

Title documents

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**DEED OF TRUST  
WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT  
AND FIXTURE FILING  
(SI SE PUEDE)**

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust"), is made as of February 1, 2014, by Launchpad Development Two LLC, a California limited liability company, formerly Rocketship Dobern Property, LLC, a California limited liability company, as trustor ("Trustor"), whose sole member is Launchpad Development Company, a California nonprofit public benefit corporation, to First American Title Company, as trustee ("Trustee"), for the benefit of Wells Fargo Bank, National Association, a national banking association, as Master Trustee (the "Master Trustee") under that certain Master Indenture of Trust, dated as of February 1, 2014, by and between the Master Trustee and the Members of the Obligated Group identified therein (as the same may be amended and supplemented from time to time, including in connection with the issuance of any Obligations thereunder, the "Master Indenture") (Trustee, together with the Master Trustee, are collectively referred to herein as the "Beneficiary").

GRANT IN TRUST: Trustor hereby grants and assigns to Trustee, in trust, for the benefit of Beneficiary, with power of sale and right of entry and possession, all of Trustor's right, title and interest now owned in that certain real property located in the County of Santa Clara, State of California, as described on Exhibit A attached hereto and by this reference incorporated herein (the "Site"), together with all of the Trustor's right, title and interest, whether now owned or hereafter acquired, in or to the property and rights listed in paragraph (a) through (h) below (hereinafter collectively referred to as the "Property"):

(a) All buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located on the Site (hereinafter referred to as the "Improvements"); and to the extent permitted by law, the name or names, if any, as may now or hereafter be used for each Improvement;

(b) All easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and

development rights, liberties, tenements, hereditaments and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Site or the Improvements and the reversions, remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Site to the center line thereof and all the estates, rights, titles, interests, property, possession, claim and demand whatsoever, both in law and in equity, of Trustor of, in and to the Site and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(c) All machinery, equipment, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures), inventory and articles of personal property and accessions thereof and renewals, replacements thereof and substitutions therefor, and other tangible property of every kind and nature whatsoever owned by Trustor, or in which Trustor has or shall have an interest, now or hereafter located upon the Site or the Improvements, or appurtenances thereto, or used in connection with the present or future operation and occupancy of the Site or the Improvements;

(d) All awards of payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property to the extent actually received by Trustor, whether from the exercise of the right of eminent domain (including, but not limited to, any transfer of the Property or part thereof made in lieu of or in anticipation of the exercise of said right), or for any other injury to or decrease in the value of the Property;

(e) All leases and other agreements affecting the use, enjoyment or occupancy of the Property now or hereafter entered into (the "Leases") and all oil and gas or other mineral royalties, bonuses and rents, revenues, security deposits, issues and profits from the Property (the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the obligations secured by this Deed of Trust;

(f) All proceeds of and any unearned premiums on any insurance policies covering the Property including, without limitation, the right to receive and apply the proceeds of any insurance, judgments (including with respect to a casualty thereto or condemnation thereof), or settlements made in lieu thereof, for damage to the Property;

(g) The right, in the name and on behalf of Trustor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Beneficiary in the Property; and

(h) All right, title and interest of every nature of the Trustor in all receivables and other accounts of Trustor relating to the Property and in all monies deposited or to be deposited in any funds or account maintained or deposited with Beneficiary, or its assigns, in connection herewith, if any.

## ASSIGNMENT OF RENTS

Trustor absolutely and irrevocably assigns to Beneficiary the Rents of the Property upon the terms and conditions hereinafter set forth. The foregoing assignment shall not impose upon Beneficiary any duty to produce Rents from the Property, and said assignment shall not cause Beneficiary to be a "mortgagee in possession" for any purpose. This assignment of the Rents and profits of the Property is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest. Beneficiary is hereby authorized to collect and receive the foregoing Rents to give proper receipts and acquittances therefor and to apply the same to the payment of the obligations secured hereby. However, Beneficiary hereby grants Trustor a revocable license to collect and receive, and to use in accordance with the provisions of the Master Indenture and any Obligation issued thereunder, such Rents until after an Event of Default (as that term is defined herein in Paragraph B, Default Provisions) has occurred and while such Event of Default is continuing. Upon the occurrence and continuation of an Event of Default, the license shall be automatically revoked, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as the same shall become due and payable, including, but not limited to, Rents then due and unpaid. All such Rents thereafter collected by Trustor shall be held by Trustor as trustee in a constructive trust for the benefit of Beneficiary only. Trustor agrees that commencing upon delivery of such written notice of revocation of license, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant, without any liability on the part of said tenant to inquire further as to the existence of a default or license by Trustor.

## OBLIGATIONS SECURED

Trustor makes the foregoing grant for the purpose of securing:

1. Payment of all Required Payments and such other amounts to be paid by Trustor arising under the Master Indenture and any Obligation issued thereunder;
2. The observance and performance by Trustor of each covenant and obligation on the part of Trustor to be observed or performed pursuant to the Master Indenture;
3. The payment of all payments required with respect to any Obligation issued or executed and delivered from time to time by or on behalf of the Trustor and the performance by Trustor of each covenant and obligation on part of Trustor to be observed or performed pursuant to the agreements and/or instruments pursuant to which such Obligation is issued or executed and delivered;
4. The observance and performance of each covenant and obligation of Trustor herein contained or incorporated herein by reference and payment of each fee, cost and expense by Trustor as herein set forth; and
5. Payment of such further sums and/or performance of such further obligations as the then record owner of the Property may undertake to pay and/or perform (whether as principal, surety or guarantor), for the benefit of Beneficiary, its successors or

assigns, when said borrowing and/or obligation is evidenced by a writing or writings signed by such owner reciting that it or they are so secured.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, THE PARTIES AGREE AS FOLLOWS:

A. RIGHTS AND DUTIES OF THE PARTIES.

1. Title. Trustor warrants that it lawfully holds and possesses the real property as shown in Exhibit A, in fee simple, free and clear of all liens, encumbrances and other exceptions, other than the Permitted Liens, and without limitation on the right to encumber except as set forth in the Master Indenture.

2. Taxes and Assessments. Trustor shall pay or cause to be paid prior to delinquency all taxes, assessments, levies and charges imposed by any public or quasi-public authority or utility company which are or may become a lien upon the Property, any part thereof or interest therein (unless contested in good faith by Trustor). Trustor shall also pay, after notice and prior to delinquency (unless contested in good faith by Trustor), all taxes, assessments, levies and charges imposed by any public authority upon Beneficiary by reason of its interest in the Property created hereby or by reason of any payment, or portion thereof, made to Beneficiary hereunder or pursuant to any obligation hereby secured; provided, however, that Trustor shall have no obligation to pay or discharge Beneficiary's business or franchise taxes, federal or state income taxes or other taxes and which are measured by and imposed upon Beneficiary's net or gross income or receipts.

3. Insurance. Trustor shall provide all insurance specified in the Master Indenture.

4. Liens and Encumbrances. Except as permitted by the Master Indenture, Trustor shall pay, when due at or prior to maturity or such other period as permitted in the Master Indenture, all obligations secured by or reducible to liens and encumbrances which shall now or hereafter encumber or appear to encumber the Property or any part thereof or interest therein, whether senior or subordinate hereto, including without limitation all claims for work or labor performed, or materials or supplies furnished, in connection with any work of demolition, alteration, improvement of or construction upon the Property. Trustor shall have the right to contest in good faith any such obligation or claim provided such contest shall be prosecuted diligently and in a manner not prejudicial to Beneficiary, and if a judgment adverse to Trustor is obtained, such judgment shall be fully paid or discharged within thirty (30) days after the entry of such judgment unless such judgment is stayed. Upon demand by Beneficiary, Trustor shall defend, indemnify and hold Beneficiary harmless against any such obligation or claim, so contested by Trustor, and upon demand by Beneficiary, Trustor shall make suitable provision by payment to Beneficiary or by posting a bond or other security satisfactory to Beneficiary for the possibility that the contest will be unsuccessful, including, if Beneficiary requests, a one-and-one tenth times bond with respect to mechanics' or materialmen's liens, if available. Such provision shall be made within thirty (30) days after demand therefor and, if made by payment of funds to Beneficiary, the amount so deposited shall be disbursed in accordance with the resolution of the contest either to Trustor or the adverse claimant. If Trustor

fails to post a suitable bond or other acceptable security as provided, Beneficiary may remove or pay such lien or encumbrance at Trustor's expense.

5. Disposition of Insurance and Condemnation Proceeds. Trustor agrees to apply all insurance and condemnation proceeds in accordance with the terms and conditions of the Master Indenture.

6. Maintenance and Preservation of the Property. Trustor covenants: (i) to maintain or cause to be maintained the Property in good condition and repair in all material respects (reasonable wear and tear excepted); (ii) to pay when due all claims for work performed and for materials furnished on or to the Property to the extent required by the Master Indenture and which are not otherwise being contested by the Trustor in good faith, and to pay within the periods permitted in the Master Indenture any and all liens or encumbrances arising out of or resulting from work performed or materials supplied on or to the Property to the extent required by the Master Indenture; (iii) to comply in all material respects with and not suffer material violations of, (a) any and all laws, ordinances and regulations ("Laws"), (b) any and all covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character ("Covenants"), and (c) all requirements of insurance companies that are providing insurance for the Property ("Requirements"), which Laws, Covenants or Requirements affect the Property and pertain to acts committed or conditions existing thereon, including without limitation such work of alteration, improvement or demolition as such Laws, Covenants or Requirements mandate; (iv) not to commit or permit material waste of the Property or any material part thereof; (v) to perform all material obligations required to be performed in leases, conditional sales contracts or like agreements affecting the Property or the operation, occupation or use thereof (and upon the occurrence and continuance of an Event of Default all right, title and interest of Trustor under any such leases, conditional sales contracts or like agreements shall be automatically assigned to Beneficiary hereunder, together with any deposits made in connection therewith); (vi) not to create any deed of trust or encumbrance upon the Property other than Permitted Liens; (vii) to make no further assignment of Rents of the Property other than Permitted Liens; and (viii) to execute and, where appropriate, acknowledge and deliver such further instruments as Beneficiary or Trustee reasonably deems necessary or appropriate to preserve, continue, perfect and enjoy the security provided for herein, including without limitation assignments of Trustor's interest in leases of the Property.

7. Defense and Notice of Actions. Trustor shall, without liability, cost or expense to Beneficiary or Trustee, protect, preserve and defend (by counsel satisfactory to Beneficiary) title to the Property, the security hereof and the rights or powers of Beneficiary or Trustee hereunder. Said protection, preservation and defense shall include protection, preservation and defense against all adverse claimants to title or any possessory or non-possessory interest therein, whether or not such claimants or encumbrances assert title paramount to that of Trustor or claim their interest on the basis of events or conditions arising subsequent to the date hereof, other than Permitted Liens. Trustor shall give Beneficiary and Trustee prompt notice in writing of the filing of any such action or proceeding.

8. Books and Records. (a) Trustor will keep adequate books and records of account of the Property and its own financial affairs pursuant to the terms of the Master Indenture.

(b) Trustor will promptly furnish, within fifteen (15) days after Beneficiary's written request, a duly acknowledged written statement setting forth all amounts due on the indebtedness secured by this Deed of Trust and stating whether, to the best of Trustor's knowledge, any offsets or defenses exist, and containing such other matters as Beneficiary may reasonably require.

9. Collection of Rents. Subject to the provisions of the Master Indenture, Beneficiary confers upon Trustor the authority to collect and retain Rents of the Property as they become due and payable; provided, however, that Beneficiary may revoke said authority and collect and retain the Rents of the Property assigned herein to Beneficiary upon the occurrence and continuance of an Event of Default (as that term is defined herein in Paragraph B, Default Provisions) by Trustor upon giving written notice to Trustor, and without regard to the adequacy of any security for the indebtedness hereby secured, and without taking possession of all or any part of the Property or becoming a "mortgagee in possession." The right to collect Rents as herein provided shall not grant to Beneficiary or Trustee the right to possession, except as expressly herein provided; nor shall said right impose upon Beneficiary or Trustee the duty to produce Rents or profits or maintain the Property in whole or in part. Trustor hereby agrees that it will do nothing to impair Beneficiary's ability to collect and retain the Rents and interests herein assigned on the terms hereof and that any tenant or subtenant occupying the Property or any part thereof may pay any and all Rents or other charges directly to Beneficiary upon notice from Beneficiary without the necessity of any notice from Trustor. Beneficiary may apply, in its sole discretion, any Rents, so collected by Beneficiary against any indebtedness secured hereby or any obligations of Trustor arising hereunder or any other obligations of Trustor to Beneficiary, whether existing on the date hereof or hereafter arising. Collection of any Rents by Beneficiary shall not cure or waive any default or notice of default hereunder or invalidate any acts done pursuant to such notice.

10. Right of Inspection. Prior to an Event of Default (as such term is defined in Paragraph B, Default Provisions), Beneficiary, its agents, contractors and employees, may enter the Property at any reasonable time during normal business hours and provided that such inspection does not interfere with the use and operation of the Property as a school by the tenant and upon not less than five (5) Business Days' prior written notice to Trustor for the purpose of inspecting the Property and ascertaining Trustor's compliance with the terms hereof.

11. Acceptance of Trust; Notice of Indemnification. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, becomes a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless Trustee brings such action. Trustee shall not be obligated to perform any act required of it hereunder unless the performance of such act is requested in writing and Trustee is reasonably indemnified against loss, cost, liability and expense.

12. Powers of Trustee. From time to time upon the 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 any indebtedness or performance of the obligation secured hereby, Trustee may, without liability therefor and with notice to and the written consent of the Trustor, (i) reconvey all or any part of the Property, (ii) consent to the making of any map

or plat thereof, (iii) join in granting any easement thereon, (iv) join in any declaration of covenants and restrictions, or (v) join in any extension agreement or any agreement subordinating the lien or charge hereof. Trustee shall, upon request by Trustor, and at no expense to Trustee or Beneficiary, consent to utility easements, subdivision maps and similar rights in the Property granted or applied for by Trustor, provided that rights granted or applied for (a) are customary in connection with the development of real property, (b) are reasonable in form and content, and (c) do not materially and adversely diminish the value of the Property. Trustee or Beneficiary may from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the enforcement of the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees directing or confirming or approving acts in the execution of said trusts and the enforcement of said remedies. Trustor shall pay to Trustee reasonable compensation and rents for services and expenses in the administration of the trusts created hereunder upon the occurrence of an Event of Default, including reasonable attorneys' fees. Trustor indemnifies Trustee and Beneficiary against all losses, claims, demands and liabilities (except losses, claims, demands or liabilities arising from the negligence or willful misconduct of the indemnified party) which either may incur, suffer, or sustain in the execution of the trusts created hereunder or in the performance of any act required or permitted hereunder or by law.

13. Substitution of Trustees. From time to time, by a writing signed and acknowledged by Beneficiary and recorded in the Office of the Recorder of the County in which the Property is located, a copy of which shall be delivered to Trustor, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall refer to this Deed of Trust and set forth the date, book and page of its recordation. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee herein. A writing recorded pursuant to the provisions of this paragraph shall be conclusive proof of the proper substitution of such new trustee.

14. Reconveyance. Upon Beneficiary's written request, and upon surrender to Trustee for cancellation of this Deed of Trust and a copy of the instrument or instruments setting forth all obligations secured hereby, Trustee shall reconvey, without warranty, the Property or that portion thereof then held hereunder. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto." Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future Rents of the Property to the person or persons legally entitled thereto, unless such reconveyance expressly provides to the contrary.

15. Certain Taxes. In the event of the passage, after the date of this Deed of Trust, of any law deducting from the value of the Property for the purpose of taxation, any lien thereon, or changing in any way the laws now in force for the taxation of deeds of trust or debts secured by deeds of trust or similar instruments, or the manner of the collection of any such taxes, so as to affect this Deed of Trust, or imposing payment of the whole or any portion of any taxes, assessments or other similar charges against the Property upon Beneficiary, Trustor shall



pay such tax or increased portion and shall agree with Beneficiary in writing to pay, or reimburse Beneficiary for the payment of, any such tax or increased portion thereof when thereafter levied or assessed against the Property or any portion thereof. The obligations of Trustor under such agreement shall be secured by this Deed of Trust.

16. Environmental Matters.

(a) Definitions. The following definitions apply to the provisions of this Paragraph 16:

(1) The terms "Responsible Person" shall mean Trustor, and any other person who owns or acquires any interest in any part of the Property so long as Trustor continues to own the Property, including but not limited to any tenants, easement holders, licensees and other persons using or occupying the Property or any portion thereof and all persons in transit across any part of the Property.

(2) The term "Applicable Law" shall include, but shall not be limited to, each statute named or referred to in (3) below, and all rules and regulations thereunder, and any other local, state and/or federal laws, rules, regulations and ordinances, whether currently in existence or hereafter enacted, which govern, to the extent applicable to the Property,

(i) the existence, cleanup and/or remedy of contamination on property;

(ii) the protection of the environment from soil, air or water pollution, or from spilled, deposited or otherwise emplaced contamination;

(iii) the emission or discharge of hazardous substances into the environment;

(iv) the control of hazardous wastes; or

(v) the use, generation, transport, treatment, removal or recovery of hazardous substances.

(3) The term "Hazardous Substance" shall mean (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Property or to persons on or about the Property or (ii) cause the Property to be in material violation of any Applicable Law; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Applicable Law including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act

("CERCLA"), 42 USC §§9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§1251 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety §§25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§13000 et seq.; the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Property or the owners and/or occupants of property adjacent to or surrounding the Property, or any other person coming upon the Property or adjacent property; and (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

(b) Covenants and Representations.

(1) Except as set forth in the Limited Offering Memorandum related to the issuance of the Bonds or as otherwise set forth in any document provided or made available to the Beneficiary, Trustor represents and warrants that to Trustor's actual knowledge there have not been during the period of Trustor's ownership, any activities on the Property involving, directly or indirectly, the use, generation, treatment, storage or disposal of any Hazardous Substances in material violation of Applicable Law (a) under, on or in the land included in the Property, whether contained in soil, tanks, sumps, ponds, lagoons, barrels, cans or other containments, structures or equipment, (b) incorporated in the buildings, structures or improvements included in the Property, including any building material containing asbestos, or (c) used in connection with any operations on or in the Property, in each case that would have a material adverse effect on the Trustor's operations, taken as a whole.

(2) Trustor shall not allow, nor shall it permit any other Responsible Person to allow, except in compliance with Applicable Law and excluding Hazardous Substances used for cleaning and maintaining the Property, any Hazardous Substances to be brought onto, installed, used, stored, treated or disposed or transported over the Property in material violation of Applicable Law. Without limiting the generality of the foregoing, Trustor shall not, nor shall it permit any Responsible Person to, install, use or permit to be installed or used any product or substance containing asbestos, urea formaldehyde foam insulation or polychlorobiphenyls (pcb's) on the Property in violation of Applicable Law.

(3) To the best of Trustor's knowledge, Trustor represents that all activities and conditions on the Property are currently in compliance with Applicable Law or will be in compliance with Applicable Law after Trustor takes such actions as have been recommended by Trustor's environmental consultant with regard to naturally occurring asbestos, except to the extent that non-compliance could not reasonably be

expected to materially impair the use of the Property or materially and adversely affect the value thereof. So long as Trustor shall own the Property, Trustor covenants and agrees that all activities on the Property, whether conducted by any Responsible Person or by any other person under the Trustor's license or control, shall at all times comply with Applicable Law except to the extent that non-compliance could not reasonably be expected to materially impair the use of the Property or materially and adversely affect the value thereof.

(4) Within ten (10) days after receipt or completion of any material report, citation, order, manifest or other written or oral communication from any local, state or federal agency or authority empowered to enforce, investigate or oversee compliance with Applicable Law, concerning the Property, any condition thereon, or the activities of any person on or near the Property, Trustor shall notify Beneficiary in writing of the contents of such communication, and shall provide Beneficiary with a copy of all relevant documents.

(5) Notwithstanding any other provision of this Deed of Trust, upon discovery of any Hazardous Substance on or in the Property in material violation of Applicable Law, including, without limitation, substances that have leached onto the Property from neighboring property, substances that were deposited prior to Trustor's ownership of the Property and all substances spilled, discharged or otherwise emitted or deposited on the Property during Trustor's ownership, Trustor shall immediately notify Beneficiary thereof. Trustor shall immediately take all actions necessary to comply with laws requiring notification of government agencies concerning such Hazardous Substance and to the extent required by law to remedy or correct the violation. Trustor shall handle and dispose of such substances in accordance with Applicable Law. Trustor shall take any and all actions, including institution of legal action against third parties, which in Trustor's reasonable business judgment are appropriate to obtain reimbursement or compensation from such persons as were responsible for the presence of any Hazardous Substance on the Property or otherwise obligated by law to bear the cost of such remedy. Beneficiary shall be subrogated to Trustor's rights in all such claims.

(6) Trustor shall be solely responsible for and agrees to indemnify Beneficiary, the Authority and the Master Trustee, protect and defend with counsel acceptable to Beneficiary and the Authority, and hold Beneficiary and the Authority harmless from and against any claims (including without limitation third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims), interest or losses, reasonable attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), reasonable consultant fees, and expert fees that arise directly or indirectly from or in connection with the presence, suspected presence, release or suspected release of any Hazardous Substance in, or from the Property, whether into the air, soil, surface water or groundwater at the Property, or any other violation of Applicable Law, or any breach of the foregoing representations and covenants, except where the same is caused by any act or omission of such Indemnified Party and not after the conveyance of the Property by Trustor to Trustee following an uncured Event of Default or the foreclosure

sale. The provisions of this subparagraph 16(b)(6) shall survive the termination and reconveyance of this Deed of Trust.

(c) Beneficiary's Obligations. Nothing contained in this Paragraph 16 shall obligate Beneficiary to take any action with respect to the Property, any Hazardous Substances thereon, or any condition or activity that is in violation of Applicable Law, or to take any action against any person with respect to such substances, condition or activity.

17. Wetlands. Except as set forth on the survey for the Property, Trustor represents and warrants that, to the best of its knowledge, no part of the Property consists of or is classified as wetlands, tidelands or swamp and overflow lands. Trustor shall be solely responsible for and agrees to indemnify Beneficiary, protect and defend with counsel acceptable to Beneficiary, and hold Beneficiary harmless from and against any claims (including without limitation third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims), interest or losses, reasonable attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), reasonable consultant fees, and expert fees that arise directly or indirectly from or in connection with the presence on the Property of wetlands, tidelands or swamp and overflow lands, or any breach of the foregoing representation and warranty. The provisions of this Paragraph 17 shall survive the termination and reconveyance of this Deed of Trust.

## B. DEFAULT PROVISIONS.

1. Definitions. As used in this Deed of Trust, the term Event of Default means each of the following:

(a) Trustor fails to perform or observe any term or condition of this Deed of Trust applicable to Trustor or to the Property, and such event or circumstance, if capable of being cured, is not cured within 60 days after written notice thereof is given by Trustee or Beneficiary to Trustor; provided, however if Trustor has commenced curing the same and is diligently prosecuting such cure, Trustor shall have such additional time, not to exceed 120 days as is reasonably required to cure such breach;

(b) The holder of any junior, subordinated or senior mortgage, deed of trust or other lien on the Property, or any part thereof (without hereby implying Beneficiary's consent to any junior, subordinated or senior mortgage, deed of trust or other lien) is granted relief in any foreclosure or similar proceeding for the enforcement of its remedies thereunder, which relief (i) negatively affects Beneficiary's rights hereunder and (ii) is not stayed; or

(c) If any uncured Event of Default under the Master Indenture shall occur.

2. Rights and Remedies. At any time after the occurrence and during the continuance of an Event of Default, Beneficiary and Trustee shall each have the following rights and remedies:

(a) To declare all obligations secured hereby immediately due and payable;

(b) With or without notice, and without releasing Trustor from any obligation hereunder, to cure any default of Trustor and, in connection therewith, to enter upon the Property and to perform such acts and things as Beneficiary or Trustee deem necessary or desirable to inspect, investigate, assess and protect the security hereof, including without limitation of any of its other rights: to obtain a court order to enforce Beneficiary's right to enter and inspect the Property pursuant to California Civil Code Section 2929.5, to which the decision of Beneficiary as to whether there exists a release or threatened release of a Hazardous Substance onto the Property shall be deemed reasonable and conclusive as between the parties hereto; to have a receiver appointed pursuant to California Code of Civil Procedure 564 to enforce Beneficiary's right to enter and inspect the Property for Hazardous Substances; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee hereunder; to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the judgment of either Beneficiary or Trustee, is prior or superior hereto, the judgment of Beneficiary or Trustee being conclusive as between the parties hereto; to pay any premiums or charges with respect to insurance required to be carried hereunder; and to employ counsel, accountants, contractors and other appropriate persons to assist them;

(c) To commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Trustor hereunder, and Trustor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Trustor waives the defense of laches and any applicable statute of limitations;

(d) Beneficiary or its employees, acting by themselves or through a court-appointed receiver may enter upon, possess, manage, operate, dispose of and contract to dispose of the Property or any part thereof; negotiate with governmental authorities with respect to the Property's environmental compliance and remedial measures; make, terminate, enforce or modify leases of the Property upon such terms and conditions as Beneficiary deems proper; contract for goods and services, hire agents, employees and counsel, make repairs, alterations and improvements to the Property necessary, in Trustee's or Beneficiary's judgment, to protect the security hereof; incur the risks and obligations ordinarily incurred by owners of property (without any personal obligation on the part of the receiver); and/or take any and all other actions which may be reasonably necessary or desirable to comply with Trustor's obligations hereunder and under the Master Indenture. All sums realized by Beneficiary under this subparagraph, less all costs and expenses incurred by it under this subparagraph, including reasonable attorneys' fees, and less such sums as Beneficiary reasonably deems appropriate as a reserve to meet future expenses under this subparagraph, shall be applied on any indebtedness secured hereby in such order as Beneficiary shall determine. Neither application of said sums to said indebtedness nor any other action taken by Beneficiary under this subparagraph shall cure or waive any Event of Default, or notice of default hereunder or nullify the effect of any such notice of default. Beneficiary or Trustee, or any employee or agent of Beneficiary or Trustee, or a receiver appointed by a court, may take any action or proceeding hereunder without regard to (i) the adequacy of the security for the indebtedness secured hereunder, (ii) the existence of a declaration that the indebtedness secured hereby has been declared immediately due and payable, or (iii) the filing of a notice of default except as otherwise provided in Section B.1 above; and

(e) To execute a written notice of such Event of Default, and of its election to cause the Property to be sold to satisfy the obligations secured hereby, Trustee shall give and record such notice as the law then requires as a condition precedent to a Trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Trustor except as otherwise required by law, shall sell the Property at the time and place of sale fixed by it in the notice of sale and in such order as it or Beneficiary may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale (the obligations hereby secured being the equivalent of cash for purposes of said sale). If the Property consists of several lots, parcels, or items of property, Beneficiary may: (i) designate the order in which such lots, parcels, or items shall be offered for sale or sold, or (ii) elect to sell such lots, parcels or items through a single sale, through two or more successive sales, or in any other manner Beneficiary deems in its best interest. Trustor shall have no right to direct the order in which the Property is sold. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at such time fixed by the preceding postponement. Trustee shall deliver to the purchaser at such sale a deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Trustor or Beneficiary, may purchase at such sale.

In connection with any sale or sales hereunder, Beneficiary may elect to treat any of the Property which consists of a right in action or which is property that can be severed from the real property covered hereby or any improvements thereon without causing structural damage thereto as if the same were personal property or a fixture, as the case may be, and dispose of the same in accordance with applicable law, separate and apart from the sale of real property. Any sale of any personal property or fixtures hereunder shall be conducted in any manner permitted by the California Uniform Commercial Code.

After deducting all reasonable costs, fees and expenses of Trustee and of this trust, including all costs of evidence of title and reasonable attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums so expended under the terms hereof not then repaid, the payment of all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto;

(f) To resort to and realize upon the security hereunder and any other security now or hereafter held by Beneficiary in such order and manner as Trustee and Beneficiary or either of them may, in their sole discretion, determine; and resort to any or all such security may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both;

(g) To seek a judgment that Trustor has breached its covenants, representations and/or warranties with respect to the environmental matters set forth above in Section A.16, by commencing and maintaining an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Civil Procedure Code Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments,

indemnification payments to third parties, and other reasonable out-of-pocket costs or expenses actually incurred by Beneficiary (collectively, the "Environmental Costs") incurred or advanced by Beneficiary relating to the cleanup, remediation or other response action required by Applicable Law or to which Beneficiary reasonably believes necessary to protect the Property. All Environmental Costs incurred by Beneficiary pursuant to this subparagraph (including without limitation court costs, reasonable consultants' fees and reasonable attorneys' fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at the Default Rate (as hereinafter defined) from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Property held pursuant to subparagraph (e) above, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash. Trustor acknowledges and agrees that notwithstanding any term or provision contained herein, the Environmental Costs shall be exceptions to any non-recourse or exculpatory provision and Trustor shall be fully and personally liable for the Environmental Costs hereunder and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance or any other transfer of the Property or this Deed of Trust. For the purposes of any action brought under this subparagraph, Trustor hereby waives the defense of laches and any applicable statute of limitations; and

(h) To waive its lien against the Property or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired in accordance with California Code of Civil Procedure 726.5 and to exercise any and all rights and remedies of an unsecured creditor against Trustor and all of Trustor's assets and property for the recovery of any deficiency and Environmental Costs, including, but not limited to, seeking an attachment order pursuant to California Code of Civil Procedure Section 483.010. As between Beneficiary and Trustor, for purposes of California Code of Civil Procedure 726.5, Trustor shall have the burden of proving that Trustor or any related party (or any affiliate or agent of Trustor or any related party) was not in any way negligent in permitting the release or threatened release of the Hazardous Substance. Trustor acknowledges and agrees that notwithstanding any term or provision contained herein, to the extent permitted by law, all judgments and awards entered against Trustor shall be exceptions to any non-recourse or exculpatory provision and Trustor shall be fully and personally liable for all judgments and awards entered against Trustor hereunder and such liability shall not be limited to the original principal amount of the obligations secured by this Deed of Trust and Trustor's obligations shall survive the foreclosure, deed in lieu of foreclosure, release, reconveyance or any other transfer of the Property or this Deed of Trust. For the purposes of any action brought under this subparagraph, Trustor hereby waives the defense of laches and any applicable statute of limitations.

3. Payment of Costs, Expenses and Attorneys' Fees. All reasonable costs and expenses incurred by Trustee and Beneficiary pursuant to subparagraphs (a) through (f) inclusive of Paragraph B.1 (including without limitation court costs, reasonable consultants' fees and reasonable attorneys' fees, whether incurred in litigation or not and whether before or after judgment) shall bear interest at a rate equal to the interest rate on the Loan Repayments if the Trustor fails to make such Loan Repayments when due, if any, as specified in the Master Indenture or any related Obligation (the "Default Rate"), from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Property held

pursuant to subparagraph (e) above, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

4. Remedies Cumulative. All rights and remedies of Beneficiary and Trustee hereunder are cumulative and in addition to all rights and remedies provided by law.

5. Releases, Extensions, Modifications and Additional Security. Without affecting the liability of any person for payment of any indebtedness secured hereby, or the lien or priority of this Deed of Trust upon the Property, Beneficiary may, from time to time, with or without notice, do one or more of the following as otherwise permitted under the Master Indenture: release any person's liability for the payment of any indebtedness secured hereby, make any agreement or take any action extending the maturity or otherwise altering the terms or increasing the amount of any indebtedness secured hereby, and accept additional security or release all or a portion of the Property and/or other security held to secure the indebtedness secured hereby.

6. Marshalling. Trustor hereby waives any right to require that any security given hereunder or under any other agreement securing the obligations secured hereby be marshalled and further waives any right otherwise available in respect to marshalling of assets which secure any obligation secured or imposed hereby or to require Beneficiary to pursue its remedies against any such assets.

#### C. SECURITY AGREEMENT AND FIXTURE FILING.

1. Grant of Security Interest. As additional security for the obligations secured by this Deed of Trust, Trustor hereby grants to Beneficiary a security interest in and to the following items (collectively, the "Collateral"). Trustor is sometimes referred to herein as "Debtor" and Beneficiary is sometimes referred to herein as "Secured Party".

(a) All goods, fixtures and other equipment of every kind in which Debtor now or at any time hereafter owns or acquires any interest in connection with the Property, including, without limitation, all tools, equipment, appliances, heating, ventilating and air conditioning systems, plumbing, mechanical and electrical systems, elevators, lighting, alarm systems, fire control systems, carpets and carpeting, furnishings, furniture, trailers, mobile homes, service equipment, building or maintenance equipment, and all additions and accessions thereto, whether located at the Property, Debtor's places of business or elsewhere;

(b) All inventory and tangible assets used or consumed in connection with the Property in which Debtor now or at any time hereafter owns or acquires any interest, and all products thereof, whether in the possession of Debtor, warehousemen, bailees or any other person and to the extent now or hereafter located at the Property;

(c) All goods and property covered by any warehouse receipts, bills of lading and other documents evidencing any goods or other tangible personal property of any kind in which Debtor now or at any time hereafter has any interest in connection with the Property or Collateral;



(d) All goods and other tangible personal property of every kind, character or nature in which Debtor now has or at any time hereafter shall have any interest, located on or used in the operation, use, maintenance, development or construction of or otherwise in connection with the Property or Collateral, including, without limitation, any equipment, inventory and other goods and assets which are now or hereafter acquired with loan proceeds or acquired pursuant to or in connection with any lease or other contract pertaining to any use of the Property;

(e) All general intangibles, accounts, agreements, contracts, documents and leases of any kind or nature in which Debtor now or at any time hereafter has an interest related to the Property or the use, operation or maintenance of the Property or any part thereof, and all amendments, supplements, substitutions and renewals thereof, including without limitation all contract rights of Debtor in leases, warranties, letters of credit, construction contracts, permits, licenses, approvals, governmental authorizations, consulting contracts, bonds, plans and specifications, architectural and engineering drawings, fire insurance policies and other insurance policies, condemnation awards and settlements, copyrights, trademarks, trade names, goodwill, and accounts receivable;

(f) All profits, payments or proceeds of and from any and all agreements for the sale, lease, transfer or conveyance of all or any portion of the Property, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and is continuing; and

(g) Any and all products, accessions, additions, substitutions, replacements or proceeds of or to any of the Collateral which may now or hereafter exist, and any and all rent or income derived from any or all of the Collateral, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and is continuing.

2. Remedies. Upon the occurrence and continuation of an Event of Default, Beneficiary is and shall be entitled to all the rights, powers and remedies granted a secured party under the California Uniform Commercial Code and other applicable law, including, but not limited to, the right to take possession of all such Collateral. Beneficiary or its representatives may enter upon the Property (without Beneficiary being deemed to be taking possession of the Property or being deemed a mortgagee-in-possession) at any time to inspect, repair, assemble, have appraised or to remove the Collateral and may advertise and conduct public auctions and private sales thereon. Beneficiary may require Trustor to assemble the Collateral and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. In addition to the expenses of retaking, holding, preparing for sale, selling and otherwise exercising its remedies hereunder, Beneficiary shall be entitled to recover reasonable attorneys' fees and legal expenses before applying the balance of the proceeds from the sale or other disposition of the Collateral towards satisfaction of the obligations secured hereby. Trustor shall remain liable for any deficiency remaining after such sale or other disposition.

With respect to fixtures, Beneficiary or Trustee may elect to treat same as either real property or personal property and proceed to exercise such rights and remedies applicable to the categorization so chosen. Beneficiary may proceed against the items of real property and any

items of Collateral separately or together in any order whatsoever, without in any way affecting or waiving Beneficiary's rights and remedies under the California Uniform Commercial Code or its rights and remedies provided under this Deed of Trust.

3. Fixture Filing. Trustor agrees that this Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder where the Property is located with respect to any and all fixtures included within the term "Property" as used herein and with respect to any goods and other personal property that may now be or hereafter become fixtures. The names and mailing addresses of the debtor (Trustor) and the secured party (Beneficiary) are set forth below in Section D.12 of this Deed of Trust. Trustor is, or is one of, the record owners of the Property. The personal property described above is the Collateral covered by this financing statement. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor agrees to execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproductions of this Deed of Trust in such form as Beneficiary may require to perfect a security interest with respect to such Collateral. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require.

4. Limitations. Except as otherwise clearly and expressly provided in this Deed of Trust: (i) Beneficiary has not consented to any other security interest of any other person in any Collateral and has not disclaimed any interest in any Collateral; and (ii) Beneficiary has not agreed or consented to the removal of any Collateral from the Property, and any such consent by Trustor shall not be binding on Beneficiary.

5. Removal. Trustor shall only remove or permit the removal of any fixture from the Property in accordance with the Master Indenture.

#### D. MISCELLANEOUS PROVISIONS.

1. Non-Waiver. By accepting payment of any sum secured hereby after its due date or late performance of any obligation secured hereby, Beneficiary shall not waive its right against any person obligated directly or indirectly hereunder or on any obligation hereby secured, either to require prompt payment or performance when due of all other sums and obligations so secured or to declare default for failure to make such prompt payment or performance. No exercise of any right or remedy by Beneficiary or Trustee hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law.

2. Further Assurances. Trustor shall, upon demand by Beneficiary or Trustee, execute, acknowledge (if appropriate) and deliver any and all documents and instruments and do or cause to be done all further acts reasonably necessary or appropriate to effectuate the provisions hereof.

3. Statements of Condition. From time to time as required by law, Beneficiary shall furnish to Trustor such statement as may be required concerning the condition

of the obligations secured hereby. Upon demand by Beneficiary, Trustor covenants and agrees to pay Beneficiary's reasonable costs incurred in furnishing such statement, but not in excess of the maximum amount allowed by law.

4. Usury Savings Clause. Nothing contained herein or in the Master Indenture shall be deemed to require the payment of interest or other charges by Trustor in excess of the amounts that may be lawfully charged to the Trustor pursuant to the Master Indenture or under the applicable usury laws. In the event Beneficiary shall collect monies which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of Beneficiary, be returned to Trustor or credited against the principal balance of any obligation secured hereby then outstanding.

5. Attorneys' Fees. In the event legal action, suit or any proceeding is commenced between Trustor and Trustee or Beneficiary regarding their respective rights and obligations under this Deed of Trust or any of the other Master Indenture, the prevailing party shall be entitled to recover, in addition to damages or other relief, costs and expenses, attorneys' fees and court costs. As used herein the term "prevailing party" shall mean the party which obtains the principal relief it has sought, whether by compromise settlement or judgment. If the party which shall have commenced or instituted the action, suit or proceeding shall dismiss or discontinue it without the concurrence of the other party, such other party shall be deemed the prevailing party.

6. Waiver of Personal Liability. No officer, agent, director or employee of the Trustor shall be individually or personally liable for payment of any principal (or Redemption Price) and interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of the Deed of Trust; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or specifically provided by this Deed of Trust.

7. Trustor and Beneficiary Defined. The term "Trustor" herein includes both the original Trustor and any subsequent owner or owners of any of the Property, and the term "Beneficiary" includes the original Beneficiary and also any subsequent duly appointed beneficiary, and each of their successors.

8. No Joint Venture. The relationship of Trustor and Beneficiary under this Deed of Trust and the Master Indenture is, and shall at all times remain, solely that of borrower and lender; and Beneficiary neither undertakes nor assumes any responsibility or duty to Trustor or to any third party with respect to the Property. Notwithstanding any other provisions of this Deed of Trust and the Master Indenture: (a) Beneficiary and Authority are not, and shall not be construed as, a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Trustor and Beneficiary and Authority do not intend to ever assume such status; (b) the activities of Beneficiary and Authority in connection with this Deed of Trust and the Master Indenture shall not be "outside the scope of the activities of a lender of money" within the meaning of California Civil Code §3434, as

amended or recodified from time to time, and Beneficiary and Authority do not intend to ever assume any responsibility to any person for the quality, suitability, safety or condition of the Property; and (c) Beneficiary and Authority shall not be deemed responsible for or a participant in any acts, omissions or decisions of Trustor. The Beneficiary and Authority shall not be directly or indirectly liable or responsible for any loss, claim, cause of action, liability, indebtedness, damage or injury of any kind or character to any person or property arising from any construction on, or occupancy or use of, any of the Property, whether caused by or arising from: (i) any defect in any building, structure, grading, fill, landscaping or other improvements thereon or in any on-site or off-site improvement or other facility therein or thereon; (ii) any act or omission of Trustor or any of Trustor's agents, employees, independent contractors, licensees or invitees; (iii) any accident in or on any of the Property or any fire, flood or other casualty or hazard thereon; (iv) the failure of Trustor, any of Trustor's licensees, employees, invitees, agents, independent contractors or other representatives to maintain the Property in a safe condition; and (v) any nuisance made or suffered on any part of the Property; except where the same is caused by any act or omission of the Beneficiary or the Authority.

9. Rules of Construction. When the identity of the parties hereto or other circumstances make it appropriate the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. Specific enumeration of rights, powers and remedies of Trustee and Beneficiary and of acts which they may do and acts Trustor must or must not do shall not exclude or limit the general. The headings of each paragraph are for information and convenience and do not limit or construe the contents of any provision hereof.

10. Severability. If any term of this Deed of Trust, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent permitted by law.

11. Successors in Interest. The terms, covenants, and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.

12. Notices. All notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and sent by hand delivery, recognized overnight courier, registered or certified mail addressed as follows:

To TRUSTOR at: Launchpad Development Two LLC  
c/o Rocketship Education  
350 Twin Dolphin Drive, Suite 100  
Redwood City, CA 94065  
Attention: Chief Executive Officer and General Counsel

With copy to :  
Dentons US LLP  
233 South Wacker Drive #7800  
Chicago, IL 60606

Attention: Scott Kapp

To AUTHORITY at:

California Municipal Finance Authority  
2111 Palomar Airport Rd., Suite 320  
Carlsbad, CA 92011  
Attention: Financial Advisor  
Telephone: (760) 930-1221  
Facsimile: (760) 683-3390

To TRUSTEE at:

First American Title Company  
1737 N. First Street #500  
San Jose, CA 95112  
Attention: [Liz Zankich]

To MASTER TRUSTEE AND INITIAL BENEFICIARY at:

Wells Fargo Bank, National Association  
333 Market Street, Suite 101  
San Francisco, California 94105  
Attention: Corporate Trust

The addresses may be changed from time to time by any party by serving notice as heretofore provided. Service of such notice or demand shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or at the expiration of the second day after the date of mailing, whichever is earlier in time.

Pursuant to California Government Code Section 27321.5, the Trustor requests that a copy of any notice of default and a copy of any notice of sale be mailed to Trustor at the address set forth above.

13. No Merger. The parties' rights, obligations and interests in land created by or arising under the Master Indenture are separate, cumulative, and independent and there shall be no merger of any such rights, obligations or interests.

14. Beneficiary's Right to Perform. If Trustor fails to make any payment or perform any act required by this Deed of Trust or by any junior, subordinated or senior deed of trust or other lien on the Property (without hereby implying the Beneficiary's consent to any such lien or encumbrance), then, at any time thereafter (but subject to any grace period or cure period and notice requirements under the Master Indenture), and without waiving or releasing any obligation or default, Beneficiary may make such payment or perform such act for the account and at the expense of Trustor and shall have the right to enter the Property for such purpose and to take all such action thereon and with respect to the Property as may be necessary or appropriate for such purpose. Notwithstanding anything to the contrary in this Deed of Trust, Beneficiary shall have no obligation to do anything set out in this Paragraph. Beneficiary shall be entitled to interest on all sums so paid by Beneficiary and all costs and expenses so incurred from the date paid by Beneficiary until reimbursed in full by Trustor at the Default Rate. All

sums so paid by Beneficiary, all costs and expenses so incurred and interest thereon shall be paid by Trustor to Beneficiary on demand. If Beneficiary shall elect to pay any tax, assessment, levy or charge mentioned in Paragraph A.2 of this Deed of Trust, Beneficiary may do so in reliance on any bill, statement or assessment procured from the appropriate public or nonpublic office, without inquiring into the accuracy thereof or into the validity of such tax, assessment, levy or charge. Similarly, in making any payments to protect the security interests intended to be created by this Deed of Trust, Beneficiary shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same.

15. Amendments; Releases or Reconveyances. This Deed of Trust may be amended, changed, modified or terminated at any time, without the necessity of obtaining the consent of the Authority, the Master Trustee or the holders of the Bonds, subject to the conditions and as provided in the Master Indenture.

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 from time to time, and with 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.

16. Headings. The headings of the articles of this Deed of Trust are for convenience only and do not limit its provisions.

17. Master Trustee. To the extent Beneficiary is the Master Trustee, all provisions of the Master Indenture relating to the rights, powers, privileges and protections of the Master Trustee thereunder shall apply with equal force and effect to all actions taken by the Master Trustee as Beneficiary in connection with this Deed of Trust.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust on the day and year set forth above.

TRUSTOR PLEASE NOTE: IN THE EVENT OF YOUR DEFAULT, CALIFORNIA PROCEDURE PERMITS THE TRUSTEE TO SELL THE SUBJECT PROPERTY AT A SALE HELD WITHOUT SUPERVISION BY ANY COURT AFTER EXPIRATION OF A PERIOD PRESCRIBED BY LAW. SEE PROVISION B.2.(e) ABOVE FOR A DESCRIPTION OF THIS PROCEDURE. UNLESS YOU PROVIDE AN ADDRESS FOR THE GIVING OF NOTICE, YOU MAY NOT BE ENTITLED TO OTHER NOTICE OF THE COMMENCEMENT OF SALE PROCEEDINGS. BY EXECUTION OF THIS DEED OF TRUST, YOU CONSENT TO SUCH PROCEDURE. IF YOU HAVE ANY QUESTIONS CONCERNING IT, YOU SHOULD CONSULT YOUR LEGAL ADVISOR. BENEFICIARY

URGES YOU TO GIVE IT PROMPT NOTICE OF ANY CHANGE IN YOUR ADDRESS SO THAT YOU MAY RECEIVE PROMPTLY ANY NOTICE GIVEN PURSUANT TO THIS DEED OF TRUST.

[Signature Page Follows]

**LAUNCHPAD DEVELOPMENT TWO LLC, a**  
California limited liability company

By: Launchpad Development Company, a  
California nonprofit public benefit  
corporation

Its: Managing Member



By: \_\_\_\_\_  
Andrew Stern  
Chairperson of the Board of Directors

[Signature page – Deed of Trust with Assignment of Rents, Security Agreement and Fixture  
Filing (Si Se Puede)]

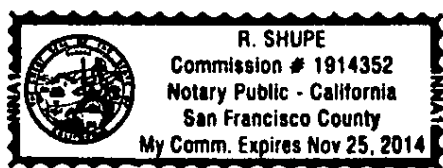


# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SAN FRANCISCO )

On February 5, 2014 before me, R. Shupe, Notary Public, personally appeared Andrew Stern,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

A handwritten signature in cursive script, appearing to read "R. Shupe", written over a horizontal line.

Signature of Notary Public

Place Notary Seal Above

## OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

### CAPACITY CLAIMED BY SIGNER

### DESCRIPTION OF ATTACHED DOCUMENT

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer

\_\_\_\_\_  
Title(s)

- ☐ Partner(s) ☐ Limited  
☐ General  
☐ Attorney-In-Fact  
☐ Trustee(s)  
☐ Guardian/Conservator  
☐ Other: \_\_\_\_\_

\_\_\_\_\_  
Title or Type of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

Signer is representing:  
Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signer(s) Other Than Named Above

EXHIBIT A

REAL PROPERTY DESCRIPTION

[To be inserted or attached]

Real property in the City of San Jose, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

A PORTION OF THOSE PARCELS OF LAND CONVEYED TO THE STATE OF CALIFORNIA BY THE FOLLOWING TWO DEEDS:

DEED RECORDED JANUARY 11, 1966 IN BOOK 7243, PAGE 474 AND PARCELS ONE AND TWO IN DEED RECORDED JANUARY 25, 1968 IN BOOK 8005, PAGE 55, BOTH OF OFFICIAL RECORDS OF SANTA CLARA COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

COMMENCING AT THE MOST NORTHERLY CORNER OF ABOVE SAID PARCEL (7243 OF 474); THENCE ALONG THE NORTHEASTERLY LINE OF LAST SAID PARCEL, SOUTH 36° 01' 50" EAST 9.12 FEET; THENCE ALONG A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 130.00 FEET, THROUGH AN ANGLE OF 39° 47' 51", AN ARC LENGTH OF 90.30 FEET; THENCE SOUTH 3° 45' 53" WEST 13.44 FEET TO THE NORTHWESTERLY LINE OF DOVE COURT, AS SAID COURT IS SHOWN ON THAT CERTAIN MAP ENTITLED, "TRACT NO. 2358", WHICH MAP WAS FILED FOR RECORD ON APRIL 6, 1960 IN BOOK 118 OF MAPS, PAGE 47, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA CLARA COUNTY; THENCE ALONG THE EXTERIOR BOUNDARY OF SAID COURT, SOUTH 50° 20' 04" WEST, 37.80 FEET, AND ALONG A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 43.00 FEET, THROUGH AN ANGLE OF 133° 45' 33", AN ARC LENGTH OF 100.39 FEET; THENCE SOUTH 3° 45' 53" WEST 177.84 FEET; THENCE ALONG A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 1200.00 FEET, THROUGH AN ANGLE OF 9° 24' 04", AN ARC LENGTH OF 196.90 FEET TO THE SOUTHERLY LINE OF ABOVE-SAID PARCEL ONE (8005 OR 55); THENCE ALONG LAST SAID LINE, NORTH 71° 54' 45" WEST, 148.69 FEET TO THE GENERAL WESTERLY LINE OF LAST SAID PARCEL; THENCE ALONG LAST SAID LINE NORTH 18° 05' 15" EAST, 100.00 FEET; SOUTH 71° 54' 45" EAST 3.39 FEET, NORTH 18° 05' EAST, 168.97 FEET, NORTH 63° 26' 44" WEST 182.22 FEET TO THE NORTHWESTERLY LINE OF LAST SAID PARCEL; THENCE ALONG LAST SAID LINE AND ALONG THE NORTHWESTERLY LINE OF LOTS 39 AND 38 AS SAID LOTS ARE SHOWN ON SAID MAP, NORTH 50° 20' 04" EAST, 306.25 FEET TO THE POINT OF COMMENCEMENT.

EXCEPTING THEREFROM THAT PORTION AS CONVEYED TO THE SANTA CLARA VALLEY WATER DISTRICT IN THAT CERTAIN GRANT DEED RECORDED JULY 12, 2004 AS INSTRUMENT NO. 17891374 AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL THAT CERTAIN LAND SITUATED IN THE CITY OF SAN JOSE, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, BEING A PORTION OF LANDS DESCRIBED IN THE DEED FROM W. H. KETTLER TO THE STATE OF CALIFORNIA

RECORDED ON FEBRUARY 16, 1972 IN REEL 9706 AS IMAGE 148, SANTA CLARA COUNTY RECORDS, SAID LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF LOT 4 AS SAID LOT IS SHOWN ON THAT CERTAIN PLAT OF "TRACT NO. 2359" FILED IN BOOK 129 OF MAPS, AT PAGE 41, SANTA CLARA COUNTY RECORDS; THENCE EASTERLY ALONG THE NORTHERLY LINE OF THE PARCEL OF LAND DESCRIBED IN THE DEED FROM NANCY TURINI AND OTHERS TO THE SANTA CLARA VALLEY WATER DISTRICT RECORDED ON AUGUST 13, 1996 AS RECORDERS SERIES NO. 13405764 OF SAID COUNTY, SOUTH 71° 51' 26" EAST 27.35 FEET TO THE POINT OF BEGINNING; THENCE LEAVING LAST SAID LINE SOUTH 83° 09' 27" EAST 15.99 FEET TO THE BEGINNING OF CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 28.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 66° 42' 42" AN ARC DISTANCE OF 32.60 FEET (SAID CURVE IS SUBTENDED BY A CHORD WHICH BEARS NORTH 63° 29' 12" EAST 30.79 FEET), TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 36.00 FEET; THENCE ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 78° 00' 43" AN ARC DISTANCE OF 49.02 FEET (SAID CURVE IS SUBTENDED BY A CHORD WHICH BEARS NORTH 69° 08' 13" EAST 45.32 FEET); THENCE SOUTH 71° 51' 26" EAST 44.79 FEET TO THE BEGINNING OF A NON-TANGENT CURVE WHOSE RADIUS BEARS NORTH 81° 10' 06" WEST 1200.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 02° 34' 12" AN ARC DISTANCE OF 53.83 FEET (SAID CURVE IS SUBTENDED BY A CHORD WHICH BEARS SOUTH 10° 07' 00" WEST 53.82 FEET) TO THE NORTHERLY LINE OF SAID SANTA CLARA VALLEY WATER DISTRICT PARCEL; THENCE ALONG SAID NORTHERLY LINE NORTH 71° 51' 26" WEST 125.10 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

A PORTION OF DOVE COURT AS SAID COURT IS SHOWN ON THAT CERTAIN MAP ENTITLED, "TRACT NO. 2358", WHICH MAP WAS FILED FOR RECORD ON APRIL 6, 1960 IN BOOK 118 OF MAPS, PAGE 47, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA CLARE, COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWESTERLY TERMINUS OF THE COURSE DESCRIBED IN PARCEL ONE ABOVE AS "SOUTH 50° 20' 04" WEST, 37.80 FEET"; THENCE ALONG LAST SAID COURSE NORTH 50° 20' 04" EAST 37.80 FEET; THENCE SOUTH 3° 45' 53" WEST, 100.17 FEET TO THE GENERAL WESTERLY LINE OF SAID DOVE COURT; THENCE ALONG LAST SAID LINE, FROM A TANGENT THAT BEARS NORTH 83° 25' 29" WEST, ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 43.00 FEET, THROUGH AN ANGLE OF 133° 45' 33", AN ARC LENGTH OF 100.39 FEET TO THE POINT OF COMMENCEMENT.

APN: 481-32-059