

Quint & Thimmig LLP

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AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP
575 Market Street, Suite 3600
San Francisco CA 94105-2874
Attention: Brian D. Quint, Esq.

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**DEED OF TRUST
WITH
FIXTURE FILING
AND SECURITY AGREEMENT**

by the

MONTECITO RETIREMENT ASSOCIATION

Dated as of March 1, 2012

**DEED OF TRUST
WITH
FIXTURE FILING
AND SECURITY AGREEMENT**

THIS DEED OF TRUST WITH FIXTURE FILING AND SECURITY AGREEMENT ("Deed of Trust") is made as of March 1, 2012, by MONTECITO RETIREMENT ASSOCIATION, a California nonprofit public benefit corporation (the "Trustor") to PCB Service Corporation, with an address of c/o Loan Services, PO Box 60654, Santa Barbara, CA 93160 (the "Trustee"), as trustee for the benefit of the County of Santa Barbara, California (the "County") (collectively with the County, the "Beneficiary"). All capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Second Installment Sale Agreement, dated as of March 1, 2012, by and between Santa Barbara Bank & Trust, N.A. and the Trustor (the "Second Installment Sale Agreement").

THIS DEED OF TRUST WITNESSETH:

Section 1. Grant in Trust. The Trustor irrevocably grants, transfers and absolutely, unconditionally and irrevocably assigns to the Trustee, in trust, with power of sale and right of entry and possession, the entire right, title and interest of the Trustor in and to that certain real property ("Land") situated in Santa Barbara County, State of California, and more particularly described in Exhibit A attached hereto and made a part hereof, all right, title and interest that the Trustor otherwise now has or may hereafter acquire in the Land, together with all right, title and interest that the Trustor now has or may hereafter acquire in:

(i) All buildings, structures, improvements, fixtures, equipment and appurtenances now and hereafter owned, constructed, located, erected, installed or affixed by or on behalf of the Trustor upon or appurtenant to the Land and all replacements and substitutions therefor ("Facilities");

(ii) All appurtenances, improvements, easements, pipes, transmission lines or wires and other rights used in connection with the Land or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Facilities ("Appurtenances");

(iii) All equipment, machinery, goods and other personal property of the Trustor, whether movable or not, if the same is (a) now owned or hereafter acquired by the Trustor, and (b) now or hereafter located at or used in connection with the Facilities, and all improvements, restorations, replacements, repairs, additions, accessions or substitutions thereto or therefor, including, without limitation, all machinery, equipment, material, furnishings and appliances for generation or distribution of air, water, heat, electricity, light, fuel or refrigeration, for purposes of ventilation, sanitation or drainage, for exclusion of vermin or insects, for removal or disposal of dust, refuse or garbage; all elevators, awnings, window coverings, floor covering, laundry equipment, kitchen equipment, cabinets, furniture and furnishings; all fixed and moveable equipment now or hereafter installed or placed upon or in the Land or Facilities for use in health care, treatment, diagnosis and services or for other health care uses; the products and proceeds from any and all such property; all the estate, interest, right, title, property or other claim or demand of every nature whatsoever, in and to such property, including specifically, but without limitation, all deposits made with or other security given to utility companies by the Trustor with respect to such property and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire ("Equipment");

(iv) All leases or subleases with respect to the Land, Facilities, Appurtenances and Equipment ("Leases");

(v) All rentals or other payments which may now or hereafter accrue or otherwise become payable under the Leases to or for the benefit of the Trustor together with all other income, rents, revenues, issues, profits, reserves and royalties produced by the Land, Facilities, Appurtenances and Equipment or by all management or service contracts or other contracts affecting the Property, including but not limited to security deposits (collectively the "Rents");

(vi) All earnings, products, damages, indemnifications, insurance proceeds and any other proceeds from any and all of such Land, Facilities, Appurtenances, Equipment, Leases, Rents and Accounts including specifically, but without limitation, all deposits made with or other security given to utility companies and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by the Trustor with respect thereto ("Proceeds");

(vii) All accounts, accounts receivable and other rights to payment of money now owned or hereafter acquired by the Trustor, whether due or to become due and whether or not earned by performance ("Accounts"), including without limitation the following:

(a) Any and all Accounts arising from any source, including without limitation operations of the Trustor or its agents at the Facilities, and at any other facility, including, but not limited to, health facility or office; and

(b) Any and all Accounts accruing from in-patient, out-patient, day treatment, and any other programs run by and operations of the Trustor or its agents.

For purposes hereof, "Accounts" covered hereby shall include without limitation accounts, chattel paper, deposit accounts and instruments as defined by the California Commercial Code, and any amounts receivable from third party payors (including insurance companies, Medicare, unless otherwise prohibited by law) in connection with the foregoing; and

(viii) All right, title and interest of the Trustor in all the Trustor's inventory, raw materials, work in process, finished goods and goods held for sale or lease or furnished under contracts of service, and all returned and repossessed goods, and all goods covered by documents of title, including warehouse receipts, bills of lading and all other documents of every type covering all or any part of the Property, now owned or hereafter acquired, whether held by the Trustor or any third party, which is located on, appurtenant to, relating to, or used by or useful in connection with the Property ("Inventory").

All of the above referenced Land, Facilities, Appurtenances, Equipment, Leases, Rents, Proceeds, Accounts and Inventory as hereby conveyed to the Trustee or made subject to the security interest herein described is collectively referred to herein as the "Property."

The Trustor warrants and agrees that as of the date of recording of this Deed of Trust it has not entered into any sales agreement, option, assignment, sublease, pledge, mortgage, deed of trust, financing statement, security agreement or any other arrangement regarding the Property apart from the transactions referenced in or secured by this Deed of Trust and has not nor will not execute any document or instrument referring to or covering the Property, or any part thereof, and no such documents or instruments are on file, recorded or in effect in any public office, other than Permitted Liens and agrees that the Property is, and shall be, kept free from any lien, security interest, encumbrance or any other interest other than the Permitted Liens.

FOR THE PURPOSE OF SECURING:

Section 2. Obligations.

(a) Payment of Installment Payments and each and every monetary provision to be performed by the Trustor pursuant to the Second Installment Sale Agreement (together with all modifications, extensions, renewals, and/or replacements thereof) in an amount sufficient to pay all obligations to the Beneficiary;

(b) Performance of each and every obligation, covenant and agreement of the Trustor contained in the Second Installment Sale Agreement;

(c) Performance of each and every obligation, covenant and agreement contained in this Deed of Trust; and

(d) Payment of all fees and charges owing to the Beneficiary in connection with the Second Installment Agreement and this Deed of Trust, whether or not herein set forth, except where the documents or agreement relating to such fees and charges expressly provides that payment of the same is an unsecured obligation of the Trustor or is otherwise not intended to be secured by this Deed of Trust.

The foregoing obligations are hereinafter sometimes referred to as the "Obligations."

THIS DEED OF TRUST FURTHER WITNESSETH:

Section 3. Security Agreement and Fixture Filing. This Deed of Trust shall also constitute a security agreement and the Trustor hereby pledges and grants to the Beneficiary a security interest in and to all of the Property not constituting real property under the laws of the State of California ("Personal Property"), whether the Trustor now or hereafter obtains an interest in such Personal Property and all the proceeds or products thereof, including but not limited to all of those items listed in Exhibit B attached hereto and made a part hereof. Upon any default of the Trustor hereunder, the Beneficiary shall be entitled to exercise with respect to all such collateral all of the rights and remedies set forth herein, in the Second Installment Sale Agreement, in the First Installment Sale Agreement, or otherwise afforded to a secured party in default under the terms of Article 9 of the California Uniform Commercial Code; any or all of which may be pursued and exercised concurrently, consecutively, alternatively or otherwise. The Trustor will execute one or more supplemental security agreements and financing statements as the Beneficiary may from time to time require, covering any property now or hereafter constituting a portion of the Property and otherwise the collateral securing the indebtedness secured hereunder and such financing statements and other and further assurances as the Beneficiary may request to perfect or evidence the security interest herein created (which shall cover all proceeds and products of collateral), including but not limited to, UCC-1 Financing Statements (which shall contain the description of collateral attached as Exhibit B) and UCC Continuation Statements.

The Trustor will pay all costs of filing any financing, continuation or termination statements with respect to the security interest created by this Deed of Trust; and the Beneficiary is hereby appointed the Trustor's attorney-in-fact to do, at the Beneficiary's option and at the Trustor's expense, all acts and things which the Beneficiary may deem necessary to perfect and continue perfected the security interest created by this Deed of Trust and to protect the Property. The Beneficiary may execute, sign, endorse, transfer or deliver, in the name of the Trustor, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, certificates of title, applications for certificates of title, or any other documents necessary to evidence, perfect or realize upon the security interests and secured indebtedness created or secured by this Deed of Trust. This authority shall be considered a power coupled with an interest and shall be irrevocable until all the indebtedness secured hereby shall have been paid in full.

This Deed of Trust constitutes a Financing Statement filed as a fixture filing in the Official Records of the County Recorder of the County in which the property is located with respect to any and all Fixtures (as defined by the Uniform Commercial Code), included within the term "Property" as used in this Deed of Trust and with respect to any goods or other Personal Property that may now be or hereafter become such Fixtures. The address of the Beneficiary, from which information concerning the security interest granted hereunder may be obtained is:

Santa Barbara Bank & Trust, N.A.
Loan Services,
P.O. Box 60654
Santa Barbara, CA 93160

All references in this Deed of Trust to the Uniform Commercial Code shall be to the Uniform Commercial Code, as enacted in the State of California.

Section 4. Absolute Assignment; Assignment of Leases and Rents. The Trustor hereby absolutely, unconditionally and irrevocably assigns to the Beneficiary the Leases and the absolute right to collect the Rents. The Beneficiary authorizes the Trustor, prior to any default in the payment of any indebtedness secured hereby or in the performance of any covenant or obligation hereunder without notice, to collect and use all such Rents as they become due and payable and to exercise all rights under the Leases. The foregoing assignment shall not impose upon the Beneficiary any duty to produce Rents from the Property or cause the Beneficiary to be a "mortgagee in possession" for any purpose.

The Trustor agrees that it will not amend, modify, change or waive, or consent to any amendment, modification, change or waiver of, any term or provision of the Leases without the prior written consent of the Beneficiary.

The Trustor agrees that it will take all steps and do all things necessary to keep and maintain the Leases in full force and effect and will enforce or cause to be enforced all and singular the provisions thereof, and bring and prosecute or cause to be prosecuted any and all suits, actions and proceedings necessary to enforce compliance with all of the terms, provisions and covenants thereof. If, in the reasonable opinion of the Beneficiary, the Trustor has failed, or is about to fail, to take suitable action to enforce the Leases or any guaranty thereof or to first preserve any rights or remedies thereunder, the Beneficiary, after giving five (5) days' written notice to the Trustor, may, but is not required to, take such action as it shall deem appropriate, in its own name or in the name of the Trustor for the use and benefit of the Beneficiary, to enforce the Leases and to preserve any rights or remedies thereunder, and all costs and expenses incurred by the Beneficiary in taking any such action shall be payable on demand and shall constitute part of the secured indebtedness hereunder.

Section 5. Due on Sale; Acceleration upon Default. The Beneficiary shall have the right, at its option, to declare all sums secured hereby immediately due and payable if (a) the Trustor or any successor in interest to the Trustor conveys, transfers or assigns the Property or any part thereof, or interest therein, or agrees to do so whether by deed, contract of sale, lease with option to buy, or otherwise, and whether such conveyance, transfer or assignment is to an unrelated third party or a related entity, including without limitation an entity that shares a common ownership with the Trustor or an entity that is a subsidiary of the Trustor; or (b) the Trustor or any successor in interest to the Trustor further encumbers or alienates the Property or any part thereof, or interest therein; or (c) the Trustor suffers its title or any interest therein to be divested, whether voluntarily or involuntarily; or (d) without the written consent of the Beneficiary, the Trustor or any successor in interest to the Trustor changes or permits to be changed the character or use of the Property from the character or use contemplated by the Trustor and the Beneficiary upon execution of this Deed of Trust, as specified in the Trustor's application to the Beneficiary and other documents executed by the Trustor

in connection with the Loan, including, without limitation, drilling or extracting oil, gas, or other hydrocarbon substances, or any mineral of any kind or character; or (e) suit is commenced to condemn the Property as being unfit for human use and occupancy or to abate as a nuisance activities or conditions found thereon (and the Beneficiary reasonably believes that its security under this Deed of Trust may be impaired by such suit or the activities or conditions which are the subject of such suit) or for the partition or sale of the Property; or (f) the Trustor or any successor in interest to the Trustor has made any oral or written material misrepresentations or failed to disclose any material fact, in order to induce the Beneficiary to enter into the transaction evidenced by the Second Installment Sale Agreement or any agreements or indebtedness which this Deed of Trust secures; or (g) the Trustor or any successor in interest to the Trustor has disbursed funds collected from Rents and profits to itself for personal use to the detriment of the Property; or (h) the Trustor ceases to exist as a result of revocation, termination, cancellation or otherwise; or (i) more than twenty percent (20%) of the capital stock of the Trustor is sold, transferred or assigned, whether voluntarily or involuntarily. If any of the events described in this section occur and if the Beneficiary consents to the same, then such consent must be in writing and signed by the Beneficiary to be effective. Such written consent shall not be deemed or construed as a waiver of any of the Beneficiary's rights or as a cure of any default by the Trustor pertaining to any subsequent occurrences of any event described in section and the written consent of the Beneficiary shall be required on all subsequent occurrences. Furthermore, if any event described in this section occurs and if the Beneficiary does not give its written consent to the same but fails to exercise its right to declare all sums secured hereby due and payable, such failure shall not be deemed or construed as a waiver of any of the Beneficiary's rights or as a cure of any default of the Trustor pertaining to the occurrence of such event or any subsequent occurrences of any event described in this section. The right of the Beneficiary to declare all sums secured hereby immediately due and payable if any of the events described in this section occur shall not be construed or deemed to be exclusive of any other rights of the Beneficiary set forth in this Deed of Trust or any rights at law or in equity now or hereafter existing, to declare all sums secured hereby immediately due and payable, but all such rights shall be cumulative.

In the event of any default by the Trustor under the Second Installment Sale Agreement, the First Installment Sale Agreement, or any other agreements secured hereby, or upon the breach by the Trustor of any of its covenants or agreements contained herein, the Beneficiary shall have the option of declaring the unpaid balance owing under the Second Installment Sale Agreement and any other sums secured hereby immediately due and payable as provided in section 8.02 of the Second Installment Sale Agreement.

Section 6. Covenants of the Trustor. For the purpose of protecting and preserving the security of this Deed of Trust, the Trustor promises and agrees to do the following:

(a) (1) to take all action necessary to keep the Property at all times entirely free of dry rot, fungus, termites, beetles and all other wood-boring, wood-eating, harmful or destructive insects, and in all respects properly to care for and keep all of the Property, including all such buildings, structures and other improvements, in good condition and repair;

(2) not to remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations or permitted pursuant to the Second Installment Sale Agreement) any of the Facilities; provided, however, that the Trustor may make such proper replacements, repairs, renewals, removals and alterations as it shall in good faith reasonably determine are necessary or advisable to maintain or enhance the efficiency and value of the security created hereby. Notwithstanding the foregoing, Trustor will notify Beneficiary at least thirty (30) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials and if the cost of such work, services or materials could reasonably be expected to exceed \$500,000.00 ("Large Capital Project"). At least fifteen (15) days before commencement of a Large Capital Project,

Trustor will furnish to Beneficiary advance verification, satisfactory to Beneficiary, that Trustor can and will pay the cost of such improvements as and when due, while at all times maintaining compliance with the Debt Service Coverage and Liquidity covenants set forth in the Second Installment Sale Agreement.;

(3) to complete promptly and in good and businesslike manner any building or other improvements which may be constructed on the Land, to promptly restore in like manner (to the extent permitted by law) any Facilities which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor, provided that the Trustor shall not be required to pay any such claim if it shall in good faith contest the validity thereof and, if so contested, shall either (i) deposit with Beneficiary, in a non-interest bearing account, as additional security for the Obligations, an amount equal to 120% of the amount of the claim being contested, or (b) post a surety bond in amount, form and substance satisfactory to Beneficiary and issued by a corporate surety satisfactory to Beneficiary;

(4) to maintain all required permits and licensing to operate the Property as a retirement facility and in the manner currently operated, to maintain the Trustor's Medicare certification and to comply with all laws, ordinances, regulations, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements to be made thereon;

(5) not to commit or permit any waste, and not to permit any deterioration, of the Property;

(6) not to commit, suffer or permit any act to be done in or upon the Property in violation of any law or ordinance if such act might have consequences that would materially and adversely affect the financial condition, assets, properties or operation of the Trustor;

(7) subject to the rights and remedies of Beneficiary hereunder, the Trustor shall: (i) remain in possession and control of the Property; (ii) use, operate and manage the Property in accordance with all laws and regulations and in the ordinary course of business; and (iii) until otherwise directed by the Beneficiary, collect the Rents from the Property; and

(8) the Trustor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

(b) to provide and maintain hazard insurance as required by the Second Installment Sale Agreement;

(c) to appear in and defend any action or proceeding affecting or purporting to affect the security of this Deed of Trust, any additional or other security for any of the Obligations secured hereby, or the interest, rights, powers, or duties of the Trustee or the Beneficiary hereunder, it being agreed, however, that in the case of an action or proceeding against the Trustee or the Beneficiary, the Trustee or the Beneficiary, at its option, may appear in and defend any such action or proceeding and, in addition, it being agreed that the Trustee or the Beneficiary may commence any action or proceeding deemed necessary by it to perfect, maintain or protect such interest, rights, powers or duties, all in such manner and to such extent as it may determine in its sole discretion to be appropriate, and the Trustee or the Beneficiary is authorized to pay, purchase or compromise on behalf of the Trustor any encumbrance or claim which in its judgment appears or purports to affect the security hereof or to be superior hereto; to pay all costs and expenses, including costs of evidence of title and attorney's fees in a reasonable sum, in any above described, action or proceedings in which the Beneficiary or the Trustee may appear;

(d) (1) to pay, and submit to. the Beneficiary, at least five (5) days before default or delinquency, a receipt or other evidence of payment, or certified copy thereof, evidencing payment of all taxes and assessments affecting the Property, and any accrued interest, cost or penalty thereon, provided that the Trustor shall not be required to pay any such tax or assessment if it shall in good faith contest the validity thereof and, if so contested, shall provide for the payment thereof in a manner reasonably satisfactory to the Beneficiary;

(2) to pay when due all encumbrances (including any debt secured by deed of trust), ground rents, liens or charges, with interest, on the Property or any part thereof which appear to be prior or superior hereto, and to pay immediately and in full all such encumbrances, rents, liens or charges, if any, which may now be due or payable; provided that the Trustor shall not be required to pay any such encumbrances, rent, lien or charge if it shall in good faith contest the validity thereof and, if so contested, shall provide for the payment thereof in manner satisfactory to the Beneficiary; and

(3) to pay when due all costs, fees and expenses of these trusts, including costs of evidence of title and the Trustee's fees in connection with sale, whether completed or not, which amounts shall become due upon delivery to the Trustee of declaration of default and demand for sale, as hereinafter provided; and

(4) the Trustor shall upon demand furnish to the Beneficiary satisfactory evidence of payment of its monetary obligations hereunder, including all taxes, assessments and insurance premiums and shall authorize the appropriate governmental official or insurance carrier, as applicable, to deliver to the Beneficiary at any time a written statement of the such amounts owing as related to the Property.

(e) to pay immediately and without demand all reasonable and necessary sums expended or expense incurred by the Trustee or by the Beneficiary to enforce the terms of the Trust, including attorneys' fees, under any of the terms of this Deed of Trust, with interest from date of expenditure at the rate often percent (10%) per annum.

(f) the Trustor shall promptly notify the Beneficiary of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$100,000.00. the Beneficiary may make proof of loss if the Trustor fails to do so within fifteen (15) days of the casualty. If in the Beneficiary's sole judgment the Beneficiary's security interest in the Property has been impaired, the Beneficiary may, at the Beneficiary's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If the proceeds are to be applied to restoration and repair, the Trustor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to the Beneficiary. The Beneficiary shall, upon satisfactory proof of such expenditure, pay or reimburse the Trustor from the proceeds for the reasonable cost of repair or restoration if the Trustor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which the Beneficiary has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to the Beneficiary under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If the Beneficiary holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to the Trustor as the Trustor's interests may appear.

(g) If any action or proceeding is commenced that would materially affect the Beneficiary's interest in the Property or if the Trustor fails to comply with any provision of this Deed of Trust, including but not limited to the Trustor's failure to discharge or pay when due any amounts the Trustor is required to discharge or pay under this Deed of Trust, the Beneficiary on the Trustor's behalf may (but shall not be obligated to) take any action that the Beneficiary deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances

and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by the Beneficiary for such purposes will then bear interest at the rate charged under the Second Installment Sale Agreement from the date incurred or paid by the Beneficiary to the date of repayment by the Trustor. All such expenses will become a part of the indebtedness secured hereby and, at the Beneficiary's option, will (A) be payable on demand; (B) be added to the balance of the Second Installment Sale Agreement and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Second Installment Sale Agreement ; or (C) be treated as a balloon payment which will be due and payable at the Second Installment Sale Agreement maturity. The Security Instrument also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which the Beneficiary may be entitled upon an Second Installment Sale Agreement Default;

(h) Upon the occurrence of an Second Installment Sale Agreement Default, the Trustor shall pay to the Beneficiary upon demand the amount that the Beneficiary determines necessary as impounds for payment of tax and/or insurance obligations on the Property ("Impositions"). No earnings or interest on the Impositions shall be payable to the Trustor. Upon request by the Beneficiary, the Trustor shall deliver promptly to the Beneficiary all bills and notices of such Impositions. In making any payment relating to the Impositions, the Beneficiary may do so according to any bill, statement or estimate procured from the appropriate public office (with respect to taxes) or insurer or the Beneficiary (with respect to insurance premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. In the event of a default in the payment of any obligation secured by this Deed of Trust, or default in performance of any of the covenants and obligations of this Deed of Trust, then any balance remaining from monies paid the Beneficiary under provisions of this Section may, at the option of the Beneficiary, be applied to the payment of principal, interest or obligations secured hereby in lieu of being applied to any of the purposes for which the Impositions were obtained. the Trustor hereby pledges to the Beneficiary and grants to the Beneficiary a security interest in any and to all monies comprising Impositions and all proceeds thereof as security for the payment of the Second Installment Sale Agreement and performance of all obligations arising under the Second Installment Sale Agreement and this Deed of Trust. If taxes on the Property become delinquent at any time and if the Beneficiary so elects at any time thereafter, the Trustor shall provide, at the Trustor's expense, a tax service contract for the term of the Second Installment Sale Agreement issued by a tax reporting agency acceptable to the Beneficiary; and

(i) At all times, maintain Trustor's tax-exempt status and not take any action or fail to take any action that would cause the exclusion from gross income for federal tax purposes of the interest component of Purchase Payments.

Section 7. Representations and Warranties of the Trustor. The Trustor represents and warrants to the Trustee and the Beneficiary:

(a) The Trustor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, the Beneficiary in connection with this Deed of Trust;

(b) The Trustor has the full right, power, and authority to execute and deliver this Deed of Trust to the Beneficiary;

(c) Subject to the terms hereof, the Trustor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions the Trustor's title or the interest of the Trustee or the Beneficiary under this Deed of Trust, The Trustor shall defend the action at the Trustor's expense. The Trustor may be the nominal

party in such proceeding, but the Beneficiary shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of the Beneficiary's own choice, and the Trustor will deliver, or cause to be delivered, to the Beneficiary such instruments as the Beneficiary may request from time to time to permit such participation;

(d) The Trustor is duly organized, validly existing and in good standing under the laws of the state of its organization and is qualified and authorized to do business in the state where the Property is located, and has full power and authority to own its property, to carry on its business as presently being conducted and as contemplated to be conducted hereunder, and to execute, deliver and perform its obligations under this Deed of Trust and the Second Installment Sale Agreement ;

(e) The person(s) executing this Deed of Trust and the Second Installment Sale Agreement on behalf of the Trustor have been duly authorized to execute and deliver this Deed of Trust and the Second Installment Sale Agreement on behalf of the Trustor;

(f) this Deed of Trust and the Second Installment Sale Agreement constitute legally valid and binding obligations of the Trustor enforceable in accordance with their terms; and the execution, delivery and performance of this Deed of Trust and the Second Installment Sale Agreement by the Trustor will not conflict with, or constitute a breach of, or default under, The Trustor's governing instruments or any indenture, mortgage, deed of trust, note, lease commitment, agreement or other instrument or obligation to which the Trustor is a party or by which the Trustor or its properties is bound;

(g) There are no actions, suits or proceedings pending, or, to the knowledge of the Trustor threatened, against or affecting the Trustor or the Property of any nature;

(h) The Trustor is not in default under the terms of any instrument evidencing or securing any indebtedness of the Trustor and there has occurred no event which would, if uncured or uncorrected, constitute a default under any such instrument with the giving of notice, passage of time, or both;

(i) Electric, gas, sewer, water facilities, and any other necessary utilities, are available and shall continue to be available in sufficient capacity to service the Property satisfactorily for its intended uses;

(j) the Property, including, without limitation, all improvements thereon, comply with and will continue throughout the term hereof to comply with all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health, disability and environmental laws and regulations and all other applicable laws, ordinances, rules and regulations, including permits, licenses and/or certificates that may be necessary from time to time to comply with these requirements; and

(k) that: (i) During the period of the Trustor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (ii) the Trustor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by the Beneficiary in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (iii) Except as previously disclosed to and acknowledged by the Beneficiary in writing, (a) neither the Trustor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental

Laws. The Trustor authorizes the Beneficiary and its agents to enter upon the Property to make such inspections and tests, at the Trustor's expense, as the Beneficiary may deem appropriate to determine compliance of the Property with this section of the Security Instrument. Any inspections or tests made by the Beneficiary shall be for the Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of the Beneficiary to the Trustor or to any other person. The representations and warranties contained herein are based on the Trustor's due diligence in investigating the Property for Hazardous Substances. The Trustor hereby: (A) releases and waives any future environmental claims against the Beneficiary for indemnity or contribution in the event the Trustor becomes liable for cleanup or other costs under any such laws; and (B) agrees to indemnify, defend, and hold harmless the Beneficiary against any and all environmental claims, losses, liabilities, damages, penalties, and expenses which the Beneficiary may directly or indirectly sustain or suffer resulting from a breach of this section of the Security Instrument or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to the Trustor's ownership or interest in the Property, whether or not the same was or should have been known to the Trustor (each an "Environmental Claim"). The provisions of this section of the Security Instrument, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by the Beneficiary's acquisition of any interest in the Property, whether by foreclosure or otherwise.

All representations, warranties, and agreements made by the Trustor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as all obligations secured hereby shall be paid in full.

Section 8. Condemnation Proceeds The following provisions relating to eminent domain and inverse condemnation proceedings are a part of this Deed of Trust:

(a) If any eminent domain or inverse condemnation proceeding is commenced affecting the Property, The Trustor shall promptly notify the Beneficiary in writing, and the Trustor shall promptly take such steps as may be necessary to pursue or defend the action and obtain the award. The Trustor may be the nominal party in any such proceeding, but the Beneficiary shall be entitled, at its election, to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and the Trustor will deliver or cause to be delivered to the Beneficiary such instruments and documentation as may be requested by the Beneficiary from time to time to permit such participation.

(b) Subject to the terms and conditions of the Second Installment Sale Agreement, if any award is made or settlement entered into in any condemnation proceedings affecting all or any part of the Property or by any proceeding or purchase in lieu of condemnation, the Beneficiary may at its election, and to the extent permitted by law, require that all or any portion of the award or settlement be applied to the indebtedness secured hereby and to the repayment of all reasonable costs, expenses, and attorneys' fees incurred by the Trustee or the Beneficiary in connection with the condemnation proceedings.

Section 9. Acceptance Not Waiver. By accepting payment of any sum secured hereby after its due date, the Beneficiary shall be not deemed to have waived its right either to require prompt payment when due of all other sums so secured or to declare default as herein provided for failure so to pay.

Section 10. Conveyance, Easements, Subordination, Releases. To the extent permitted under the Second Installment Sale Agreement, at any time, or from time to time, without liability therefor and without notice, upon written request by the Beneficiary and the Trustor, upon presentation of this Deed of Trust, and without affecting the liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Property) the Trustee shall reconvey any part of the Property, consent in writing to the making of any map or plat thereof,

execute releases, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

Section 11. Right of Entry for Inspection. The Trustee and the Beneficiary are each authorized, by themselves or their agents or workers, in a reasonable manner such as not to interfere with the Trustor's business in a materially adverse manner and after giving notice to enter during reasonable business hours (or at any other time agreeable to the Trustor) upon any part of the Property for the purpose of inspecting the same; *provided however*, in the event of an emergency where entry upon the Property is necessary to preserve and/or protect the Property or if all obligations have been accelerated as a result of an Second Installment Sale Agreement Default, no such prior notice shall be required.

Section 12. Entry, Possession, Operation of Property.

(a) Should the Trustor fail or refuse to make any payment or to do any act which it is obligated hereunder to make or do, at the time and in the manner herein provided, then the Trustee or the Beneficiary, in its sole discretion, without notice to or demand upon the Trustor and without releasing the Trustor from any obligation hereof, is authorized to do and may do any of the following:

(1) make any such payment or do, any such act in such manner and to such extent as it may deem necessary to protect the security hereof, the Trustee and the Beneficiary being authorized to enter upon the Property for such purposes;

(2) pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of the Trustee or the Beneficiary may affect or appear to affect the security of this Deed of Trust, the interest of the Beneficiary or the rights, powers or duties of the Trustee or the Beneficiary hereunder; or

(3) either by itself or by its agents appointed by it for that purpose, enter into and upon and take and hold possession of any or all of the Property, exclude the Trustor and all other persons therefrom, and operate and manage the Property, and rent and lease the same and collect any and all rents, issues, income and profits therefrom, and from time to time apply the same or accumulate the same for application, in such order and manner as the Trustee or the Beneficiary in its sole discretion shall consider advisable, to the following: costs of collecting the same, including the Trustee's reasonable fees in so doing; the necessary and proper costs of upkeep, maintenance, repair, and operation of the Property; the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust; the interest and principal then due or next to become due upon any indebtedness secured hereby; and the taxes and assessments upon the Property then due or next to become due.

(b) The collection or receipt of Rents from the Property by the Trustee or the Beneficiary after declaration of default and election to cause the Property to be sold under and pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default or election to cause the Property to be sold or any sale proceedings predicated thereon, but such proceedings may be conducted and sale effected notwithstanding the receipt or collection of any such Rents. Any such Rents in the possession of the Trustee or the Beneficiary at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale.

(c) The Trustee and the Beneficiary shall not be under any obligation to make any of the payments or do any of the acts above mentioned, but, upon election so to do, employment of an attorney is authorized and payment of such attorney's fees and of all other necessary expenditures is hereby secured.

Section 13. Power of Sale; Judicial Foreclosure and Other Remedies.

(a) Should a Second Installment Sale Agreement Default have occurred and be continuing under the Second Installment Sale Agreement or upon the breach by the Trustor of any of its covenants or agreements contained herein or in the Second Installment Sale Agreement, the Trustee, upon written request by the Beneficiary, shall declare all sums secured hereby immediately due and payable.

(b) Having so declared, the Trustee shall provide and record such notices of default and of the election to cause the Property or any part of it to be sold as are required by law.

(c) The Trustee, upon written request by the Beneficiary, from time to time before the Trustee's sale, may rescind any such notice of default and of election to cause to be sold the Property and may execute a written notice of such a rescission, which notice, when recorded, shall also constitute a cancellation of any prior declaration of default and demand for sale. The exercise of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring or impair the right of the Beneficiary to execute and deliver to the Trustee, as above provided, other requests for notices of default and of election to cause to be sold the Property to satisfy the Deed of Trust Obligations hereof, nor otherwise affect any provision, covenant or condition of this Deed of Trust or any of the rights, obligations or remedies of the parties hereunder.

(d) Not less than the time then required by law having elapsed after recordation of notice of default, without demand on the Trustor, the Trustee, having first given notice of sale as then required by law, shall sell the Property in the manner provided by law at the time and place of sale fixed by it in the notice of sale, provided that the Trustee may postpone sale of all or any portion of the Property in the manner provided by law.

(e) The Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied, and the recitals in such deed of any matters or facts affecting the regularity or validity of the sale shall be conclusive proof of the truthfulness thereof. Also, such deed shall be conclusive against all persons as to all matters or facts therein recited. Any person, including the Trustor, the Trustee and the Beneficiary, may purchase at such sale.

(f) The Trustee shall apply the proceeds of any such sale to payment of: (1) all costs, fees, charges and expenses of the Trustee and of these trusts, and fees of any attorneys employed by the Trustee or the Beneficiary pursuant to the provisions hereof; (2) the Trustee's fees in connection with the sale, and all expenses of sale, including the cost of procuring evidence of title in connection with the sale proceedings and revenue stamps on the Trustee's deed; and (3) all other sums secured hereby, including interest on each of the foregoing items, all in such manner and order of priority or preference as the Beneficiary may in its sole and absolute discretion direct. The remainder, if any, of such proceeds, shall be paid to the person or persons legally entitled thereto, upon proof satisfactory to the Trustee of such right.

(g) With respect to all or any part of the Property, the Beneficiary shall have the right in lieu of foreclosure by power of sale to foreclose by judicial foreclosure in accordance with and to the full extent provided by California law.

(h) With respect to all or any part of the Property comprising personal property, the Beneficiary shall have all the rights and remedies of a secured party under the Uniform Commercial Code, including without limitation the right to recover any deficiency in the manner and to the full extent provided by California law.

(i) The Beneficiary shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. The Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by the Beneficiary shall not disqualify a person from serving as a receiver.

(j) If the Trustor remains in possession of the Property after the Property is sold as provided above or the Beneficiary otherwise becomes entitled to possession of the Property upon default of the Trustor, The Trustor shall become a tenant at sufferance of the Beneficiary or the purchaser of the Property and shall, at the Beneficiary's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of the Beneficiary.

(k) The Trustee or the Beneficiary shall have any other right or remedy provided in this Deed of Trust or the Second Installment Sale Agreement or available at law or in equity.

(l) To the extent permitted by applicable law, The Trustor hereby waives any and all rights to have the Property marshaled. In exercising its rights and remedies, the Trustee or the Beneficiary shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. The Beneficiary shall be entitled to bid at any public sale on all or any portion of the Property.

(m) If the Beneficiary institutes any suit or action to enforce any of the terms of this Deed of Trust, the Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses the Beneficiary incurs that in the Beneficiary's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Second Installment Sale Agreement rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, the Beneficiary's attorneys' fees and the Beneficiary's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. The Trustor also will pay any court costs, in addition to all other sums provided by law.

Section 14. Satisfaction and Reconveyance. Upon written request of the Beneficiary stating that all sums secured hereby have been paid, and upon surrender to the Trustee of this Deed of Trust and upon payment of its fees, the Trustee shall reconvey and release, without warranty, the Property, it being further agreed that the recitals in such reconveyance and release of any matters or facts shall be conclusive proof of the truthfulness thereof and that the grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

Section 15. Additional Security. The Trustee shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any other agreement or any laws now or hereafter in force, notwithstanding that some or all of the indebtedness and obligations secured hereby are now or shall hereafter be otherwise secured, whether by mortgage; deed of trust, pledge, lien, assignment or otherwise; and neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect the Trustee's or the Beneficiary's right to realize upon or enforce any other security now or hereafter held by the Trustee or the Beneficiary, it being agreed either that the Trustee or the

Beneficiary shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by the Beneficiary or the Trustee in such order and manner as it may in its uncontrolled discretion determine.

Section 16. Notice of Actions. The Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which the Trustor, the Beneficiary or the Trustee shall be a party, unless brought by the Trustee, or of any pending sale under any other deed of trust.

Section 17. Charge for Provision of Statement. For any statement regarding the Obligations secured hereby, a charge, which the Trustor agrees to pay, may be made in an amount not exceeding the maximum allowed by law at the time any such statement is requested.

Section 18. Waiver of Statute of Limitations. The right to plead any and all statutes of limitations as a defense to any demand secured by this Deed of Trust is hereby waived.

Section 19. Irrevocable by the Trustor. The trust created hereby is irrevocable by the Trustor.

Section 20. Substitution of Trustee. The Beneficiary may substitute a successor Trustee from time to time by recording at the places required by law an instrument stating the election by the Beneficiary to make such substitution and identifying this Deed of Trust.

Section 21. Notices. All notices, requests or communications required or permitted to be given in this Deed of Trust, including any notice of default and any notice of sale to the Trustor under this Deed of Trust, shall be in writing and mailed or delivered to the respective party as follows:

Trustor:	Montecito Retirement Association 300 Hot Springs Road, Suite 300 Montecito, CA 93108 Attention: Executive Director
Trustee:	First American Title Company 3780 State Street Santa Barbara, CA 93105 Attention: Regional Underwriter
County:	Santa Barbara County 105 East Anapamu Street, Room 109 Santa Barbara, CA 93101 Attention: Treasurer-Tax Collector
With Copy to:	Santa Barbara Bank & Trust, N.A. c/o Loan Services PO Box 60654 Santa Barbara, CA 93160

The Trustor, the Trustee, and the Beneficiary may, by notice given hereunder, designate any further or different address to which subsequent notices, notice of default, notice of sale, statements and other communications shall be sent.

Section 22. Successors Bound. This Deed of Trust shall bind, and the benefits shall inure to, the respective parties hereto, the Beneficiary, their legal representatives, successors in office or interest, and assigns.

Section 23. Severability of Invalid Provisions. If any provision of this Deed of Trust should be held unenforceable or void, in whole or in part, then such unenforceable or void provision or part shall

be deemed separable from the remaining provisions and shall in no way affect the validity of the remainder of this Deed of Trust.

Section 24. Releases or Reconveyances. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any property not then or theretofore released as security for the full amount of all unpaid Obligations, the Trustee may, upon written request by the Beneficiary in accordance with the Second Installment Sale Agreement, from time to time, and without notice to the Trustor, release any person other than the Trustor so liable, extend the maturity or alter any of the terms of any such obligation, or grant other indulgences, release or reconvey, or cause to be released or reconveyed, any portion or all of the Property, release any other or additional security for any obligation herein mentioned, or make compositions or other arrangements with debtors in relation thereto; and if the Trustee at any time holds any additional security for any Obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same at its option, either before or concurrently herewith or after a sale is made hereunder.

Section 25. Headings and References. The headings or titles of the several sections, subsections and subdivisions hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Deed of Trust. All references herein to "sections," "subsections" and other subdivisions are to the corresponding sections, subsections or subdivisions of this Deed of Trust. The words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Deed of Trust as a whole and not to any particular section, subsection or subdivision hereof. Words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 26. Governing Law. The laws of the State of California shall govern this Deed of Trust, the interpretation thereof and any right or liability arising hereunder.

Section 27. Amendment. This Deed of Trust may be amended only by written instrument signed by the Trustor, the Trustee and the Beneficiary, and approved by the Beneficiary.

Section 28. Attorneys' Fees. In the event of any action at law or in equity between the parties hereto, to interpret or enforce any of the provisions of this Deed of Trust, the non-prevailing party or parties to such litigation shall pay to the prevailing party or parties all costs and expenses, including actual attorneys' fees, incurred therein by such prevailing party or parties; and if such prevailing party or parties shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees may be included in and as part of such judgment. The prevailing party shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs of suit shall not recover attorneys' fees.

Section 29. **WAIVER OF JURY TRIAL**. To the fullest extent permitted by law, the Trustor and the Beneficiary HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY in any action, proceeding and /or hearing on any matter whatsoever arising out of, or in any way connected with, the Second Installment Sale Agreement, this Deed of Trust, or the enforcement of any remedy under any law, statute, or regulation (each, a "Claim"). Neither party will seek to consolidate any such action in which a jury has been waived, with any other action in which a jury trial cannot or has not been waived. Each party acknowledges that: (i) it has received the advice of counsel with respect to this waiver of trial by jury, (ii) this waiver of trial by jury is made knowingly and voluntarily, and (iii) no person on behalf of the Beneficiary or the Trustor has made any representation of fact to induce this waiver of trial by jury. The Trustor and the Beneficiary is each hereby authorized to file this document with the clerk or judge of any court of competent jurisdiction as a statutory written consent to waiver of trial by jury of the parties.

CLAIMS SUBJECT TO JUDICIAL REFERENCE AGREEMENT; CONDUCT OR REFERENCE.

In the event the jury trial waiver provisions set forth above are not permitted for any reason or at the election of the Trustor or the Beneficiary, the Beneficiary and the Trustor hereby agree: (i) each Claim shall be determined by consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 *et seq.* of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Beneficiary or the Trustor, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decisions will constitute the conclusive determination of the Claim. the Beneficiary and the Trustor agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Beneficiary and the Trustor shall promptly and diligently cooperate with one another and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section; (iv) either the Beneficiary or the Trustor may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the Beneficiary and the Trustor will each have such rights to assert such objections as are set forth in Section 638 *et seq.* of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the reference shall be permanently sealed when the order thereon becomes final.

SELECTION OF REFEREE; POWERS. The Beneficiary and the Trustor shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten years of judicial experience in civil matters. The referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request of motion for the Reference, the Beneficiary and the Trustor cannot agree upon a Referee, either the Beneficiary or the Trustor may request or move that the Referee be appointed by the Presiding Judge of the Santa Barbara County Superior Court or of the U.S. District Court for the Central District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section.

PROVISIONAL REMEDIES, SELF-HELP AND FORECLOSURE. No provision of this Section shall limit the right of either the Beneficiary or the Trustor, as the case may be, to (1) exercise such self-help remedies as might otherwise be available under applicable law, (2) initiate judicial or non-judicial foreclosure against any real or personal property collateral, (3) exercise any judicial or power of sale rights, or (4) obtain or oppose provisional or ancillary remedies, including without limitation, injunctive relief, writs of possession, the appointments of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Beneficiary or the Trustor to the Reference pursuant to this Section.

COSTS AND FEES. Promptly following the selection of the Referee, the Beneficiary and the Trustor shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the Trustor and/or the Beneficiary in such manner as the Referee deems just

Section 29. Counterparts. This Deed of Trust may be executed in counterparts each of which shall be an original and all of which shall constitute one instrument.

MONTECITO RETIREMENT ASSOCIATION

By _____
Name _____
Title _____

PCB Service Corporation hereby accepts the trust created by the foregoing deed of trust and agrees to the terms thereof.

PCB SERVICE CORPORATION

By _____
Name _____
Title _____

The County of Santa Barbara, California hereby assigns all of its rights, title and interest in the foregoing Deed of Trust to Santa Barbara Bank & Trust, N.A.

COUNTY OF SANTA BARBARA

By _____
Name _____
Title _____

EXHIBIT A

Legal Description of Real Property

All that certain real property situated in Santa Barbara County, State of California, described as follows:

PARCEL ONE:

THAT PORTION OF THE OUTSIDE PUEBLO LANDS OF THE CITY OF SANTA BARBARA, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, SHOWN AS "29.151 AC." ON MAP FILED IN BOOK 86, PAGES 8 AND 9 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL WATER AND WATER RIGHTS, TOGETHER WITH ALL WATER AND WATER RIGHTS IN AND OF THE HOT SPRINGS BRANCH OF THE MONTECITO CREEK AND THE SPRINGS AND THE SOURCE THEREOF, AS GRANTED TO KENNETH H. HUNTER, ET AL., BY QUITCLAIM DEEDS RECORDED FEBRUARY 6, 1966 AS INSTRUMENT NO. 4934, 4935 AND 4936 IN BOOK 2221, PAGES 120, 121 AND 124, RESPECTIVELY, OF OFFICIAL RECORDS.

PARCEL TWO:

THAT PORTION OF THE OUTSIDE PUEBLO LANDS OF THE CITY OF SANTA BARBARA IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, SHOWN AS "19.208 AC." ON MAP FILED IN BOOK 86, PAGES 8 AND 9 OF RECORD OF SURVEYS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THAT PORTION THEREOF CONVEYED TO THE COUNTY OF SANTA BARBARA, BY DEED RECORDED MARCH 15, 1973 AS INSTRUMENT NO. 9901 IN BOOK 2452, PAGE 304 OF OFFICIAL RECORDS.

PARCEL THREE:

AN EASEMENT FOR ROAD AND PUBLIC UTILITY PURPOSES OVER ALL OF THAT CERTAIN PROPERTY DESCRIBED AS PARCEL ONE IN THE DEED TO ERIC P. RAMSTRUM, ET UX., RECORDED OCTOBER 16, 1962 AS INSTRUMENT NO. 43340 IN BOOK 1957, PAGE 72 OF OFFICIAL RECORDS.

PARCEL FOUR:

AN EASEMENT FOR SEWER PURPOSES OVER A STRIP OF LAND TWENTY FEET IN WIDTH LYING NORTHEASTERLY OF AND ADJACENT TO THE SOUTHWESTERLY LINE OF PARCEL TWO AS CONTAINED IN DEED RECORDED OCTOBER 16, 1962 AS INSTRUMENT NO. 43340 IN BOOK 1957, PAGE 72 OF OFFICIAL RECORDS, THE NORTHERLY LINE OF SAID EASEMENT TO BE SHORTENED TO CONNECT WITH THE EASTERLY LINE AND THE NORTHWESTERLY LINE OF SAID PARCEL.

APN 9-640-01

EXHIBIT B

Description of Collateral

All right, title and interest that Montecito Retirement Association d/b/a Casa Dorinda, a California nonprofit public benefit corporation, which is defined as the "Trustor" in that certain Deed of Trust with Fixture Filing and Security Agreement dated as of March 1, 2012 ("Deed of Trust") now has or may hereafter acquire in:

(i) All buildings, structures, improvements, fixtures, equipment and appurtenances now and hereafter owned, constructed, located, erected, installed or affixed by or on behalf of the Trustor upon or appurtenant to the Land as defined in the Deed of Trust and all replacements and substitutions therefor ("Facilities");

(ii) All appurtenances, improvements, easements, pipes, transmission lines or wires and other rights used in connection with the Land or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Facilities ("Appurtenances");

(iii) All equipment, machinery, goods and other personal property of the Trustor whether movable or not, if the same is (a) now owned or hereafter acquired by the Trustor, (b) now or hereafter located at or used in connection with the Facilities, (c) financed with the proceeds of the First Installment Sale Agreement and the Second Installment Sale Agreement, and all improvements, restorations, replacements, repairs, additions, accessions or substitutions thereto or therefor, including, without limitation, all machinery, equipment, material, furnishings and appliances for generation or distribution of air, water, heat, electricity, light, fuel or refrigeration, for purposes of ventilation, sanitation or drainage, for exclusion of vermin or insects, for removal or disposal of dust, refuse or garbage; all elevators, awnings, window coverings, floor covering, laundry equipment, kitchen equipment, cabinets, furniture and furnishings; all fixed and moveable equipment now or hereafter installed or placed upon or in the Land or Facilities for use in health care, treatment, diagnosis and services or for other health care uses; the products and proceeds from any and all such property; all the estate, interest, right, title, property or other claim or demand of every nature whatsoever, in and to such property, including specifically, but without limitation, all deposits made with or other security given to utility companies by the Trustor with respect to such property and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire ("Equipment");

(iv) All leases or subleases with respect to the Land, Facilities, Appurtenances and Equipment ("Leases");

(v) All rentals or other payments which may now or hereafter accrue or otherwise become payable under the Leases to or for the benefit of the Trustor together with all other income, rents, revenues, issues, profits, reserves, and royalties produced by the Land, Facilities, Appurtenances and Equipment or by all management or service contracts or other contracts affecting the Property, including but not limited to security deposits (collectively the "Rents");

(vi) All earnings, products, damages, indemnifications, insurance proceeds and any other proceeds from any and all of such Land, Facilities, Appurtenances, Equipment, Leases, Rents and Accounts including specifically, but without limitation, all deposits made with or other security given to utility companies and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire, including all

advance payments of insurance premiums made by the Trustor with respect thereto ("Proceeds");

(vii) All accounts, accounts receivable and other rights to payment of money now owned or hereafter acquired by the Trustor, whether due or to become due and whether or not earned by performance ("Accounts"), including without limitation the following:

(a) Any and all Accounts arising from any source, including without limitation operations of the Trustor or its agents at the Facilities, and at any other hospital, facility or office and

(b) Any and all Accounts accruing from in-patient, out-patient, day treatment, and any other programs run by and operations of the Trustor or its agents.

For purposes hereof, "Accounts" covered hereby shall include without limitation accounts, chattel paper, deposit accounts and instruments as defined by the California Commercial Code, and any amounts receivable from third party payors (including insurance companies, Medicare and Medicaid, unless otherwise prohibited by law) in connection with the foregoing; and

(viii) All right, title and interest of the Trustor in all the Trustor's inventory, raw materials, work in process, finished goods and goods held for sale or lease or furnished under contracts of service, and all returned and repossessed goods, and all goods covered by documents of title, including warehouse receipts, bills of lading and all other documents of every type covering all or any part of the Property, now owned or hereafter acquired, whether held by the Trustor or any third party, which is located on, appurtenant to, relating to, or used by or useful in connection with the Property ("Inventory").

All of the above referenced Land, Facilities, Appurtenances, Equipment, Leases, Rents, Proceeds, Accounts and Inventory as hereby conveyed to the Trustee or made subject to the security interest herein described is collectively referred to herein as the "Property."