a loan from Lender in the amount of Thirty Four Thousand and No/100 Dollars (\$34,000.00), (the “**Loan**”) to be secured by a Deed of Trust encumbering certain real property located in Pinal County, Arizona which is more specifically described in the Loan Documents (the “**Property**”).

1.2 Lender is willing to make the Loan to Borrower, under certain terms and conditions, which include the execution and delivery of this Agreement and the Loan Documents (as defined below).

II. DEFINITIONS

As used herein, the following terms shall have the meanings specified below:

2.1 “**Environmental Law or Laws**” shall mean any federal, state or local statute, common law duty, ordinance or regulation, (including any amendments thereto), pertaining to health, industrial hygiene or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (“**CERCLA**”); the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (“**RCRA**”); the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. No. 99-499, 100 Stat. 1613 (1986)) and the Arizona Environmental Quality Act, Title 49, Arizona Revised Statutes, and all rules and regulations adopted and guidelines promulgated pursuant to the foregoing.

2.2 “**Hazardous Substances**” shall include:

- (a) Those substances included within the definitions of “hazardous substances,” “pollutants or contaminants,” “hazardous materials,” “toxic substances,” or “solid waste” in CERCLA, RCRA, and the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., and in the lists and regulations promulgated pursuant thereto;
- (b) Those substances defined as “hazardous substances” in A.R.S. Section 49-201 and in rules adopted or guidelines promulgated pursuant thereto; and

- (c) All other substances, materials and waste that are, or that become, regulated under, or that are classified as hazardous or toxic under, any Environmental Law.
- (d) For purposes of the Leases, Permitted Substances are not Hazardous Substances.

2.3 **“Release”** shall mean any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance).

2.4 **“Loan”** shall mean the extension of credit, of even date herewith, in the amount of Thirty Four Thousand and No/100 Dollars (\$34,000.00), between Borrower and Lender.

2.5 **“Loan Documents”** shall include any documents executed in connection with the Loan, including but not limited to the Note and the Deed of Trust, Assignment of Rents and Security Agreement between Borrower and Lender, all of even date herewith.

2.6 **“Termination”** shall mean the date on which the loan is satisfied or if the Loan is not satisfied, the date on which Borrower is divested of title through foreclosure or delivery of a deed in lieu thereof.

2.7 **“Environmental Reports”** means all Phase I, a lead-based paint and asbestos survey and United States Department of Housing and Urban Development (**“HUD”**) Environmental Review Reports prepared in connection with or as a condition of the Loan Documents.

2.8 **“Permitted Substances”** are substances that, while inherently deemed hazardous or toxic above thresholds regulated by Government Authority and in the circumstances are allowed since they do not exceed those regulatory thresholds in view of their use or storage.

III. BORROWER'S REPRESENTATIONS AND WARRANTIES

Borrower certifies, represents and warrants to the best of its knowledge and except as previously disclosed in the Environmental Reports that:

3.1. Neither the Property nor any improvements, fixtures or equipment, if any, thereon is in violation of any Environmental Law.

3.2. Borrower is not in violation of any Environmental Law with respect to the Property or otherwise.

3.3. Neither Borrower nor the Property is subject to any threatened or existing investigation by any federal, state or local governmental authority with regard to any Environmental Law.

3.4. Neither the Property nor Borrower is subject to any threatened or existing lawsuit by any federal, state, or local governmental authority or by any private party with regard to any Environmental Law.

3.5. Neither Borrower nor the Property is subject to any removal or remedial obligation, or any lien under or in connection with any Environmental Law.

3.6. Borrower is not required by any Environmental Law to obtain any permit or license to construct or use any existing or contemplated improvements, fixtures or equipment related to the Property or any business conducted or intended to be conducted on the Property.

3.7. Borrower has not caused or permitted the Release of, and Borrower has no knowledge of the Release or presence of, any Hazardous Substance on the Property in excess of the reportable quantities prescribed by CERCLA or the Arizona Environmental Quality Act, or the migration of any Hazardous Substance from or to any other property adjacent to or in the vicinity of the Property. Borrower's intended use of the Property will not result in the Release of any Hazardous Substance on the Property.

IV. RIGHTS AND OBLIGATIONS

4.1. Borrower shall not violate any Environmental Law in connection with its possession or use of the Property prior to Termination.

4.2. Borrower shall promptly notify Lender in writing if Hazardous Substances are to be stored, generated, treated or transported on the Property for any period of time prior to Termination. Such notice shall include a detailed description of the business, which requires the storage or use of Hazardous Substances, the specific Hazardous Substances involved, and any licenses or permits under any Environmental Law which have been obtained in connection with the operations.

4.3. Borrower states that the Property is or is intended for use as a site for apartment buildings ("**Project**"), and shall notify Lender in writing of any material change in the nature of the contemplated or actual use of the Project prior to Termination.

4.4. Borrower shall not permit the Release of any Hazardous Substance on the Property prior to Termination.

4.5. Borrower shall provide Lender with copies of any license or permit obtained by Borrower pursuant to any Environmental Law with respect to the Property prior to Termination.

4.6. Borrower will require any parties taking possession of portions of the Project prior to Termination (collectively "**Lessees**") to agree in writing to at least the following terms and conditions prior to Termination:

(a) Lessees will not violate any Environmental Law with respect to the Property in connection with its possession or use of the Property; and

(b) Lessees will not permit the Release of any Hazardous Substance on the Property (except for Permitted Substances).

4.7. Borrower shall not permit any environmental liens to be placed on any portion of the Property prior to Termination.

4.8. Borrower shall not permit any third party to use, generate, manufacture, produce, store or release, any Hazardous Substance on, under or about the Property, or transport such Hazardous Substances to or from the Property prior to Termination, except in compliance with all applicable Environmental Laws.

4.9. Prior to Termination, Borrower shall give prompt written notice to Lender of the following:

(a) Any threatened or pending proceeding, lawsuit, investigation or settlement by or with any private party or federal, state or local governmental authority with respect to the presence of any Hazardous Substance on the Property or the migration thereof to or from any other property in the vicinity of the Property;

(b) All claims made or threatened by any third party against Borrower or the Property relating to any loss or injury resulting from any Hazardous Substance;

(c) Borrower's discovery of any occurrence or condition on the Property or any property adjoining or in the vicinity of the Property which could cause the Property or any part thereof to be subject to any restrictions on its ownership, occupancy, transferability or use under any Environmental Law or which, due to any environmental condition could result in any liability, cost, expense or loss to any owner, occupant or operator of the Property, or in loss or diminution in the value to the Property; and

(d) Borrower's discovery of a violation of Environmental Law that Borrower is legally required to report to any federal, state or local governmental authority or the discovery of a Release of a Hazardous Substance in sufficient quantities to be reportable under CERCLA or the Arizona Environmental Quality Act to any federal, state or local governmental authority.

4.10. Borrower shall conduct and complete any and all investigations, studies, sampling, testing and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances in, on, from or affecting the Property, whether currently existing or occurring prior to Termination:

(a) In accordance with applicable Environmental Laws;

(b) To the reasonable satisfaction of Lender and only as provided in the Loan Documents; and

(c) In accordance with the orders and directives of all governmental authorities.

4.11. In the event Lender obtains information regarding an environmental problem on the Property, Lender shall give written notice and demand on Borrower for immediate action. If Borrower fails to take action within 30 calendar days from the date of the written notification, Lender shall have the authority to take any of the following actions:

(a) to enter onto the Property at any time and from time to time for the purpose of assessing whether environmental conditions exist which could result in any liability, cost, expense or loss to any owner, occupant or operator of the Property, or in loss or diminution in the value of the security to Lender. Lender agents or independent contractors may so enter onto the Property at any time, upon reasonable notice, and under reasonable conditions established by Borrower which do not impede the ability of Lender's agents or independent contractors to perform such assessment(s) as they deem necessary; provided, however, that in the event of a default by Borrower hereunder or under the Loan Documents, the failure or refusal of Borrower to cooperate in Lender's assessment of the Property shall not prevent Lender's agents or independent contractors from having reasonable access to the Property for the purpose of making such an assessment.

(b) through its agents or independent contractors, to conduct such tests for environmental damage and/or the presence of Hazardous Substances on the Property as Lender's agents or independent contractors reasonably deem necessary, including, without limitation, soil drilling and sampling of air, soil, water, groundwater, building materials, or other materials located on or near the Property. Borrower agrees to assist Lender's agents or independent contractors in assessing the Property by providing historical and operational information regarding the Property as requested, and by making personnel with knowledge of such matters available for meetings with Lender's agents or independent contractors. Any reasonable cost incurred by Lender in causing any assessment to be performed shall be secured by the Loan Documents and be payable by Borrower on demand. Lender shall make the results of any assessment available to Borrower. Borrower acknowledges that the right of Lender to assess environmental conditions given under this paragraph 4.11 is granted solely to protect Lender's interest, and does not create any obligation of Lender to protect Borrower from liability under any Environmental Law.

4.12. Lender shall have the right, but not the obligation, prior to Termination, without in any way limiting Lender's other rights and remedies under the Loan Documents, to enter onto the Property or to take such other actions as it deems necessary to clean up, remove, resolve, or minimize the impact of, or otherwise deal with (provided Borrower has failed to take such actions within a reasonable time after written notice from Lender) any Hazardous Substances on or affecting the Property following a receipt of any notice from any person or entity asserting the existence of any Hazardous Substances pertaining to the Property or any part thereof that, if true, could result in an order, notice, suit, imposition of a lien on the Property, or other action that in Lender's sole opinion, could jeopardize Lender's security under the Loan Documents. All reasonable costs and expenses paid or incurred by Lender, including but not limited to, attorney fees and expenses, in the exercise of any such rights shall be secured by the Loan Documents and shall be payable by Borrower upon demand.

4.13. Lender shall have the right at any time to appear in and to participate in, as a party if it so elects, and be represented by counsel of its own choice in, any action or proceeding initiated in connection with any Environmental Law that affects the Property.

4.14. Borrower agrees to indemnify and hold harmless Lender, any successor to Lender's interest in the Property, any purchaser of the Property upon foreclosure by Lender of its interest in the Property (or upon any action in lieu of foreclosure), and all directors, officers, employees and agents of all of the foregoing, from and against all claims, costs, expenses, actions, suits, proceedings, losses, damages and liabilities of any kind whatsoever, except as resulting from any negligence of Lender or any purchaser of the Property, including but not limited to attorney fees and expenses, directly or indirectly arising out of or attributable to any activity involving Hazardous Substances into, on, under or from the property, which activity commenced from and after the date of Borrower's ownership of the property and continuing until Borrower sells the Property to an unrelated third party purchaser, or any breach of any Borrower warranties, representations and covenants contained herein.

V. SURVIVAL OF INDEMNIFICATION

The covenants, warranties, representations and indemnity contained herein shall continue in full force and effect and shall survive: (a) the payment and performance of the Loan, (b) the release of any lien or encumbrance on the Property securing the Loan, (c) any foreclosure whether judicial or non-judicial, (or action in lieu of foreclosure) of any lien or encumbrance on the Property securing the Loan, (d) any delivery of a deed in lieu of foreclosure to Lender or any successor of Lender, as holder of a security interest in the Property or indebtedness secured thereby, or as an owner of the Property following foreclosure or the delivery of a deed in lieu of foreclosure, (e) the exercise by Lender of any other remedy under any document securing the Loan, and (f) any suit, proceeding or judgment against Borrower by Lender hereon.

VI. GENERAL PROVISIONS

6.1 The indemnity contained in this Agreement shall not be subject to any nonrecourse or other limitation of liability provision contained in any document or instrument executed and delivered in connection with the Loan and the liability of Borrower hereunder shall not be limited by any such nonrecourse or similar limitation of liability provision.

6.2 If any material warranty, representation or statement contained herein shall be or shall prove to have been false when made or if Borrower shall fail or neglect to perform or observe any of the terms, provisions or covenants contained herein, the same shall constitute an Event of Default under the Loan and Loan Documents that shall entitle Lender to pursue any and all remedies provided for such default.

6.3. Lender shall not be deemed to have waived any delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, shall constitute a waiver of any of Lender's rights or any of Borrower's obligations as to any future transactions. Whenever

consent by Lender is required in this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required. Borrower hereby waives notice of acceptance of this Agreement by Lender.

6.4 Except as otherwise provided in Paragraphs 4.14 and V of this Agreement, the warranties, representations and rights provided for in this Certification and Agreement are for the benefit of Lender and Borrower only. There are no third party beneficiaries to this Agreement.

6.5 This Certification and Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns.

6.6 No promise, representation, warranty or agreement made subsequent to the date hereof by any party hereto, and no revocation or waiver, partial or otherwise, or amendment or modification of, this Agreement shall be effective unless the same shall be in writing and signed by the party to be charged therewith.

6.7 Any notice required or permitted in connection herewith shall be given in the manner provided for in the Loan Documents executed and delivered in connection with the Loan.

6.8 The terms and conditions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona. Any action at law or in equity brought by either party for the purpose of enforcing a right or rights provided for in this Agreement, shall be tried in a court of competent jurisdiction in Pinal County, State of Arizona. The parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other county. In the event either party shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition in this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs including: all litigation and appeal expenses, collection expenses, reasonable attorney fees, necessary witness fees and court costs to be determined by the court in such action.

6.9 In this Agreement, whenever the context so requires, the masculine gender includes the feminine and/or neuter and the singular number includes the plural. If Borrower consists of more than one person or entity, the obligation of each person or entity hereunder shall be joint and several.

**[SIGNATURE OF BORROWER IS ON THE NEXT PAGE; NO FURTHER TEXT
APPEARS ON THIS PAGE]**

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first hereinabove written.

BORROWER:

APACHE JUNCTION VILLAS, LLC, an Arizona
limited liability company

By: AJ VILLAS MANAGEMENT, LLC, an
Arizona limited liability company
Its: Managing Member

By: Adams Construction and Management Co.,
INC., an Arizona corporation
Its: Sole Member

By: _____
Gregory A. Wagner
President

STATE OF ARIZONA)
) ss.
County of _____)

This instrument was acknowledged before me for the purposes therein contained this ____day of _____, 2018, by Gregory A. Wagner, the President of Adams Construction and Management Co., INC., an Arizona corporation and the Sole Member of AJ VILLAS MANAGEMENT, LLC, an Arizona limited liability company, the Managing Member of APACHE JUNCTION VILLAS, LLC, an Arizona limited liability company.

Notary Public

My Commission Expires:

LENDER:

CITY OF APACHE JUNCTION

a municipal corporation

By: _____

Name: Bryant Powell

Its: City Manager

STATE OF ARIZONA)
) ss.
County of Pinal)

This instrument was acknowledged before me for the purposes therein contained this ____day of _____, 2018, by Bryant Powell, the City Manager of the CITY OF APACHE JUNCTION, an Arizona municipal corporation.

Notary Public

My Commission Expires:

Exhibit “F”

LEGAL DESCRIPTION

Lots 1 through 47, inclusive, and Tracts A and B, of IDAHO CREEKVILLAS –PHASE 3, according to the plat of record in the office of the County Recorder of Pinal County, Arizona recorded in Cabinet G, Slide 59.

EXCEPT all coal, oil, gas and other mineral deposits, as reserved in patent from the United States of America.