HOME INVESTMENT PARTNERSHIPS ("HOME") PROGRAM AGREEMENT TO FUND

MCKNIGHT SENIOR VILLAGE III

THIS AGREEMENT, made and entered into this 17th day of June, 2009, by and between the City of Las Vegas (the "City"), a municipal corporation of the State of Nevada, with offices located at City Hall, 400 Stewart, Las Vegas, Nevada 89101, and Silver State Housing, a non-profit corporation organized under the laws of the State of Nevada, with a mailing address of 2655 S. Rainbow Blvd., Suite 401, Las Vegas Nevada 89146, its permitted successors and assigns (the "Developer"). The City and the Developer are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the City has entered into a Grant Agreement with the United States Department of Housing and Urban Development ("HUD") for participation in the Home Investment Partnership Program ("HOME Program") set forth under 24 CFR Part 92 as amended; and

WHEREAS, the City has entered into an Interlocal Agreement with the State of Nevada whereby the City administers the HOME Program funds allocated to the City by the Housing Division, Department of Business and Industry, State of Nevada ("NHD"), and

WHEREAS, the City, as the Entitlement Grantee under the HOME Program, is responsible for entering into agreements for the distribution of HOME Program funds for projects which have been determined to be eligible for such funding, and in furtherance of the goals and objectives of the HOME Programs; and

WHEREAS, the Developer is a Community Housing Development Organization ("CHDO") as defined under 24 CFR Part 92; and

WHEREAS, the Developer has requested financial assistance from the City under the HOME Program for the purpose of constructing 24 two-bedroom units of affordable housing, which is commonly known and referred to as the "McKnight Senior Village III" (the "Project"); and

WHEREAS, Developer will be carrying out a CHDO-eligible activity by sponsoring and developing six two-bedroom, floating units in McKnight Senior Village III designated as HOME assisted units to be used for purposes of providing affordable housing; and

WHEREAS, the Project is to be constructed on the real property leased to McKnight Senior Village III, LP, which is legally described in Exhibit "E" attached hereto and incorporated herein as a part of this Agreement (the "Property"); and

WHEREAS, the Las Vegas City Council, at its meeting on June 17, 2009, allocated $997,204 in HOME funds to be used for the payment of Project eligible costs incurred by the Developer in the construction of the Project; and

WHEREAS, the Las Vegas City Council determined that the Project will provide a substantial benefit to the inhabitants of the City.

NOW THEREFORE, for and in consideration of the premises and of the mutual promises and agreements which are hereinafter contained, the Parties do hereby agree as follows:

I. DEVELOPER PROJECT RESPONSIBILITIES

In consideration for the allocation of the HOME Funds (defined below) by the City for the deferred loan made to the Developer pursuant to this Agreement, the Developer agrees to construct, or cause to be constructed, the Project as described in the Project Description, Financing and Requirements, Exhibit "A" attached hereto and incorporated herein and to operate the Project according to the requirements set forth therein. The Project will comply with the basic concept drawing set forth in the Project Rendering, Exhibit "D-2" attached hereto and incorporated herein, which is hereby approved by the City Council with the approval of this Agreement. Any change or deviation from the Project Rendering requires the approval of the City Council.

II. CITY PROJECT RESPONSIBILITIES

With the execution of this Agreement, the City agrees to provide the Developer with a deferred loan in the total amount of $997,204 (the "HOME Funds" or "Project Funds") to be used for the purpose of reimbursing the Developer for eligible Project costs incurred in constructing the Project. As of the execution of this Agreement, the City intends to use $150,000 in state HOME funds (the "State HOME Funds") and $847,204 in federal HOME funds (the "Federal HOME Funds") to fund the deferred loan to the Developer. The City reserves the right to fund the deferred loan using any funds other than the aforementioned state and federal HOME funds, or any combination thereof, which the City determines in its sole discretion to be the best means to fund the Project. In the event that the City desires to use a source of funds for the deferred loan other than the initially identified state and federal HOME Funds, the City will not implement such change except pursuant to an amendment to this Agreement executed by the City and the Developer. The HOME Funds shall be disbursed pursuant to the applicable provisions contained in Section IV of this Agreement after the request for payment has been received from the Developer and approved by the City.

III. CONDITIONS TO THE RELEASE OF PROJECT FUNDS

The City's obligation to reimburse the Developer for the eligible Project costs incurred during the construction of the Project shall be subject to the following conditions:

1. An environmental review as required pursuant to 92 CFR 58 is completed for the Property and provided by the City. Notwithstanding any other provision of the Agreement, this Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of the environmental review and receipt by the City of authorization to release the HOME Funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58, as may be required. With the completion of the environmental review, the City shall make the

determination of whether to proceed with the Project as proposed, modify the Project, or cancel the Project in its entirety. Subsequent to receipt of HUD's authorization to use the HOME Funds, and approval of the environmental review by the City, the City's Neighborhood Services Department Director will provide the Developer with a written Notice to Proceed with the construction of the Project. Once the Notice to Proceed is issued, the Developer agrees to provide the City with the written minutes of all construction meetings until issuance of the Certificate of Occupancy on the Project. The failure to comply with the requirements of this provision may result in the denial of the HOME Funds to be provided under this Agreement.

2. A Preliminary Title Report is provided to the City indicating that the title of the Property is held in a manner which is acceptable to the City, and a Title Insurance Policy, in a form acceptable to the City, is issued in the minimum amount of $997,204 which names the City as an insured party thereunder. The Title Insurance Policy shall be issued prior to any disbursement of the HOME Funds to the Developer.

3. An appraisal is provided to the City ascertaining the fair market value of the Property as required pursuant to subsection Q of Section V of this Agreement.

4. McKnight Senior Village III, LP, has entered into a lease agreement with McKnight Senior Village II, LP, the owner of the Property, for a minimum term of 20 years, and such agreement is in a form reasonably acceptable to the City.

5. McKnight Senior Village III, LP, has executed the Promissory Note for the Federal HOME Funds (the "Federal HOME Promissory Note") and the Promissory Note for the State HOME Funds (the "State HOME Promissory Note") (collectively the "HOME Promissory Notes"), which are set forth as Attachments 1 and 2 of Exhibit "A."

6. The Developer has delegated to, and McKnight Street Investments III, LLC, the General Partner of McKnight Senior Village III, LP, has assumed all of the duties of, the Developer for construction of the Project subject to the terms and conditions of this Agreement, which assumption and delegation is pursuant to a duly executed document approved by the City.

7. McKnight Senior Village III, LP, as the Trustor, has executed and recorded the All-Inclusive Leasehold Deed of Trust and Assignment of Rents Securing Federal Home Funds and the All-Inclusive Leasehold Deed of Trust and Assignment of Rents Securing State Home Funds (the "HOME Deeds of Trust"), which are set forth as Attachments 3 and 4 to Exhibit "A", in favor of Silver State Housing, as the Beneficiary, which encumbers the leasehold interest of McKnight Senior Village III, LP, in the Property as security for (i) repayment of the HOME Promissory Notes executed by McKnight Senior Village III, LP, and (ii) performance of the obligations of the Developer under this Agreement which have been delegated to, and assumed by, McKnight Street Investments III, LLC.

8. The Developer has executed and recorded the Assignment of Promissory Note and Leasehold Deed of Trust for Federal HOME Funds set forth as Attachment 5 of Exhibit "A," which document assigns all of the rights and interests of the Developer described therein to the City.

9. The Developer has executed and recorded the Assignment of Promissory Note and Leasehold Deed of Trust for State HOME Funds set forth as Attachment 6 of Exhibit "A," which document assigns all of the rights and interests of the Developer described therein to the City.

IV. PERIOD OF PERFORMANCE

This Agreement will commence as of the date set forth in the introductory paragraph (which date shall be the date of approval by the City Council) and continue until expiration of the Period of Affordability or termination pursuant to Section VII B of this Agreement. The HOME Funds must be expended on or before December 31, 2011, unless an extension not to exceed six (6) months is granted by the Neighborhood Services Department Director. The request for an extension must be made in writing by the Developer to the Neighborhood Services Department Director, and will be granted only if the extension does not jeopardize any other activity, project or funding source of the City.

The Developer agrees that the Project shall proceed according to the timelines set forth in the Project Schedule, Exhibit "B" attached hereto and incorporated herein, and to complete construction of the Project by December 31, 2011, unless an extension has been requested in writing by the Developer and granted in writing by the Neighborhood Services Department Director (which approval shall not be unreasonably withheld) to the timelines or completion date.

V. CITY GENERAL CONDITIONS

A. COMPLIANCE WITH THE HOME PROGRAM MANUAL AND OTHER APPLICABLE STATUTES AND REGULATIONS

The Developer agrees to comply with the requirements, policies, regulations and criteria of time the HOME Programs specified in the Neighborhood Services Department HOME Program Manual. The Developer shall obtain any and all applicable federal, state, and local permits, licenses, notices or certificates required to construct the Project. The Developer further agrees to abide by all applicable federal, state, and local regulations, statutes, ordinances and laws. The failure to abide by any of the above may result in the forfeiture of the HOME Funds provided under this Agreement.

B. DEVELOPER RETAINS EXCLUSIVE RIGHT OF PERFORMING SERVICES

The Developer has requested financial support from the City to enable it to construct the Project contemplated herein. The City shall have no relationship whatsoever with the Project except for providing financial support and the receipt of the Reports required from the Developer under this Agreement. In any and all events, the services contemplated herein shall be rendered at the time, in the manner and under circumstances determined solely and exclusively by the Developer, subject only to review by the Neighborhood Services Department Director, or authorized designee, to assure continuing eligibility for the HOME Funds.

C. INDEMNIFICATION

The Developer agrees to protect, defend, indemnify and save the City, its officers, employees and agents, harmless from and against any and all damages, claims, suits, liens, judgments or any other form of liability of whatever nature for injuries to, or death of, any person caused by, connected with, or arising out of any activities or performance undertaken pursuant to this Agreement. The Developer's obligation to protect, defend, indemnify, and save harmless as set forth in this paragraph shall include reasonable attorneys' fees incurred by the City in the defense and/or handling of said suits, demands, judgments, liens, claims and the like and reasonable attorneys' fees and reasonable investigation expenses incurred by the City in enforcing and/or obtaining compliance with the provisions of this paragraph.

D. ON-SITE MONITORING

The Project funded under this Agreement will be subject to on-site monitoring by duly authorized representatives (including independent auditors) of the City, HUD, the Comptroller of the United States, or any combination thereof. The representatives will be announced, at a minimum, 24 hours in advance of any on-site visits, which shall occur during normal operating hours. During any on-site visit, the representatives shall be granted access to any and all records pertaining to the Project. The representatives may interview employees of the Developer, or any entity associated with the Project who volunteers to be interviewed.

The Developer shall allow the representatives to conduct such reviews, audits and on-site monitoring of the Project as the reviewing entity deems appropriate in order to determine:

1. Whether the Project is being operated in a manner consistent with the Consolidated Plan and the national and primary objectives of the HOME Program;

2. Whether the objectives of the Project are being achieved;

3. Whether the Project is being operated in an efficient and effective manner;

4. Whether management control systems and internal procedures have been established to meet the objectives of the Project;

5. Whether the financial operations of the Project are being conducted properly;

6. Whether the periodic reports to the City contain accurate and reliable information; and

7. Whether all of the activities of the Project are conducted in compliance with the provisions of applicable Federal/State laws and regulations and this Agreement.

E. MAINTENANCE OF RECORDS

The Developer agrees to maintain financial records and supporting documentation pertaining to all matters relative to this Agreement in accordance with standard accounting principles and procedures and to retain them for a period of 20 years, except those records subject to audit findings which shall be retained for five years after such findings have been resolved. In the event the Developer goes out of existence, the Developer shall turn over to the City all of its records relating to this Agreement which will be retained by the City for the required period of time.

F. AUDITING OF RECORDS AND BOOKS

The Developer agrees to permit the City, or its designated representative(s), (including independent auditors, HUD or the Comptroller of the United States or any combination thereof) to inspect and audit its records and books relative to this Agreement at any time during normal business hours and under reasonable circumstances and to copy therefrom any information that the City desires concerning the Developer's operation hereunder. The Developer further understands and agrees that the inspection and audit will be exercised only after written notice to the Developer. If the records or books are not located within Clark County, Nevada, the Developer agrees to deliver the records or books to the address within the City of Las Vegas designated by the City. If the City, or its designated representative(s), find that the records delivered by the Developer are incomplete, the Developer agrees to pay the City or its representative(s), the costs to travel (including transportation, lodging, meals, and other related expenses) to the Developer's offices to inspect and audit, as deemed necessary, all records of the Project relating to finances, as well as other records (such as the performance records) that may be required by relevant directives of funding sources of the City.

G. INSURANCE

1. Insurance Coverages. The Developer, or McKnight Senior Village III, LP, shall procure and maintain at its own expense during the entire term of this Agreement, the following insurance coverage:

a. Industrial/Workers' Compensation Insurance protecting the Developer and the City from potential Developer employee claims based upon job-related sickness, injury, or accident, during performance of this Agreement.

b. General Liability Insurance in the amount of One Million Dollars ($1,000,000) combined single limit per occurrence, and Two Million Dollars ($2,000,000) in the aggregate, for bodily injury (including death), personal injury and property damage. Such coverage shall be on an "occurrence" basis and not on a "claims made" basis. The coverage must be provided either on an ISO Commercial General Liability form or an ISO Broad Form Comprehensive General Liability form. Any exceptions to coverages must be fully disclosed on the required certificates. If other than these forms are submitted as evidence of compliance, complete copies of such policy forms must be submitted to the City within ten (10) days after the notice of award. Policies must include, but need not be limited to, coverages for bodily injury, property damage, personal injury, Broad Form property damage, premises and operations, severability of interest, products and completed operations, contractual and independent contractors.

c. Automobile Liability Insurance in the amount of One Million Dollars ($1,000,000) combined single limit "per accident" for bodily injury or property damage, or both, caused by or arising out of the ownership, maintenance or use of any automobile by the Developer (owned or hired) in the performance of the services under this Agreement.

d. Professional Liability Insurance in an amount of not less than One Million Dollars ($1,000,000). Coverage may be on a "claims made" basis or on an "occurrence" basis. If coverage is provided on a "claims made" basis, the Developer shall maintain coverage for one (1) year following the completion of this Agreement.

e. The Developer shall carry or provide Comprehensive Fire and Hazard Insurance covering the full replacement costs of the Project.

The insurance coverages required under this Section are in addition to, and not in lieu of, the Developer's indemnification obligation provided under this Section V. G., entitled "Insurance." The City, its officers, employees and volunteers must be expressly named as additional insured parties under the coverages required under this Section.

2. Certificates of Insurance. Prior to the commencement of its performance under this Agreement, the Developer shall have on file with the City current certificates of insurance evidencing the coverages required herein.

a. Developer shall furnish the renewal certificates for the required insurance during the period of coverage required by this Agreement. If the renewal certificates are not provided, the City may declare the Developer in default of its obligation under this Section.

b. Except for the Professional Liability Insurance, the City shall be named as an additional insured party under the coverages required under this section.

3. Insurance Rating. Each insurance company's rating as shown in the latest Best's Key Rating Guide shall be fully disclosed and entered on the required certificate of insurance. The adequacy of the insurance supplied by the Developer, including the rating and financial health of each insurance company providing coverage, is subject to the approval of the City. The City requires insurance carriers to maintain a Best's Key rating of A VII or higher (i.e., A VIII, A IX, A X, etc.)

4. Lapse of Insurance. If the Developer fails to maintain any of the insurance coverages required under this Section, then the City will have the option to (i) declare a breach of this Agreement, (ii) purchase replacement insurance, or (iii) pay the premiums that are due on existing policies in order that the required coverages may be maintained. The Developer is responsible for any expenses paid by the City to maintain or purchase the insurance required

under this Section and the City may collect the same from the Developer or deduct the amount paid from any sums due the Developer under this Agreement.

5. Primary Coverage. The Developer's insurance shall be the primary coverage with respect to the City, its officers, employees and agents. Any other coverage (insurance or otherwise) available to the City, its officers, employees and agents shall be considered coverage in excess to that required of the Developer and shall not contribute with it.

6. Notice of Cancellation. Each insurance policy supplied by the Developer must be endorsed to provide that the coverage shall not be suspended, voided, canceled or reduced in coverage or in limits until thirty (30) days prior written notice by certified mail "return receipt requested" has been given to the City. This notice requirement does not waive the insurance requirements contained herein.

H. IRS REGULATIONS

The Developer agrees to comply with all applicable IRS regulations, specifically regarding employees, depositing of payroll taxes, filing of payroll tax returns, and issuance of W-2's at year-end. All persons working for a non-profit agency, whether full or part-time, are considered employees, pursuant to IRS Publication 15A. If a private contractor or instructor is hired, a W-9 must be completed if he or she is paid $600 or more, and an IRS Form 1099 must be issued to that person at year-end, as well as filed with the IRS. The 1099 instructions can be obtained on the IRS website.

I. LIMIT ON ASSIGNMENT OF INTEREST

The Developer may not assign any part of its rights in this Agreement without the written consent of City. Any such assignment of rights without the consent of City shall result in the forfeiture of the HOME Funds, or portion thereof, as determined by City.

J. AGREEMENT REVISIONS

Any change in the provisions of this Agreement, including the exhibits and attachments hereto, may be made only pursuant to a written amendment which is executed by the Developer and by (i) the Mayor, with City Council approval, if the amendment provides an increase in the Project funds of $25,000 or more, or (ii) the Neighborhood Services Department Director, if the Amendment is below $25,000, or merely revises the language of the Agreement without any impact on the Project funds.

K. THIRD PARTY CONTRACTS

The Developer shall provide reasonable advance notice to, and obtain the written consent from, the City prior to obtaining, through funds made available pursuant to this Agreement, professional services pursuant to a written contractual agreement with a third party. An example of said the contractual agreement is to be provided by the City. The advance notice shall demonstrate the necessity of such services and shall provide for an adequate remedy in the event the professional services are not rendered in a manner consistent with the terms of this Agreement.

L. DISCLOSURE OF PRINCIPALS

Pursuant to Resolution R-105-99 adopted by the City Council effective October 1, 1999, the Developer warrants that it has disclosed, on the form attached hereto as Exhibit "J", all principals, including, partners of the Developer, as well as all persons and entities holding more than 1% interest in the Developer or any principal of the Developer. Throughout the term hereof, the Developer shall notify the City in writing of any material change in the above disclosure within 15 days of such change.

M. PERIOD OF AFFORDABILITY AND RECAPTURE

The Developer agrees that this Agreement shall be in effect for a period of (20) years (the "Period of Affordability"), for the HOME Funds, commencing from the date Completion Report received from the Developer is inputed into the computerized disbursements and information system established by HUD. The Federal HOME Funds are recapturable upon the sale or transfer of title to the Property during the Period of Affordability. The State HOME Funds are recapturable indefinitely upon sale or transfer of title to the Property.

N. GROUND BREAKING CEREMONIES

The Developer understands and agrees that all costs incurred for groundbreaking and grand opening ceremonies will be the responsibility of the Developer. In addition, the Developer agrees to coordinate with the City any ceremonial events concerning the Project including the review and approval of the date for groundbreaking ceremonies, the invitations, invitation list, press release, and the ceremonial programs. The City will be responsible for scheduling the ceremonial event with City elected officials.

O. FORECLOSURE

If the Developer or McKnight Senior Village III, LP, lose legal possession of, or ownership interest in, the Property through foreclosure or any other proceedings during the Period of Affordability, the Developer agrees to repay to the City all of the HOME Funds invested in the Project.

P. INCOMPLETE PROJECT

If, for any reason whatsoever, subsequent to the execution of this Agreement, the Developer is unable to begin or complete the Project, and HOME Funds were utilized for the purchase of the Property and/or construction of the Project, the Developer may transfer the Property by deed to the City at no cost to the City. In the event of such transfer, the City will make reasonable efforts to ensure the Property is utilized for a HOME-eligible project, or the City may sell the Property and return the amount of the HOME Funds utilized for the purchase to its source. As an alternative to conveyance of the Property to the City, the Developer may elect to sell the Property, provided arrangements have been made through escrow for the proceeds resulting therefrom to be used, in the following order of priority, for (i) repayment of any Project financing which is senior to the financing provided by the City, (ii) repayment of the HOME Funds expended on the Project, (iii) repayment to the Developer the amount of its investment in the Project, and (iv) the balance of the proceeds, if any, remaining thereafter shall be disposed of as Program Income pursuant to subsection D of Section VI of this Agreement. If the proceeds from the sale of the Property are inadequate to repay the City for the HOME Funds expended on the Project, the Developer agrees to pay the deficiency and such payment shall be made at, and as a condition to, the close of escrow.

Q. APPRAISAL OF PROPERTY

The Developer hereby acknowledges that the policy of the City is to secure as collateral an interest in any and all real property being financed with federal funds. For projects involving the acquisition of real property, improvements to real property, or a combination thereof, the City will not provide funding in excess of fair market value of the financed Property. For this Project, in order to determine if funding is available, and the amount of such funding, the City requires an appraisal indicating the fair market value of the Property, including all improvements to be made to the Property. The City will not disburse any funds for new construction pursuant to this Agreement until an appraisal is received to the satisfaction of the City.

VI. FEDERAL GENERAL CONDITIONS

A. RELIGIOUS ACTIVITIES (24 CFR 92.257)

As a general rule, in accordance with the First Amendment principles of the Separation of Church and State, the Funds may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities, except as cited at 24 CFR 92.257.

B. POLITICAL ACTIVITIES

The Developer will comply with Section 319 of Public Law 101-121 of the Department of Interior Appropriations Act, which prohibits the use of the HOME Funds to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.

C. HATCH ACT (CHAPTER 15, TITLE 5, U.S. CODE)

The Developer further agrees that none of the personnel employed in the administration of the within defined Project shall be in any way or to any extent, engaged in the conduct of political activities in contravention of Chapter 15, Title 5, U.S. Code.

D. OTHER PROGRAM REQUIREMENTS (24 CFR 92.350-3, 92.358)

The Developer shall carry out its activities in compliance with all federal laws and regulations as described in 24 CFR 92.350-92.358, except that the Developer will not assume the

City's environmental responsibilities described at 24 CFR 92.352, nor the City's responsibility for initiating the review process under the provisions of 24 CFR Part 58. More specifically the Developer shall be required to comply with the following:

1. GENERAL (24 CFR 92.350)

The requirements set forth in 24 CFR Part 5, Subpart A, are applicable to participants in the HOME Program. The requirements of this subpart include nondiscrimination and equal opportunity, disclosure requirements, debarred, suspended or ineligible contractors, and drug-free workplace.

2. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964-- FAIR HOUSING ACT--EXECUTIVE ORDER 11063

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964, P.L. 88-352; the Fair Housing Act; and Executive Order 11063, as amended by Executive Order 12259; and HUD regulations at 24 CFR Part 1, providing for non-discrimination on the grounds of race, color, creed, sex, familial status, disability, or national origin under any activity receiving Federal funds and also obligating the Developer to use Federally-funded property for the purpose for which the Federal funds were awarded.

3. SECTION 109 OF THE ACT–AGE DISCRIMINATION ACT of 1975 --SECTION 504 OF THE REHABILITATION ACT OF 1973

This Agreement is subject to Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973, which requires that no person in the United States shall, on the grounds of age, race, color, national origin, disability, or sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity funded in whole or in part with HOME Funds.

4. LABOR STANDARDS AND DAVIS BACON ACT (24 CFR 92.354)

Section 110(a) of the Act contains labor standards that apply to non-volunteer labor financed in whole or in part with assistance provided under the Act. The Contract Work Hours and Safety Standards Act also apply to this Agreement. Each Contractors or subcontractor on construction work shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

5. ENVIRONMENTAL STANDARDS (24 CFR 92.352)

This Agreement is subject to the National Environmental Policy Act of 1969, as detailed in implementing regulations 24 CFR Part 58.

6. NATIONAL FLOOD INSURANCE

This Agreement is subject to the Flood Disaster Protection Act of 1973, and the regulations in 44 CFR Parts 59 through 79.

7. DISPLACEMENT, RELOCATION, ACQUISITION, AND REPLACEMENT OF HOUSING (24 CFR 92.353)

The Developer shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, non-profit organizations, and farms) as a result of activities pursuant to 24 CFR 570.606. Relocation of displaced persons shall be provided in conformance with the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 as amended.

8. EMPLOYMENT AND CONTRACTING OPPORTUNITIES

The Developer shall comply with Executive Order 11246, as amended by Executive Order 12086, which provides for equal employment opportunity, and Section 3 of the Housing and Urban Development Act of 1968, with implementing regulations at 24 CFR Part 135. Section 3 requires that employment and other economic development opportunities arising in connection with housing rehabilitation, housing construction, or other public construction projects shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be given to low- and very low-income persons.

9. LEAD-BASED PAINT (24 CFR 92.355)

This Agreement is subject to the regulations at 24 CFR Part 35, prohibiting the use of lead-based paint in residential structures constructed or rehabilitated with assistance provided pursuant to 24 CFR 92.353; notification of hazards of lead-based paint poisoning; and elimination of lead-based paint hazards.

10. USE OF DEBARRED, SUSPENDED, OR INELIGIBLE CONTRACTORS OR DEVELOPERS

This Agreement is subject to the requirements set forth in 24 CFR Part 5, in which is incorporated 24 CFR Part 24, which provides for the listing of debarred and suspended participants, participants declared ineligible, and participants who have voluntarily excluded themselves from participation in covered transactions pursuant to Part 24.

11. UNIFORM ADMINISTRATIVE REQUIREMENTS AND COST PRINCIPLES (24 CFR 92.505)

For governmental entities, the requirements of OMB Circular No. A-87 and the following requirements of 24 CFR Part 85 apply to the participating jurisdiction, State recipients, and any governmental the Developer receiving HOME Funds: 85.6, 85.12, 85.20, 85.22, 85.26, 85.32-85.34, 85.36, 85.44, 85.51, and 85.52.

For non-profit organizations the requirements of OMB Circular No. A-122 and the following requirements of 24 CFR part 84 apply to developers receiving HOME Funds that are nonprofit organizations that are not governmental developers: 84.2, 84.5, 84.13-84.16, 84.21, 84.22, 84.26-84.28, 84.30, 84.31, 84.34-84.37, 84.40-84.48, 84.51, 84.60-84.62, 84.72, and 84.73.

12. CONFLICT OF INTEREST (24 CFR 92.356)

This Agreement is subject to the general rule that no person who is an employee, agent, consultant, officer, or elected official or appointed official of the City as Recipient, or of any designated public agencies, who exercise or have exercised any functions or responsibilities with respect to HOME activities assisted pursuant to 24 CFR 92.356, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract, or Agreement with respect to a HOME-assisted activity, or with respect to the proceeds of the HOME-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

The Developer, its officers, employees, agent or consultant may not occupy a HOME-assisted affordable housing unit within the Project unless prior written authorization has been granted by the City. This provision does not apply to the Project manager or maintenance worker who is provided housing as part of the compensation for his services.

13. LIMITED ENGLISH PROFICIENCY (LEP)

Executive Order 12166 enacted August 11, 2000, mandates the federal government reduce language barriers to limited English proficiency (LEP) persons with regard to accessing federal benefits. Recipients of HUD assistance including state and local governments, public housing authority assisted housing providers, profit and non-profit organizations and other entities receiving funds directly or indirectly from HUD are subject to Executive Order 12166 and Title VI provisions as a condition of receiving federal funds. Failure to ensure limited English persons (LEP) access to HUD benefits may violate Title VI civil rights protections based upon national origin.

E. DRUG-FREE WORKPLACE

As a recipient of HOME Funds, the Developer agrees that it shall comply with the provisions of the Drug-Free Workplace Act of 1988, 24 CFR Part 21, which requires the Developer maintain a facility free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.

F. ANTI-LOBBYING

Section 319 of Public Law 101-121, of the Department of the Interior Appropriations Act, prohibits the Developer from using appropriated federal funds for lobbying the Executive or Legislative Branches of the Federal Government in connection with a specific contract, grant, or loan, and requires that no Federally appropriated funds have been paid or will be paid, by or on behalf of the Developer to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

G. AMERICANS WITH DISABILITIES ACT

The Developer agrees to comply fully with any and all provisions of the Americans with Disabilities Act (hereinafter referred to as "ADA") as applicable to the Developer and the activities to be performed by the Developer under the scope of this Agreement. If employing more than fifteen (15) employees, the Developer agrees to comply fully with Title I of the "ADA" as set forth at 28 CFR Part 130. If providing "public accommodations" as defined by the Act in Section 301(7)(A)-(L), the Developer agrees to comply fully with Title III of the "ADA" as set forth at 28 CFR Part 36. If providing public transportation, the Developer agrees to comply fully with the federal regulations as set forth at 49 CFR Parts 37 and 38.

H. AFFIRMATIVE MARKETING (24 CFR 92.351)

The Developer agrees to undertake an affirmative marketing program in conformance with 24 CFR 92 351 (b) and Chapter 3 of the HUD Handbook 7360.01 (Rental Rehabilitation Program).

I. MCKINNEY HOMELESS ASSISTANCE ACT (42 USC 12701, et seg.)

The Developer agrees to abide by 42 USC 12701, et seg., of the Stewart B. McKinney Homeless Assistance Act.

J. RECORD KEEPING (24 CFR 92.508)

The Developer shall maintain records in accordance with 24 CFR 92.508.

K. FORFEITURE OF FUNDS

Any material breach of the terms of this Section VI shall result in forfeiture of all Funding pursuant to this Agreement, or any part thereof, as determined by the City.

L. EXPIRATION OF AGREEMENT

Upon the expiration or revocation of this Agreement, the Developer shall transfer to the City the funds on hand at the time of expiration or revocation and any accounts receivable attributable to the use of these funds.

M. PROPERTY STANDARDS (24 CFR 251)

Housing that is constructed or rehabilitated with HOME funds must meet all applicable codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion and for the duration of this Agreement.

N. SALE, TRANSFER OR OTHER CONVEYANCE OF PROPERTY (24 CFR 92.503)

A sale, transfer, or other conveyance of the assisted Property is subject to the requirement that the amount of Funds previously invested in the Property will be treated in accordance with 24 CFR Part 92.503 and Administrative Guidelines, NRS 319, and NAC 310 and returned to the Neighborhood Development Division of the Neighborhood Services Department of the City to be reinvested in other affordable housing units.

O. DISPLACEMENT OR DISLOCATION OF TENANTS (24 CFR 353)

In conjunction with the Project, the Developer agrees to minimize displacement or dislocation of current tenants by referring eligible dislocated tenants to the Clark County Housing Authority for tenant-based assistance, and by assisting with their relocation per 24 CFR 92.353. If any tenants are displaced as a result of acquisition or rehabilitation of the Property, the Developer agrees to assume sole financial responsibility for any liability associated with 49 CFR Part 24.

P. OMB CIRCULARS

The administration of the HOME Program is subject to the uniform policies and requirements of the Office of Management and Budget's Circulars (the "OMB Circulars") and federal regulations implementing the Circulars. The OMB Circulars set standards for the administration of grants, principles for determining what costs are allowable, and requirements for independent audits. The OMB Circulars also address many other management issues, including record keeping, procurement, bank accounts, and program income. The Developer is required to be familiar with the OMB Circulars as it pertains to the federal funding received under this Agreement.

VII. FINANCIAL MANAGEMENT

A. AUDIT REQUIREMENTS

This Agreement is subject to the requirements of the Office of Management and Budget (OMB) Circular No. A-110 "Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations" and its relevant attachments "A" through "O" and Circular A-122, entitled "Cost Principles for Non-Profit Organizations."

This Agreement is also subject to an OMB A-133 audit pursuant to the Single Audit Act. Effective December 31, 2003, the Office of Management and Budget requires that grant recipients who expend $500,000 or more during a one year period in federal funds aggregate, conduct an A-133 audit.

Any agency that expends between $200,000 - $499,999 in federal funds will be required to have a CPA Audited Financial Statement submitted to the City. The funds expended may be from one or multiple federal sources.

If the Developer falls under the requirements of OMB A-133 Auditing Rules, the Developer must submit a full and complete copy of each conducted audit to the Neighborhood Services Department. The Developer is responsible for ensuring that each audit is completed in a proper and timely manner. Failure to submit a copy of the A-133 audit will render the Developer as non-compliant, and no funds may be drawn until the Neighborhood Services Department has received and reviewed a copy of the audit. The Developer should refer to the HOME Program Manual for further guidance on this matter.

B. DOCUMENTATION OF COSTS

All costs shall be recorded by budget line-items and be supported by properly executed payrolls, time records, invoices, contracts, or vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charge. All checks, payrolls, invoices, contracts, and vouchers, orders or other accounting documents pertaining in whole or in part to the Agreement, shall be thoroughly identified and readily accessible. Backup must include the following documents to verify proof of payment: copies of the front and back of the cancelled checks, downloaded check copies from the Developer's bank's website, or bank statements in addition to a paid bill, invoice or receipt.

C. FINANCIAL RECORDKEEPING

The financial records pertaining to all invoices, materials, payrolls, personnel records and other data concerning matters related to this Agreement may be requested from the Developer by a duly authorized representative, City-contracted independent auditors, HUD and/or the Comptroller of the United States, or any combination thereof.

D. PROJECT BUDGET

Eligible expenditures for payment by the City will be made in accordance with the Project Budget and, subject to any conditions imposed under this Agreement, shall include semi-annual reports, when seeking reimbursement from the City for Project costs. All eligible expenses will be reimbursable with appropriate back-up documentation such as, but not limited to, paid invoices, the front and back of cancelled checks, bank statements and/or payroll sheets. The Developer shall not make any change in the Project Budget. Line items may be revised if permission is requested and approved in writing by the Neighborhood Services Department Director.

E. METHOD OF PAYMENT

The City shall reimburse valid invoices for expenditures identified in the Project Budget, Exhibits "C" attached hereto. Before paying such expenses, the City will review invoice expenditures to determine their consistency with the eligible expenditures approved pursuant to this Agreement. The City reserves the right to refuse reimbursement for expenses, which are HOME-ineligible or which are not within the scope of this Agreement.

The Developer agrees that disbursement under this Agreement will be made only when the total amount of eligible reimbursable expenses exceeds $1,000, excepting for the final request for payment under this Agreement. If the Developer requests payment in an amount less than the minimum established, payment will be made when the cumulative amount of all eligible reimbursable expenses exceeds $1,000.

The Developer agrees that it may not request disbursement of funds under this Agreement until the funds are needed for payment of Project eligible costs. The amount of each request must be limited to the amount needed and will be paid on a reimbursement basis.

Ten Thousand Dollars ($10,000) of the funds allocated under this Agreement will be retained until the Project is completed and the Developer submits the following:

1. Documentation showing that the assisted units meet the Housing Quality Standards, or, if new construction, that the Project has received an occupancy certificate;

2. A certified statement of Final Development Costs which, at a minimum, reports all development costs and expenditures for all federal funds, and the disposition of all of the HOME funds;

3. Completed form HUD-2516 "Contract and Subcontract Activity" for projects involving new construction or rehabilitation;

4. A completed form HUD-40097 "Rental Housing Completion Project Report" or, for owner-occupied projects, form HUD-4096 "Homeownership Project Completion Report";

5. Evidence of the recorded fully executed Deed of Trust securing the City's interest in the Property; and

6. Evidence that the Developer has provided the manager of the Project (Management Agent) with a copy of the HOME Program regulations and the specific HOME compliance requirements for the Project.

F. UNEXPENDED FUNDS

HOME Funds must be spent in a timely manner. In the event that the staff of the Neighborhood Services Department has reason to believe that the total amount of funds allocated for this Agreement will not be expended in the time and manner prescribed in this Agreement, the City reserves the right to reprogram the HOME Funds allocated hereunder to another HOME eligible project/program.

G. ACCOUNTING METHODS

Expenditures charged to the HOME Funds will be accounted for separately from all other revenue sources. These records shall be maintained by the Developer.

H. REAL PROPERTY, NON-EXPENDABLE PERSONAL PROPERTY, DEPRECIATION SCHEDULES AND DISPOSITION OF PROPERTY

In accordance with the United States Office of Management and Budget (OMB) Circulars A-87, Cost Principles of State and Local Governments, and A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations, the following definitions shall apply:

1. Non-expendable personal property is defined as any property either tangible or intangible other than real property as defined herein which has a unit acquisition cost of $500 or more and a useful life of more than one year.

2. Real property is defined as land, including land improvements, structures and appurtenances thereto, but excluding movable machinery and equipment.

Non-expendable personal property shall be depreciated on a 5-year, straight-line schedule, as is the accounting standard used for the City in its financial management. The Developer will be required to maintain property records for and report to the City during the 5-year depreciation period. If the property is disposed of prior to the 5-year depreciation period, the City shall provide the Developer with disposition instructions upon request. If the property is disposed of for cash during this period, the proceeds from such disposition constitute Program Income which must be reported in accordance with the Subsections D and E of Section VI of this Agreement. Examples of non-expendable personal property are vehicles and computer equipment. If the property is a vehicle, the City shall be named as a lien-holder on the title.

When non-expendable personal property has been fully depreciated in accordance with the City's 5-year straight-line schedule, and the property is disposed of for cash, the Developer may retain such funds provided that the Developer notifies the City in writing and that the Developer uses such funds for the exclusive benefit of the Project.

Pursuant to 24 CFR Part 92.504(c)(2)(vii), the Developer must transfer upon expiration or termination of this Agreement any HOME Funds on hand at the time of expiration or termination and any accounts receivable attributable to the use of HOME Funds provided pursuant to this Agreement.

VIII. MODIFICATION OR TERMINATION OF AGREEMENT

A. AMENDMENT OR REVISION REQUIRED BY HUD

The Developer and the City hereby agree to amend or otherwise revise this Agreement should such modification be required by HUD and/or any applicable federal statutes or regulations.

B. FEDERAL ENFORCEMENT PROCEDURES

The Developer and the City hereby agree that this Agreement is subject to federal enforcement procedures identified in 24 CFR Part 84.62. Remedies for noncompliance with any of the covenants, agreements or stipulations of this Agreement shall include the following:

1. Temporarily withholding cash payments pending correction of the deficiency by the City or the Developer or more severe action by the U.S. Department of Housing and Urban Development, as the awarding federal agency,

2. Disallowing use of funds and matching credit for all or part of the cost of the activity or action not in compliance,

3. Whole or partial suspension or termination of this Agreement, and the current award thereunder, for the Project,

4. Withholding of further awards for the Project, or

5. The adoption of other legally available remedies.

As a recipient of the Funds, the City reserves the right to set the terms and conditions for suspension or termination, provided that such conditions are consistent with 24 CFR Part 85.43 and are appropriate for the noncompliance being addressed. Any notice of termination for noncompliance shall be given to the Developer no less than ten (10) days before the effective date of such termination.

C. PROVISIONS REQUIRED BY LAW DEEMED INSERTED

Each and every provision of law and clause required by law to be inserted in this Agreement will be deemed to be inserted herein, and this Agreement shall be read and enforced as though it were included herein and if through mistake or otherwise any such provisions are not inserted, or is not correctly inserted, then upon the application of either party, this Agreement shall forthwith be physically amended to make such insertion.

D. NOTIFICATION OF AGENCY CHANGES

The Developer must notify the City in writing within 15 days of any of the following changes: Key staff personnel, Executive Director, changes of more than half of the

Board of Directors, Developer name change, change of address, phone, fax or email address. The City must have complete and up to date information on file for the Developer.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representations the day and year first above written.

CITY OF LAS VEGAS

Oscar B. Goodman 6/24/10

Oscar B. Goodman, Mayor — Date

SILVER STATE HOUSING

By Lori Muehlhausen 6/17/10

Lori Muehlhausen — Date

President of Board of Directors

ATTEST:

Beverly K. Bridges 6/24/10

Beverly K. Bridges, MMC — Date

City Clerk

APPROVED AS TO FORM:

Robert S. Sylvain 6-17-10

Robert S. Sylvain — Date

Deputy City Attorney

ACCEPTANCE OF DEFERRED LOAN AND AGREEMENT TO COMPLY WITH GRANT CONDITIONS

I, Lori Muehlhausen, President of the Board of Directors of Silver State Housing, a Nevada non-profit corporation, on behalf of that corporation, do hereby accept the deferred loan made and the conditions imposed upon that deferred loan contained in the HOME Investment Partnerships "HOME" Program Agreement to Fund the McKnight Senior Village III Project approved by the City Council of the City of Las Vegas, Nevada on the 17th day of June, 2009, a copy of which is attached hereto and incorporated herein.

Executed this 17th day of June, 2010.

Silver State Housing

By: Lori Muehlhausen

Lori Muehlhausen, President of Board of Directors

State of Nevada)
) ss
County of Clark)

On this 17th day of June, 2010, before me, the undersigned, a Notary Public in and for said county and State, personally appeared

Lori Muehlhausen as President, known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntary and for the uses and purposes therein mentioned.

Marci Jo Edwards

Notary Public

TABLE OF EXHIBITS AND ATTACHMENTS

EXHIBIT "A"

PROJECT DESCRIPTION, FINANCING AND REQUIREMENTS

A. PROJECT DESCRIPTION

The Project involves the construction of an affordable housing apartment complex, commonly known as the "McKnight Senior Village III," which will consist of 24 two-bedroom apartments, including six (6) floating units designated as HOME assisted units, to be used for affordable housing. The Project will be located on approximately 16,200 square feet or approximately 0.37 acres of real property (the "Property"), which is legally described in Exhibit "E" to the Agreement. The Project site is generally depicted on the Site Map, Exhibit "D-1" attached hereto and incorporated herein as a part of the Agreement. A rendering of the Project to be constructed is generally depicted on the Drawing, Exhibit "D-2" attached hereto and incorporated herein as a part of the Agreement.

B. PROJECT FINANCING

The Project is being developed by Silver State Housing, Inc. (the "Developer") using private and public financing. The Developer has put together a team to construct and operate the Project, and has obtained commitments for the financing of the Project through low income housing tax credits, conventional loans and the HOME Funds provided by the City. The Property is owned by the McKnight Senior Village III, LP (the "Limited Partnership"), a single purpose limited partnership, whose general partner is McKnight Street Investments III, LLC, a Nevada limited liability company, and whose sole and managing partner is George Gekakis. Prior to or at the time of closing, George Gekakis will convey his interest in the Limited Partnership to an entity composed of tax credit investors, and Silver State Housing, Inc., or an affiliate thereof, will become a member of McKnight Street Investments III, LLC.

1. Public Financing. The City agrees to provide up to $997,204 in HOME Funds to the Developer to be used in the construction of the Project. The timing and method of providing the HOME Funds shall be entirely within the City's discretion. The HOME Funds will be used according to the Project Budget, Exhibit "C" attached to the Agreement. Any Project costs in excess of the amount of the HOME Funds allocated by the City under the Agreement will be the responsibility of the Developer unless otherwise agreed in writing by the City. The Developer assumes responsibility for all operational and maintenance costs of the Project.

The Developer is responsible to the City for constructing, or causing to be constructed, the Project on the Property pursuant to the Agreement. Subsequent to the execution of the Agreement, the obligation to develop the Property is to be assigned to, and assumed by, McKnight Street Investments III, LLC. In connection with the assumption of this obligation to develop the Property, McKnight Senior Village III, LP, will enter into a lease and development agreement with McKnight Senior Village II, LP, the owner of the Property, for a term of 20 years which will permit the construction of the Project on the Property.

The HOME Funds provided by the City to the Developer will be loaned at the Applicable Federal Rate (AFR), and used for the reimbursement of the eligible Project costs incurred in constructing the Project. The City shall require reasonable assurances as security for the repayment of the HOME Funds in the event that the Developer fails to perform the obligations of this Agreement, which shall include the execution of a Promissory Note in the amount of the HOME Funds ($997,204) provided pursuant to this Agreement (Attachment 1 to Exhibit "A"), and an All-Inclusive Leasehold Deeds of Trust and Assignments of Rents ("Deeds of Trust") (Attachments 3 and 4 to Exhibit "A"), which McKnight Senior Village III, LP, as the lessee of the Property, shall execute as security for the aforementioned Promissory Notes and performance of the obligations of this Agreement to construct and operate the Project according to the requirements imposed as conditions to the receipt of the HOME Funding.

The Developer, as the Beneficiary of the aforementioned Deed of Trust and Holder of the aforementioned Promissory Note, shall execute the Assignments of Promissory Notes and Leasehold Deeds of Trust (Attachments 5 and 6 to Exhibit "A") which shall transfer and assign the Developer's interest and rights in the Promissory Note and Deed of Trust to the City as security for the Developer's performance of its obligations under this Agreement and, if necessary, repayment of the HOME Funds provided under the Agreement.

2. Other Financing. The Developer and the City acknowledge that the Property is or will be encumbered by one or more deeds of trust or other security interest created by the Developer, or its assignee, or McKnight Senior Village III, LP, or its assignee, to provide additional financing for construction of the Project which will be recorded in the Official Records of Clark County Recorders Office. The Developer and the City acknowledge that the Property will be subject to the Tax Credit Compliance Guaranties which constitutes the extended low-incoming housing commitment. The City acknowledges and agrees that the above described Deed of Trust assigned to the City will be subject and subordinate to the Tax Credit Compliance Guaranties and any liens, deeds of trust or other security instruments required for the construction and permanent financing of the Project. Other than the aforementioned encumbrances, the Developer shall not allow the Property to be encumbered or attached in any manner with any liens, encumbrances or other security instruments during the Period of Affordability.

C. PROJECT REQUIREMENTS

1. The Project will be operated as affordable housing for a minimum period of 20 years from the date of that the HOME completion report is received for the Project. Of the 24 total two-bedroom units, six (6) units will be designated as floating HOME units. Twenty (20%) percent of the HOME assisted units must be occupied by tenants whose income does not exceed 50% AMI. 100% percent of the HOME units must be occupied by tenants whose income does not exceed 60% AMI.

2. The Developer and/or the McKnight Senior Village III, LP, will not lease any portion of the HOME-assisted housing units to households who at the time of initial occupancy have income determinations that exceed 60% of area median income adjusted for family size as shown on the HUD Program Income Guidelines attached hereto as Exhibit "F" which will be updated by HUD on an annual basis. The Developer agrees that the HOME-assisted unit rents will not exceed the Low HOME Rent limits established by HUD annually for the HOME program attached hereto as Exhibit "G." When tenants receive additional subsidy through rental

assistance programs such as Section 8, the rent of a unit may be raised to the rental assistance program limit only if three HOME requirements are met: (i) the tenant is paying no more than 30 percent of their adjusted income; (ii) the subsidy is project-based (affects the entire project, not just a single unit); and (iii) the tenant's income is less than 50 percent of the area median income. If the subsidy is tenant-based (not project-based), the total HOME rent is the maximum amount for all sources that the owner may receive for HOME-assisted units. All tenants in the assisted units shall have leases with Developer, the LLC, or their respective assignee, and furthermore, all leases shall be for a period of one year, unless a different period is agreed upon by Developer and the tenant(s).

3. If the HOME units, or any portion thereof, are converted to non-qualified HOME activities, including if the HOME-assisted housing units, or any portion thereof, are subleased, the Developer will, upon request of the City, repay to the City, without interest, the amount of HOME Funds and other funds provided by the City for the Project.

4. If the Developer, or McKnight Senior Village III, LP, lose their legal position in the Property through foreclosure or any other proceeding, the Developer will, upon request of the City, repay to the City, as the assignee/beneficiary of the aforementioned Deeds of Trust, without interest, the amount of the HOME Funds and any other funds provided by the City for the Project.

5. The Developer will provide the Neighborhood Services Department Director with client usage records for HOME assisted units on a semi-annual basis during the affordability period of this Agreement. These records will contain but are not limited to, the following data:

a. Total clients served;
b. Racial breakdown of clients served including American Indian/Alaska Native, Asian, Black/African American, Native Hawaiian/ Other Pacific Islander, White, American Indian/Alaska Native and White, Asian and White, Black/African American and White, American Indian/Alaska Native and Black/African American, Other;
c. Number of clients who report a Hispanic ethnicity;
d. Number and percentage of Low and Very Low Income clients as defined by HUD HOME Program Income Guidelines (Exhibit "F");
e. Number of handicapped clients served;
f. Number of senior citizens served;
g. Number of female head-of-households served;
h. Number of renter households served, and rent charged;
i. Number of owner households served; and
j. Monthly rent paid by each household served.

6. If the Developer, or McKnight Senior Village III, LP, convey, sell or otherwise dispose of their interest in the Property, the Developer will repay immediately the amount of the HOME funds ($997,204) to the City.

ATTACHMENT 1 TO EXHIBIT "A"

PROMISSORY NOTE FOR FEDERAL HOME FUNDS

(next page)

PROMISSORY NOTE FOR FEDERAL HOME FUNDS

(SECURED – ALL INCLUSIVE)

$847,204 Las Vegas, Nevada

FOR VALUE RECEIVED, the undersigned (herein "Maker") hereby promises to pay to the order of Silver State Housing, a Nevada non-profit corporation (herein "Holder"), at 2655 S. Rainbow Blvd., Ste 401, Las Vegas, NV 89146, or at such other place or to such other party as Holder may from time to time designate in writing, the principal sum of Eight-Hundred Forty Seven Thousand Two-Hundred Four Dollars ($847,204). This Note will be with recourse to the Maker and shall bear compounded interest at the rate of Six Percent (6%), which will accrue during the term of the Note.

Each payment is to be applied when received, first, to any expenses reimbursable to Holder, second, to any unpaid interest and, third, any balance shall be used to reduce the principal balance. Maker shall have the right to prepay the indebtedness represented by this Promissory Note in full, or in part, at any time. The indebtedness represented by this Note shall be due and payable in its entirety on the earlier of (i) the date that Maker sells, conveys, transfers or otherwise loses its title and interest in or possession of the property that is secured by this Note, prior to expiration of the Period of Affordability, as defined in that certain HOME Investment Partnerships "HOME" Program Agreement to Fund McKnight Senior Village III (the "Agreement"); or (ii) during the Home Period of Affordability, the date that Maker fails to maintain the affordability requirements mandated by the Agreement and the applicable state and federal laws and regulations relating to HOME Funds.

The Maker and any endorsers or guarantors hereof and all others who may become liable for all or part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and non-payment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

In the event any of the payments from or performance by Maker required by the terms hereof be not paid or performed when same become due, then at any time thereafter, the whole of the unpaid principal balance of this Note shall, at the option of Holder and without notice, become immediately due and payable. This option may be exercised at any time after any such event and the acceptance by Holder of one or more installments or other payments or performance from any person thereafter shall not constitute a waiver of Holder's option.

Time is expressly made of the essence with respect to every provision hereof and the All-Inclusive Leasehold Deed of Trust (defined below). This Note shall be governed by, construed and enforced exclusively in accordance with the laws of the State of Nevada.

This Note is secured by the certain All-Inclusive Leasehold Deed of Trust and Assignment of Rents of even date herewith executed by Maker, aka Trustor to Silver State Housing, as trustee, in favor of Holder, as beneficiary, which All-Inclusive Deed of Trust ("All-Inclusive Deed of Trust") encumbers that certain real property more particularly described therein (the "Property").

The indebtedness evidenced by this Note shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by any note and security agreement in connection with the financing of the McKnight Senior Village III, and to the extent and the manner provided in any subordination agreement that may be recorded and required by any lender in connection with the financing of the McKnight Senior Village III. The All-Inclusive Deed of Trust securing this Note shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the deed of trust securing any notes or indebtedness for such financing. Holder and Maker agree to execute any subordination agreement that may be required by any party in connection with the financing of the McKnight Senior Village III (the "Subordination Agreement").

The rights and remedies of the payee and each subsequent holder of this Note under the All-Inclusive Deed of Trust securing this Note are subject to the restrictions and limitations set forth in any such Subordination Agreement. Each subsequent holder of the Note shall be deemed, by virtue of such holder's acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by any subordinate lender including any such lender under the Subordination Agreement.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed on its behalf by its duly authorized officer as of the date first above written.

McKnight Senior Village III, LP, a Nevada limited partnership

By: McKnight Street Investments III, LLC, General Partner of
McKnight Senior Village III, LP

By: ______________________________
George Gekakis, Managing Member of
McKnight Street Investments III, LLC

ATTACHMENT 2 TO EXHIBIT "A"

PROMISSORY NOTE FOR STATE HOME FUNDS

(next page)

PROMISSORY NOTE FOR STATE HOME FUNDS

(SECURED – ALL INCLUSIVE)

$150,000 Las Vegas, Nevada

FOR VALUE RECEIVED, the undersigned (herein "Maker") hereby promises to pay to the order of Silver State Housing, a Nevada non-profit corporation (herein "Holder"), at 2655 S. Rainbow Blvd., Ste 401, Las Vegas, NV 89146, or at such other place or to such other party as Holder may from time to time designate in writing, the principal sum of One-Hundred Fifty Thousand Dollars ($150,000). This Note will be with recourse to the Maker and shall bear compounded interest at the rate of Six Percent (6%), which will accrue during the term of the Note.

Each payment is to be applied when received, first, to any expenses reimbursable to Holder, second, to any unpaid interest and, third, any balance shall be used to reduce the principal balance. Maker shall have the right to prepay the indebtedness represented by this Promissory Note in full, or in part, at any time. The indebtedness represented by this Note shall be due and payable in its entirety on the earlier of (i) the date that Maker sells, conveys, transfers or otherwise loses its title and interest in or possession of the Property (identified below) that is secured by this Note; or (ii) during the Home Period of Affordability, the date that Maker fails to maintain the affordability requirements mandated by that certain HOME Investment Partnerships "HOME" Program Agreement to fund McKnight Senior Village III Agreement (the "Agreement") and the applicable state and federal laws and regulations relating to HOME Funds.

The Maker and any endorsers or guarantors hereof and all others who may become liable for all or part of this obligation, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and non-payment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

In the event any of the payments from or performance by Maker required by the terms hereof be not paid or performed when same become due, then at any time thereafter, the whole of the unpaid principal balance of this Note shall, at the option of Holder and without notice, become immediately due and payable. This option may be exercised at any time after any such event and the acceptance by Holder of one or more installments or other payments or performance from any person thereafter shall not constitute a waiver of Holder's option.

Time is expressly made of the essence with respect to every provision hereof and the All-Inclusive Leasehold Deed of Trust (defined below). This Note shall be governed by, construed and enforced exclusively in accordance with the laws of the State of Nevada.

This Note is secured by the certain All-Inclusive Leasehold Deed of Trust and Assignment of Rents of even date herewith executed by Maker, aka Trustor to Silver State Housing, as trustee, in favor of Holder, as beneficiary, which All-Inclusive Deed of Trust ("All-Inclusive Deed of Trust") encumbers that certain real property more particularly described therein (the "Property").

The indebtedness evidenced by this Note shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by any note and security agreement in connection with the financing of the McKnight Senior Village III, and to the extent and the manner provided in any subordination agreement that may be recorded and required by any lender in connection with the financing of the McKnight Senior Village III. The All-Inclusive Deed of Trust securing this Note shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the deed of trust securing any notes or indebtedness for such financing. Holder and Maker agree to execute any subordination agreement that may be required by any party in connection with the financing of the McKnight Senior Village III (the "Subordination Agreement").

The rights and remedies of the payee and each subsequent holder of this Note under the All-Inclusive Deed of Trust securing this Note are subject to the restrictions and limitations set forth in any such Subordination Agreement. Each subsequent holder of the Note shall be deemed, by virtue of such holder's acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by any subordinate lender including any such lender under the Subordination Agreement.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed on its behalf by its duly authorized officer as of the date first above written.

McKnight Senior Village III, LP, a Nevada limited partnership

By: McKnight Street Investments III, LLC, General Partner of McKnight Senior Village III, LP

By: ______________________________

George Gekakis, Managing Member of
McKnight Street Investments III, LLC

ATTACHMENT 3 TO EXHIBIT "A"

ALL-INCLUSIVE LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS SECURING FEDERAL HOME FUNDS

(next page)

APN #s: 139-25-410-007
139-25-410-042
139-25-410-043

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Silver State Housing
2655 S. Rainbow Blvd., Ste 401
Las Vegas, NV 89146

ALL-INCLUSIVE LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS SECURING FEDERAL HOME FUNDS

This ALL-INCLUSIVE DEED OF TRUST, made this _____ day of _______________, 2010, is made by McKnight Senior Village III, LP, a Nevada limited partnership (herein called Trustor), whose address is 2655 S. Rainbow Blvd., Ste 401, Las Vegas, NV 89146, to ________________________________, a ________________________________ corporation (herein called Trustee), whose address is ____, for the benefit of Silver State Housing, a Nevada corporation (herein called Beneficiary).

WITNESSETH:

That Trustor irrevocably grants, transfers and assigns to Trustee in Trust for the benefit of Beneficiary, with power of sale and with right of entry and possession, that property in the City of Las Vegas, State of Nevada, legally described on Exhibit "A-1" hereto (herein the "Property"), together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents issues and profits.

For the purpose of securing (1) payment of the sum of Eight-Hundred Forty Seven Thousand Two-Hundred Four Dollars ($847,204) with interest thereon according to the terms of the All-Inclusive Promissory Note of even date herewith (the "Secured Note") made by Trustor, payable to the order of Beneficiary, or its assignee and any extensions or renewals thereof, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein.

A. Home/Trust Fund Contract

1. This is an All-Inclusive Deed of Trust securing (1) the Secured Note; and (2) by assignment from Beneficiary to the City of Las Vegas, the obligations of the Beneficiary to the City of Las Vegas under the Home Investment Partnerships ("HOME") Program Agreement to Fund the McKnight Senior Village III, dated ___________________________ (herein the

"HOME Agreement"). Trustor shall abide by the terms of the HOME Agreement. Trustor agrees to use the Property to construct the Project and to provide decent, safe, and sanitary rental units to HOME Program eligible recipients. Trustor agrees to maintain and operate the Property as a drug-free environment. Trustor agrees to maintain six (6) HOME assisted units within the Property as Affordable Housing for a period of twenty (20) years from the date the City receives a correctly submitted Completion Report for the Project, unless terminated earlier pursuant to the HOME Agreement. Trustor agrees to abide by the HOME rules, specifically 24 CFR 92, NRS 319, NAC 319 and the Trust Fund Administrative Guidelines, as applicable.

2. Trustor agrees to repay $847,204 in HOME funds if a prohibited sale or transfer of the Property occurs as described in the HOME Agreement; provided, however, that the foregoing shall only apply to transfers of the Property and not to transfers of membership interests in Trustor. In any event, however, the units must remain affordable until the end of the 20-year affordability period.

3. The City of Las Vegas requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to it at the following address: City of Las Vegas, Neighborhood Services Department, 400 Stewart Avenue – 2nd Floor, Las Vegas, NV 89101.

B. TO PROTECT THE SECURITY OF THE ALL-INCLUSIVE DEED OF TRUST, TRUSTOR AGREES:

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

2. To provide, maintain and deliver to Beneficiary, or its assignee fire, vandalism and malicious mischief insurance satisfactory to and with loss payable to Beneficiary, or its assignee.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary (including its assignee) or Trustee and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary, or its assignee, to foreclose this All-Inclusive Deed of Trust.

4. To pay; (a) at least ten days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; (b) when due, subject to the mutual agreements of the parties as below set forth, all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto; and (c) all allowable expenses of this Trust.

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

5. To pay immediately and with out demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditures at the rate provided in the Secured Note.

6. If the Property, or any part thereof, or any direct or indirect interest therein, shall be sold, conveyed, disposed of, alienated, hypothecated, leased (except to tenants of space in the improvements), assigned, pledged, mortgaged, further encumbered or otherwise transferred, or Trustor shall be divested of its title to the Property, or any direct or indirect interest therein, in any manner or way, whether voluntarily or involuntarily without the prior written consent of Beneficiary being first obtained, which consent may be withheld in Beneficiary's sole discretion, then the same shall constitute an event of default.

7. Trustor shall forever warrant, defend and preserve title and the validity and priority of the lien of this instrument and shall forever warrant and defend the same to Beneficiary against the claims of all persons whomsoever.

8. Trustor shall not cause or permit a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest in the Property or any part thereof, other than in accordance with the provisions of the HOME Agreement, and with the prior written consent of Beneficiary.

C. IT IS MUTUALLY AGREED:

1 Subject to the extent permitted under Nevada law, that any award of compensation and/or damages in connection with any condemnation for public use or of injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such money received by it in the same manner and with the same effect as hereinafter provided for the disposition of the proceeds from fire or other insurance.

2. In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Trustor shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefore, provided that (a) such proceeds are sufficient to rebuild the Property in a manner that provides adequate security to Beneficiary for repayment of amounts due hereunder if such proceeds are insufficient then Trustor shall have funded any deficiency, (b) Beneficiary shall have the right to

approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the HOME Agreement. If the casualty or condemnation affects only part of the Property and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the amounts due hereunder in a manner that provides adequate security to Beneficiary for repayment of the remaining balance of the amounts due hereunder.

3. That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure promptly to pay.

4. That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this All-Inclusive Deed of Trust and the Secured Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

5. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this All-Inclusive Deed of Trust and the Secured Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals of such Reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such Reconveyance may be described as "the person or persons legally entitled thereto."

6. Notwithstanding anything to the contrary contained herein, Trustor hereby irrevocably assigns, gives to and confers upon Beneficiary or its designee the right, power and authority, during the continuance of this Trust to collect the rents, issues and profits of the Property, reserving unto Trustor the right, prior or subsequent to any default by Trustor in payment of any indebtedness hereby secured, to enter upon and take possession of the Property, or any part thereof in its own name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less allowable expenses of operation, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of defaults hereunder or invalidate any act done pursuant to such notice.

7. That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement secured hereunder, in addition to any rights or remedies available to Beneficiary at law or in equity, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and notice of breach and of election to cause to be sold the Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with the Trustee this All-Inclusive Deed of Trust, the Secured Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of the notice of breach, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Sale of the Property must be contingent on the Property remaining as affordable housing and in compliance with the requirements set forth in the HOME/Trust Fund rules and regulations. 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 the time fixed by the preceding postponement.

Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, include costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the rate provided in the Secured Note; all other sums then secured hereby and the remainder, if any, to the person or persons legally entitle thereto.

8. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the county recorder of the county or counties where the Property is situated, shall be conclusive proof of the proper substitution of such successor Trustee or Trustees, who shall, without the need for any conveyance from the predecessor Trustee, succeed to all its title, estate rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and document number where this All-Inclusive Deed of Trust is recorded and the name and address of the Trustee.

9. That this All-Inclusive Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary as used herein shall mean the owner and holder of the Secured Note, and its assignee, including pledges of the Secured Note, whether or not named as Beneficiary herein. In this All-Inclusive Deed of Trust, whenever the context so requires, the neuter gender includes the feminine and/or masculine and the singular number includes the plural.

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

11. Beneficiary acknowledges that Trustor is subject to the Tax Credit Compliance Guaranties, which constitutes the extended low-incoming housing commitment described in

Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the Code). For a period of three (3) years from the date of foreclosure, with respect to any unit that had been regulated by the Tax Credit Compliance Guaranty, Beneficiary agrees that (i) none of the eligible tenants occupying those units at the time of foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to regulations of the HOME Program or Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

D. THE PARTIES FURTHER AGREE:

1. By Beneficiary's acceptance of the All-Inclusive Deed of Trust, Beneficiary agrees that provided Trustor is not in default on the Secured Note, Beneficiary shall pay all installments of principal and interest which become due under the terms of the HOME Agreement. In the event Trustor shall be in default on the Secured Note, Beneficiary's obligations under the HOME Agreement are deferred until the default under the Secured Note is cured. Should the Beneficiary default in and of the installments as to the payment on the HOME Agreement at a time when Trustor is not in default in performance of the obligations of the Trustor under the Secured Note or this All-Inclusive Deed of Trust, the Trustor, may make said payments directly to the holder of such HOME Agreement; any and all payments so made shall be credited to the Secured Note against the next succeeding installment of principal and interest. Nothing contained herein shall be construed to create a third party beneficiary relationship between the Beneficiary and any other person.

2. Notwithstanding any covenants contained in the HOME Agreement, Beneficiary shall have no further duty under this All-Inclusive Deed of Trust when: (i) the lien of this All-Inclusive Deed of Trust has been extinguished by foreclosure sale, or (ii) this All-Inclusive Deed of Trust has been duly reconveyed after payment in full of the Secured Note and subsequent to the payment of Beneficiary herein of Trustor's portion of the HOME Agreement which the Beneficiary herein is required to pay to the holder of said HOME Agreement.

Should Trustor be in default under the terms of the Secured Note and if Beneficiary consequently incurs any penalties, charges, or other expenses on account of the HOME Agreement during the period of such default, the amount of such penalties, charges and expenses shall be immediately added to the principal amount of the Secured Note and shall be immediately payable by Trustor to Beneficiary.

If, at any time the total of the unpaid balance of the Secured Note, the accrued interest thereon, all other sums due under the terms thereof and all sums advanced by Beneficiary pursuant to the terms of this All-Inclusive Deed of Trust, is equal to or less than the unpaid principal balance of the HOME Agreement and accrued interest thereon, the Secured Note, at the option of Beneficiary, may be canceled and the Property may be reconveyed free and clear from the lien of this All-Inclusive Deed of Trust.

3. Trustor and Beneficiary agree that in the event the proceeds of any condemnation award or settlement in lieu thereof, or the proceeds of any casualty insurance covering destructible improvements located upon the Property, are applied by the holder of the HOME Agreement in

reduction of the unpaid principle amount thereof the unpaid principal balance of the Note secured hereby shall be reduced by an equivalent amount and be deemed applied to the last sums due under the Secured Note.

At such time as the Secured Note becomes fully due and payable, the unpaid indebtedness of principal and interest due on the HOME Agreement.

4. Any demand hereunder delivered by Beneficiary to Trustee for the foreclosure of the lien of this All-Inclusive Deed of Trust may not be for more than the sum of the following amounts: (i) The equity of Beneficiary in the Secured Note, which equity is the difference between the balance of the principal and interest accrued and unpaid on the Secured Note on the date of the foreclosure sale and the then unpaid balance of principal and interest so accrued and unpaid on the HOME Agreement as of the date of such foreclosure sale; plus (ii) the aggregate of all amounts theretofore paid by Beneficiary pursuant to the terms of this All-Inclusive Deed of Trust prior to the date of such foreclosure sale for taxes and assessments, insurance premiums, delinquency charges, foreclosure costs, and any other sums advanced by Beneficiary pursuant to the terms of the All-Inclusive Deed of Trust, to the extent the same where not previously repaid by Trustor to Beneficiary; plus (iii) the costs of foreclosure together with attorneys' fees and costs incurred by Beneficiary in enforcing this All-Inclusive Deed of Trust or the Secured Note as permitted by law.

5. Trustor covenants and agrees that Trustor shall perform and observe all obligations to be performed and observed by Trustor under this All-Inclusive Deed of Trust securing the Secured Note.

6. The following Covenant Nos. 1, 3, 4 (rate of interest is the default rate stated in the Secured Note), 5, 6, 7 (5%), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust, provided, however, that the express covenants of this All-Inclusive Deed of Trust shall control to the extent that the same are inconsistent with Covenant Nos. 1, 3, 4, 5 and 9 and provided further, that Covenant Nos. 6, 7 and 8 shall control over the express covenants of this Deed of Trust to the extent the same are inconsistent with Covenant Nos. 6, 7 and 8.

7. If a monetary event of default occurs under any of the terms of any of the Secured Note, prior to exercising any remedies thereunder, Beneficiary shall give each of the Limited Partners of the Trustor, as identified below or as identified by written notice to Beneficiary, simultaneous written notice of such default. Trustor shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under the Secured Note, or such longer period of time as may be specified in the Secured Note. The foregoing grace period shall run concurrently with the thirty-five (35) day cure period under NRS 107.080(2)(a)(2).

8. If a non-monetary event of default occurs under the terms of the Secured Note, prior to exercising any remedies thereunder, Beneficiary shall give Trustor and each of the Limited Partners (or the Limited Liability Company if applicable), as identified below or as identified in a written notice to Beneficiary, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to

effect a cure prior to exercise of remedies by Beneficiary under the Secured Note, or such longer period of time as may be specified in the Secured Note. If the default is such that it is not reasonably capable of being cured within thirty (30) days, or such longer period if so specified, and if Trustor (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Secured Note.

9. Beneficiary shall give any tax credit investor or any lender written notice of any default under any loan agreements and any cure periods shall commence on the effective date of any such notice, at the following address or such address provided by the tax credit investor:

Trustor:

McKnight Senior Village III, LP
c/o Silver State Housing
2655 S. Rainbow Blvd., Ste 401
Las Vegas, NV 89146
Attention: Executive Director

10. Any cure periods available to any tax credit investor or other lender, shall commence upon the date of any such notice to the tax credit investor or other lender, as applicable.

11. To the full extent permitted by law, Trustor agrees that Trustor shall not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, moratorium or extension, or any law now or hereafter in force providing for the reinstatement of the debt prior to any sale of the Property to be made pursuant to any provisions contained herein or prior to the entering of any decree, judgment or order of any court of competent jurisdiction, or any right under any statute to redeem all or any part of the Property so sold. Trustor, for Trustor and Trustor's successors and assigns, and for any and all persons ever claiming any interest in the Property, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel: (a) waives, releases, relinquishes and forever forgoes all rights of valuation, appraisement, stay of execution, reinstatement and notice of election or intention to mature or declare due the debt (except such notices as are specifically provided for herein); (b) waives, releases, relinquishes and forever forgoes all right to a marshaling of the assets of Trustor, including the Property, to a sale in the inverse order of alienation, or to direct the order in which any of the Property shall be sold in the event of foreclosure of the liens and security interests hereby created and agrees that any court having jurisdiction to foreclose such liens and security interests may order the Property sold as an entirety; and (c) waives, releases, relinquishes and forever forgoes all rights and periods of redemption provided under applicable law. To the full extent permitted by law, Trustor shall not have or assert any right under any statute or rule of law pertaining to the exemption of homestead or other exemption under any federal, state or local law now or hereafter in effect, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of Beneficiary under the terms of this All-Inclusive

Deed of Trust to a sale of the Property, for the collection of the debt without any prior or different resort for collection, or the right of Beneficiary under the terms of this All-Inclusive Deed of Trust to the payment of the debt out of the proceeds of sale of the Property in preference to every other claimant whatever. Furthermore, Trustor hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel, waives, releases, relinquishes and forever forgoes all present and future statutes of limitations as a defense to any action to enforce the provisions of this All-Inclusive Deed of Trust or to collect any of the debt to the fullest extent permitted by law. Trustor covenants and agrees that upon the commencement of a voluntary or involuntary bankruptcy proceeding by or against Trustor, Trustor shall not seek a supplemental stay or otherwise shall not seek pursuant to 11 U.S.C. §105 or any other provision of the Bankruptcy Reform Act of 1978, as amended, or any other debtor relief law (whether statutory, common law, case law, or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, to stay, interdict, condition, reduce or inhibit the ability of Beneficiary to enforce any rights of Beneficiary against any guarantor or indemnitor of the secured obligations or any other party liable with respect thereto by virtue of any indemnity, guaranty or otherwise.

12. Trustor, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel, (i) submits to personal jurisdiction in the state in which the premises is located over any suit, action or proceeding by any person arising from or relating to the note, this all-inclusive deed of trust or any other of the documents referenced herein, (ii) agrees that any such action, suit or proceeding may be brought in any state or federal court of competent jurisdiction sitting in the county in which the premises is located, (iii) submits to the jurisdiction of such courts, and (iv) to the fullest extent permitted by law, agrees that it will not bring any action, suit or proceeding in any other forum (but nothing herein shall affect the right of beneficiary to bring any action, suit or proceeding in any other forum).

13. This All-Inclusive Deed of Trust will be governed by and construed in accordance with the laws of the State of Nevada, provided that to the extent that any of such laws may now or hereafter be preempted by federal law, such federal law shall so govern and be controlling, and provided further that the laws of the State of Nevada shall govern as to the creation, priority and enforcement of liens and security interests in the Property located in Nevada.

14. Beneficiary may waive any single event of default by Trustor hereunder without waiving any other prior or subsequent event of default. Beneficiary may remedy any event of default by Trustor hereunder without waiving the event of default remedied. Neither the failure by Beneficiary to exercise, nor the delay by Beneficiary in exercising, any right, power or remedy upon any event of default by Trustor hereunder shall be construed as a waiver of such event of default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Beneficiary of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Trustor therefrom shall in any event be effective unless the same shall be in writing and signed by Beneficiary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose given. Acceptance by Beneficiary of any payment in an amount less than the amount then due

on any of the debt shall be deemed an acceptance on account only and shall not in any way affect the total amount that is due and owing or the existence of an event of default. In case Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the other documents incorporated herein and shall thereafter elect to discontinue or abandon the same for any reason, Beneficiary shall have the unqualified right to do so and, in such an event, Trustor and Beneficiary shall be restored to their former positions with respect to the debt, the Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if the same had never been invoked.

15. A determination that any provision of this All-Inclusive Deed of Trust is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this All-Inclusive Deed of Trust to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

16. Without affecting Trustor's liability for the payment of any of the debt, Beneficiary may from time to time and without notice to Trustor: (a) release any person liable for the payment of the debt; (b) extend or modify the terms of payment of the debt; (c) accept additional real or personal property of any kind as security or alter, substitute or release any property securing the debt; (d) recover any part of the Property; or (e) join in any extension agreement of this All-Inclusive Deed of Trust or any agreement subordinating the lien hereof.

17. All remedies contained in this All-Inclusive Deed of Trust are cumulative and Beneficiary shall also have all other remedies provided at law and in equity or in any other documents referenced herein. Such remedies may be pursued separately, successively or concurrently at the sole subjective direction of Beneficiary and may be exercised in any order and as often as occasion therefore shall arise. No act of Beneficiary shall be construed as an election to proceed under any particular provisions of this All-Inclusive Deed of Trust to the exclusion of any other provision of this All-Inclusive Deed of Trust or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Beneficiary.

18. Trustor shall, on the request of Beneficiary and at the expense of Trustor: (a) promptly correct any defect, error or omission which may be discovered in the contents of this All-Inclusive Deed of Trust; (b) promptly execute, acknowledge, deliver and record or file such further instruments (including, without limitation, further mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements and assignments of rents or leases) and promptly do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this All-Inclusive Deed of Trust and to subject to the liens and security interests hereof and thereof any property intended by the terms hereof and thereof to be covered hereby and thereby, including specifically, but without limitation, any renewals, additions, substitutions, replacements or appurtenances to the Property; (c) promptly execute, acknowledge, deliver, procure and record or file any document or instrument (including specifically, without limitation, any financing statement) deemed advisable by Beneficiary to protect, continue or perfect the liens or the security interests hereunder against the rights or interests of third persons; and (d) promptly furnish to Beneficiary, upon Beneficiary's request, a duly acknowledged written statement and estoppel certificate addressed to such party or parties

as directed by Beneficiary and in form and substance supplied by Beneficiary, setting forth all amounts due under the Secured Note, stating whether any default or event of default has occurred hereunder, stating whether any offsets or defenses exist against the debt and containing such other matters as Beneficiary may reasonably require.

19. Trustor shall pay all costs and expenses of every character reasonably incurred in connection with the closing of the loan evidenced by the Secured Note and secured hereby, attributable or chargeable to Trustor as the owner of the Property or otherwise attributable to any consent requested of Beneficiary, including, without limitation, appraisal fees, recording fees, documentary, stamp, mortgage or intangible taxes, brokerage fees and commissions, title policy premiums and title search fees, uniform commercial code/tax lien/litigation search fees, escrow fees, consultants' fees and reasonable attorneys' fees. If Trustor defaults in any such payment, which default is not cured within any applicable grace or cure period, Beneficiary may pay the same and Trustor shall reimburse Beneficiary on demand for all such costs and expenses incurred or paid by Beneficiary, together with such interest thereon at the default interest rate from and after the date of Beneficiary's making such payment until reimbursement thereof by Trustor. Any such sums disbursed by Beneficiary, together with such interest thereon, shall be additional indebtedness of Trustor secured by this All-Inclusive Deed of Trust.

20. Trustor shall promptly notify Beneficiary in writing of any litigation or threatened litigation affecting the Property, or any other demand or claim which, if enforced, could impair or threaten to impair Beneficiary's security hereunder. Without limiting or waiving any other rights and remedies of Beneficiary hereunder, if Trustor fails to perform any of its covenants or agreements contained in this All-Inclusive Deed of Trust or in any and such failure is not cured within any applicable grace or cure period, or if any action or proceeding of any kind (including, but not limited to, any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding) is commenced which might affect Beneficiary's interest in the Property or Beneficiary's right to enforce its security, then Beneficiary may, at its option, with or without notice to Trustor, make any appearances, disburse any sums and take any actions as may be necessary or desirable to protect or enforce the security of this All-Inclusive Deed of Trust or to remedy the failure of Trustor to perform its covenants and agreements (without, however, waiving any default of Trustor).

21. Trustor agrees to pay on demand all expenses of Beneficiary or Trustee incurred with respect to the foregoing (including, but not limited to, reasonable fees and disbursements of counsel), together with interest thereon from and after the date on which Beneficiary or Trustee incurs such expenses until reimbursement thereof by Trustor. Any such expenses so incurred by Beneficiary, together with interest thereon as provided above, shall be additional indebtedness of Trustor secured by this All-Inclusive Deed of Trust. The necessity for any such actions and of the amounts to be paid shall be determined by Beneficiary in its discretion. Beneficiary is hereby empowered to enter and to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Trustor or any person in possession holding under Trustor.

22. Trustor hereby indemnifies and holds Beneficiary harmless for, from and against all loss, cost and expenses with respect to any event of default hereof, any liens (i.e., judgments,

mechanics' and materialmen's liens, or otherwise), charges and encumbrances filed against the Property, and from any claims and demands for damages or injury, including claims for property damage, personal injury or wrongful death, arising out of or in connection with any accident or fire or other casualty on the Property or the improvements thereon or any nuisance made or suffered thereon, including, without limitation, in any case, reasonable attorneys' fees, costs and expenses as aforesaid, whether at pretrial, trial or appellate level, and such indemnity shall survive payment in full of the debt. This Section shall not be construed to require Beneficiary to incur any expenses, make any appearances or take any actions.

23. Trustor acknowledges that the Property is or may be subject to liens or encumbrances of record in existence as of the Effective Date of this All-Inclusive Deed of Trust and this All-Inclusive Deed of Trust is or may be subordinate to such prior liens or encumbrances.

TRUSTOR:

McKnight Senior Village III, LP
a Nevada Limited Partnership

By: McKnight Street Investments III, LLC, General Partner of McKnight Senior Village III, LP

By: ______________________________
George Gekakis, Managing Member of
McKnight Street Investments III, LLC

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

On this _____ day of _______________, 2010, __________________ personally appeared before me a Notary Public in and for said County and State, and is known to me to be the person described in and who executed the within and foregoing instrument, and who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County of Clark, the day and year first above written.

Notary Public __________________ My commission expires ________________

ATTACHMENT "3-A"

LEGAL DESCRIPTION

APN #s: 139-28-410-007; 139-25-410-042; 139-25-410-043

Situated in the City of Las Vegas, County of Clark, State of Nevada, to wit:

Parcel One (1): Lots one (1) through five (5), inclusive, and lots ten (10) through fourteen (14), inclusive in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada.

Parcel Two (2): Lot seven (7) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

Parcel Three (3): Lots six (6), eight (8), and nine (9) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Shelby Street and vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

ATTACHMENT 4 TO EXHIBIT "A"

ALL-INCLUSIVE LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS SECURING STATE HOME FUNDS

(next page)

APN #s: 139-25-410-007
139-25-410-042
139-25-410-043

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Silver State Housing
2655 S. Rainbow Blvd., Ste 401
Las Vegas, NV 89146

ALL-INCLUSIVE LEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS SECURING STATE HOME FUNDS

This ALL-INCLUSIVE DEED OF TRUST, made this _____ day of ______________, 2010, is made by McKnight Senior Village III, LP, a Nevada limited partnership (herein called Trustor), whose address is 2655 S. Rainbow Blvd., Ste 401, Las Vegas, NV 89146, to ____________________________, a ___________________ corporation (herein called Trustee), whose address is ____, for the benefit of Silver State Housing, a Nevada corporation (herein called Beneficiary).

WITNESSETH:

That Trustor irrevocably grants, transfers and assigns to Trustee in Trust for the benefit of Beneficiary, with power of sale and with right of entry and possession, that property in the City of Las Vegas, State of Nevada, legally described on Exhibit "A-3A" hereto (herein the "Property"), together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents issues and profits.

For the purpose of securing (1) payment of the sum of One-Hundred Fifty Thousand Dollars ($150,000) with interest thereon according to the terms of the All-Inclusive Promissory Note of even date herewith (the "Secured Note") made by Trustor, payable to the order of Beneficiary, or its assignee and any extensions or renewals thereof, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein.

A. Home/Trust Fund Contract

1. This is an All-Inclusive Deed of Trust securing (1) the Secured Note; and (2) by assignment from Beneficiary to the City of Las Vegas, the obligations of the Beneficiary to the City of Las Vegas under the Home Investment Partnerships ("HOME") Program Agreement to

Fund the McKnight Senior Village III, dated ____________________________ (herein the "HOME Agreement"). Trustor shall abide by the terms of the HOME Agreement. Trustor agrees to use the Property to construct the Project and to provide decent, safe, and sanitary rental units to HOME Program eligible recipients. Trustor agrees to maintain and operate the Property as a drug-free environment. Trustor agrees to maintain six (6) HOME assisted units within the Property as Affordable Housing for a period of twenty (20) years from the date the City receives a correctly submitted Completion Report for the Project, unless terminated earlier pursuant to the HOME Agreement. Trustor agrees to abide by the HOME rules, specifically 24 CFR 92, NRS 319, NAC 319 and the Trust Fund Administrative Guidelines, as applicable.

2. Trustor agrees to repay $150,000 in State HOME funds if a prohibited sale or transfer of the Property occurs as described in the HOME Agreement; provided, however, that the foregoing shall only apply to transfers of the Property and not to transfers of membership interests in Trustor. In any event, however, the units must remain affordable until the end of the 20-year affordability period.

3. The City of Las Vegas requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to it at the following address: City of Las Vegas, Neighborhood Services Department, 400 Stewart Avenue – 2nd Floor, Las Vegas, NV 89101.

B. TO PROTECT THE SECURITY OF THE ALL-INCLUSIVE DEED OF TRUST, TRUSTOR AGREES:

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

2. To provide, maintain and deliver to Beneficiary, or its assignee fire, vandalism and malicious mischief insurance satisfactory to and with loss payable to Beneficiary, or its assignee.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary (including its assignee) or Trustee and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary, or its assignee, to foreclose this All-Inclusive Deed of Trust.

4. To pay; (a) at least ten days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; (b) when due, subject to the mutual agreements of the parties as below set forth, all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto; and (c) all allowable expenses of this Trust.

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

5. To pay immediately and with out demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditures at the rate provided in the Secured Note.

6. If the Property, or any part thereof, or any direct or indirect interest therein, shall be sold, conveyed, disposed of, alienated, hypothecated, leased (except to tenants of space in the improvements), assigned, pledged, mortgaged, further encumbered or otherwise transferred, or Trustor shall be divested of its title to the Property, or any direct or indirect interest therein, in any manner or way, whether voluntarily or involuntarily without the prior written consent of Beneficiary being first obtained, which consent may be withheld in Beneficiary's sole discretion, then the same shall constitute an event of default.

7. Trustor shall forever warrant, defend and preserve title and the validity and priority of the lien of this instrument and shall forever warrant and defend the same to Beneficiary against the claims of all persons whomsoever.

8. Trustor shall not cause or permit a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, grant of any options with respect to, or any other transfer or disposition (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) of a legal or beneficial interest in the Property or any part thereof, other than in accordance with the provisions of the HOME Agreement, and with the prior written consent of Beneficiary.

C. IT IS MUTUALLY AGREED:

1 Subject to the extent permitted under Nevada law, that any award of compensation and/or damages in connection with any condemnation for public use or of injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such money received by it in the same manner and with the same effect as hereinafter provided for the disposition of the proceeds from fire or other insurance.

2. In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Trustor shall have the right to rebuild the Property, and to use all available insurance or condemnation proceeds therefore, provided that (a) such proceeds are sufficient to rebuild the Property in a manner that provides adequate security to Beneficiary for repayment of amounts due hereunder if such proceeds are insufficient then Trustor shall have funded any deficiency, (b) Beneficiary shall have the right to

approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the HOME Agreement. If the casualty or condemnation affects only part of the Property and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the amounts due hereunder in a manner that provides adequate security to Beneficiary for repayment of the remaining balance of the amounts due hereunder.

3. That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure promptly to pay.

4. That at any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary and presentation of this All-Inclusive Deed of Trust and the Secured Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

5. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this All-Inclusive Deed of Trust and the Secured Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals of such Reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such Reconveyance may be described as "the person or persons legally entitled thereto."

6. Notwithstanding anything to the contrary contained herein, Trustor hereby irrevocably assigns, gives to and confers upon Beneficiary or its designee the right, power and authority, during the continuance of this Trust to collect the rents, issues and profits of the Property, reserving unto Trustor the right, prior or subsequent to any default by Trustor in payment of any indebtedness hereby secured, to enter upon and take possession of the Property, or any part thereof in its own name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less allowable expenses of operation, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of defaults hereunder or invalidate any act done pursuant to such notice.

7. That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement secured hereunder, in addition to any rights or remedies available to Beneficiary at law or in equity, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and notice of breach and of election to cause to be sold the Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with the Trustee this All-Inclusive Deed of Trust, the Secured Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of the notice of breach, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Sale of the Property must be contingent on the Property remaining as affordable housing and in compliance with the requirements set forth in the HOME/Trust Fund rules and regulations. 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 the time fixed by the preceding postponement.

Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, include costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the rate provided in the Secured Note; all other sums then secured hereby and the remainder, if any, to the person or persons legally entitle thereto.

8. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the county recorder of the county or counties where the Property is situated, shall be conclusive proof of the proper substitution of such successor Trustee or Trustees, who shall, without the need for any conveyance from the predecessor Trustee, succeed to all its title, estate rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and document number where this All-Inclusive Deed of Trust is recorded and the name and address of the Trustee.

9. That this All-Inclusive Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary as used herein shall mean the owner and holder of the Secured Note, and its assignee, including pledges of the Secured Note, whether or not named as Beneficiary herein. In this All-Inclusive Deed of Trust, whenever the context so requires, the neuter gender includes the feminine and/or masculine and the singular number includes the plural.

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

11. Beneficiary acknowledges that Trustor is subject to the Tax Credit Compliance Guaranties, which constitutes the extended low-incoming housing commitment described in

Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the Code). For a period of three (3) years from the date of foreclosure, with respect to any unit that had been regulated by the Tax Credit Compliance Guaranty, Beneficiary agrees that (i) none of the eligible tenants occupying those units at the time of foreclosure may be evicted or their tenancy terminated (other than for good cause, including but not limited to, the tenants' ineligibility pursuant to regulations of the HOME Program or Section 42 of the Code), (ii) nor may any rent be increased except as otherwise permitted under Section 42 of the Code.

D. THE PARTIES FURTHER AGREE:

1. By Beneficiary's acceptance of the All-Inclusive Deed of Trust, Beneficiary agrees that provided Trustor is not in default on the Secured Note, Beneficiary shall pay all installments of principal and interest which become due under the terms of the HOME Agreement. In the event Trustor shall be in default on the Secured Note, Beneficiary's obligations under the HOME Agreement are deferred until the default under the Secured Note is cured. Should the Beneficiary default in and of the installments as to the payment on the HOME Agreement at a time when Trustor is not in default in performance of the obligations of the Trustor under the Secured Note or this All-Inclusive Deed of Trust, the Trustor, may make said payments directly to the holder of such HOME Agreement; any and all payments so made shall be credited to the Secured Note against the next succeeding installment of principal and interest. Nothing contained herein shall be construed to create a third party beneficiary relationship between the Beneficiary and any other person.

2. Notwithstanding any covenants contained in the HOME Agreement, Beneficiary shall have no further duty under this All-Inclusive Deed of Trust when: (i) the lien of this All-Inclusive Deed of Trust has been extinguished by foreclosure sale, or (ii) this All-Inclusive Deed of Trust has been duly reconveyed after payment in full of the Secured Note and subsequent to the payment of Beneficiary herein of Trustor's portion of the HOME Agreement which the Beneficiary herein is required to pay to the holder of said HOME Agreement.

Should Trustor be in default under the terms of the Secured Note and if Beneficiary consequently incurs any penalties, charges, or other expenses on account of the HOME Agreement during the period of such default, the amount of such penalties, charges and expenses shall be immediately added to the principal amount of the Secured Note and shall be immediately payable by Trustor to Beneficiary.

If, at any time the total of the unpaid balance of the Secured Note, the accrued interest thereon, all other sums due under the terms thereof and all sums advanced by Beneficiary pursuant to the terms of this All-Inclusive Deed of Trust, is equal to or less than the unpaid principal balance of the HOME Agreement and accrued interest thereon, the Secured Note, at the option of Beneficiary, may be canceled and the Property may be reconveyed free and clear from the lien of this All-Inclusive Deed of Trust.

3. Trustor and Beneficiary agree that in the event the proceeds of any condemnation award or settlement in lieu thereof, or the proceeds of any casualty insurance covering destructible improvements located upon the Property, are applied by the holder of the HOME Agreement in

reduction of the unpaid principle amount thereof the unpaid principal balance of the Note secured hereby shall be reduced by an equivalent amount and be deemed applied to the last sums due under the Secured Note.

At such time as the Secured Note becomes fully due and payable, the unpaid indebtedness of principal and interest due on the HOME Agreement.

4. Any demand hereunder delivered by Beneficiary to Trustee for the foreclosure of the lien of this All-Inclusive Deed of Trust may not be for more than the sum of the following amounts: (i) The equity of Beneficiary in the Secured Note, which equity is the difference between the balance of the principal and interest accrued and unpaid on the Secured Note on the date of the foreclosure sale and the then unpaid balance of principal and interest so accrued and unpaid on the HOME Agreement as of the date of such foreclosure sale; plus (ii) the aggregate of all amounts theretofore paid by Beneficiary pursuant to the terms of this All-Inclusive Deed of Trust prior to the date of such foreclosure sale for taxes and assessments, insurance premiums, delinquency charges, foreclosure costs, and any other sums advanced by Beneficiary pursuant to the terms of the All-Inclusive Deed of Trust, to the extent the same where not previously repaid by Trustor to Beneficiary; plus (iii) the costs of foreclosure together with attorneys' fees and costs incurred by Beneficiary in enforcing this All-Inclusive Deed of Trust or the Secured Note as permitted by law.

5. Trustor covenants and agrees that Trustor shall perform and observe all obligations to be performed and observed by Trustor under this All-Inclusive Deed of Trust securing the Secured Note.

6. The following Covenant Nos. 1, 3, 4 (rate of interest is the default rate stated in the Secured Note), 5, 6, 7 (5%), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust, provided, however, that the express covenants of this All-Inclusive Deed of Trust shall control to the extent that the same are inconsistent with Covenant Nos. 1, 3, 4, 5 and 9 and provided further, that Covenant Nos. 6, 7 and 8 shall control over the express covenants of this Deed of Trust to the extent the same are inconsistent with Covenant Nos. 6, 7 and 8.

7. If a monetary event of default occurs under any of the terms of any of the Secured Note, prior to exercising any remedies thereunder, Beneficiary shall give each of the Limited Partners of the Trustor, as identified below or as identified by written notice to Beneficiary, simultaneous written notice of such default. Trustor shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary under the Secured Note, or such longer period of time as may be specified in the Secured Note. The foregoing grace period shall run concurrently with the thirty-five (35) day cure period under NRS 107.080(2)(a)(2).

8. If a non-monetary event of default occurs under the terms of the Secured Note, prior to exercising any remedies thereunder, Beneficiary shall give Trustor and each of the Limited Partners (or the Limited Liability Company if applicable), as identified below or as identified in a written notice to Beneficiary, simultaneous written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to

effect a cure prior to exercise of remedies by Beneficiary under the Secured Note, or such longer period of time as may be specified in the Secured Note. If the default is such that it is not reasonably capable of being cured within thirty (30) days, or such longer period if so specified, and if Trustor (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred eighty (180) days after the first notice of default is given, or such longer period of time as may be specified in the Secured Note.

9. Beneficiary shall give any tax credit investor or any lender written notice of any default under any loan agreements and any cure periods shall commence on the effective date of any such notice, at the following address or such address provided by the tax credit investor:

Trustor:

McKnight Senior Village III, LP
c/o Silver State Housing
2655 S. Rainbow Blvd., Ste 401
Las Vegas, NV 89146
Attention: Executive Director

10. Any cure periods available to any tax credit investor or other lender, shall commence upon the date of any such notice to the tax credit investor or other lender, as applicable.

11. To the full extent permitted by law, Trustor agrees that Trustor shall not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, moratorium or extension, or any law now or hereafter in force providing for the reinstatement of the debt prior to any sale of the Property to be made pursuant to any provisions contained herein or prior to the entering of any decree, judgment or order of any court of competent jurisdiction, or any right under any statute to redeem all or any part of the Property so sold. Trustor, for Trustor and Trustor's successors and assigns, and for any and all persons ever claiming any interest in the Property, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel: (a) waives, releases, relinquishes and forever forgoes all rights of valuation, appraisement, stay of execution, reinstatement and notice of election or intention to mature or declare due the debt (except such notices as are specifically provided for herein); (b) waives, releases, relinquishes and forever forgoes all right to a marshaling of the assets of Trustor, including the Property, to a sale in the inverse order of alienation, or to direct the order in which any of the Property shall be sold in the event of foreclosure of the liens and security interests hereby created and agrees that any court having jurisdiction to foreclose such liens and security interests may order the Property sold as an entirety; and (c) waives, releases, relinquishes and forever forgoes all rights and periods of redemption provided under applicable law. To the full extent permitted by law, Trustor shall not have or assert any right under any statute or rule of law pertaining to the exemption of homestead or other exemption under any federal, state or local law now or hereafter in effect, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of Beneficiary under the terms of this All-Inclusive

Deed of Trust to a sale of the Property, for the collection of the debt without any prior or different resort for collection, or the right of Beneficiary under the terms of this All-Inclusive Deed of Trust to the payment of the debt out of the proceeds of sale of the Property in preference to every other claimant whatever. Furthermore, Trustor hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel, waives, releases, relinquishes and forever forgoes all present and future statutes of limitations as a defense to any action to enforce the provisions of this All-Inclusive Deed of Trust or to collect any of the debt to the fullest extent permitted by law. Trustor covenants and agrees that upon the commencement of a voluntary or involuntary bankruptcy proceeding by or against Trustor, Trustor shall not seek a supplemental stay or otherwise shall not seek pursuant to 11 U.S.C. §105 or any other provision of the Bankruptcy Reform Act of 1978, as amended, or any other debtor relief law (whether statutory, common law, case law, or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, to stay, interdict, condition, reduce or inhibit the ability of Beneficiary to enforce any rights of Beneficiary against any guarantor or indemnitor of the secured obligations or any other party liable with respect thereto by virtue of any indemnity, guaranty or otherwise.

12. Trustor, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel, (i) submits to personal jurisdiction in the state in which the premises is located over any suit, action or proceeding by any person arising from or relating to the note, this all-inclusive deed of trust or any other of the documents referenced herein, (ii) agrees that any such action, suit or proceeding may be brought in any state or federal court of competent jurisdiction sitting in the county in which the premises is located, (iii) submits to the jurisdiction of such courts, and (iv) to the fullest extent permitted by law, agrees that it will not bring any action, suit or proceeding in any other forum (but nothing herein shall affect the right of beneficiary to bring any action, suit or proceeding in any other forum).

13. This All-Inclusive Deed of Trust will be governed by and construed in accordance with the laws of the State of Nevada, provided that to the extent that any of such laws may now or hereafter be preempted by federal law, such federal law shall so govern and be controlling, and provided further that the laws of the State of Nevada shall govern as to the creation, priority and enforcement of liens and security interests in the Property located in Nevada.

14. Beneficiary may waive any single event of default by Trustor hereunder without waiving any other prior or subsequent event of default. Beneficiary may remedy any event of default by Trustor hereunder without waiving the event of default remedied. Neither the failure by Beneficiary to exercise, nor the delay by Beneficiary in exercising, any right, power or remedy upon any event of default by Trustor hereunder shall be construed as a waiver of such event of default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Beneficiary of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Trustor therefrom shall in any event be effective unless the same shall be in writing and signed by Beneficiary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose given. Acceptance by Beneficiary of any payment in an amount less than the amount then due

on any of the debt shall be deemed an acceptance on account only and shall not in any way affect the total amount that is due and owing or the existence of an event of default. In case Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the other documents incorporated herein and shall thereafter elect to discontinue or abandon the same for any reason, Beneficiary shall have the unqualified right to do so and, in such an event, Trustor and Beneficiary shall be restored to their former positions with respect to the debt, the Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if the same had never been invoked.

15. A determination that any provision of this All-Inclusive Deed of Trust is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this All-Inclusive Deed of Trust to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

16. Without affecting Trustor's liability for the payment of any of the debt, Beneficiary may from time to time and without notice to Trustor: (a) release any person liable for the payment of the debt; (b) extend or modify the terms of payment of the debt; (c) accept additional real or personal property of any kind as security or alter, substitute or release any property securing the debt; (d) recover any part of the Property; or (e) join in any extension agreement of this All-Inclusive Deed of Trust or any agreement subordinating the lien hereof.

17. All remedies contained in this All-Inclusive Deed of Trust are cumulative and Beneficiary shall also have all other remedies provided at law and in equity or in any other documents referenced herein. Such remedies may be pursued separately, successively or concurrently at the sole subjective direction of Beneficiary and may be exercised in any order and as often as occasion therefore shall arise. No act of Beneficiary shall be construed as an election to proceed under any particular provisions of this All-Inclusive Deed of Trust to the exclusion of any other provision of this All-Inclusive Deed of Trust or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Beneficiary.

18. Trustor shall, on the request of Beneficiary and at the expense of Trustor: (a) promptly correct any defect, error or omission which may be discovered in the contents of this All-Inclusive Deed of Trust; (b) promptly execute, acknowledge, deliver and record or file such further instruments (including, without limitation, further mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements and assignments of rents or leases) and promptly do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this All-Inclusive Deed of Trust and to subject to the liens and security interests hereof and thereof any property intended by the terms hereof and thereof to be covered hereby and thereby, including specifically, but without limitation, any renewals, additions, substitutions, replacements or appurtenances to the Property; (c) promptly execute, acknowledge, deliver, procure and record or file any document or instrument (including specifically, without limitation, any financing statement) deemed advisable by Beneficiary to protect, continue or perfect the liens or the security interests hereunder against the rights or interests of third persons; and (d) promptly furnish to Beneficiary, upon Beneficiary's request, a duly acknowledged written statement and estoppel certificate addressed to such party or parties

as directed by Beneficiary and in form and substance supplied by Beneficiary, setting forth all amounts due under the Secured Note, stating whether any default or event of default has occurred hereunder, stating whether any offsets or defenses exist against the debt and containing such other matters as Beneficiary may reasonably require.

19. Trustor shall pay all costs and expenses of every character reasonably incurred in connection with the closing of the loan evidenced by the Secured Note and secured hereby, attributable or chargeable to Trustor as the owner of the Property or otherwise attributable to any consent requested of Beneficiary, including, without limitation, appraisal fees, recording fees, documentary, stamp, mortgage or intangible taxes, brokerage fees and commissions, title policy premiums and title search fees, uniform commercial code/tax lien/litigation search fees, escrow fees, consultants' fees and reasonable attorneys' fees. If Trustor defaults in any such payment, which default is not cured within any applicable grace or cure period, Beneficiary may pay the same and Trustor shall reimburse Beneficiary on demand for all such costs and expenses incurred or paid by Beneficiary, together with such interest thereon at the default interest rate from and after the date of Beneficiary's making such payment until reimbursement thereof by Trustor. Any such sums disbursed by Beneficiary, together with such interest thereon, shall be additional indebtedness of Trustor secured by this All-Inclusive Deed of Trust.

20. Trustor shall promptly notify Beneficiary in writing of any litigation or threatened litigation affecting the Property, or any other demand or claim which, if enforced, could impair or threaten to impair Beneficiary's security hereunder. Without limiting or waiving any other rights and remedies of Beneficiary hereunder, if Trustor fails to perform any of its covenants or agreements contained in this All-Inclusive Deed of Trust or in any and such failure is not cured within any applicable grace or cure period, or if any action or proceeding of any kind (including, but not limited to, any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding) is commenced which might affect Beneficiary's interest in the Property or Beneficiary's right to enforce its security, then Beneficiary may, at its option, with or without notice to Trustor, make any appearances, disburse any sums and take any actions as may be necessary or desirable to protect or enforce the security of this All-Inclusive Deed of Trust or to remedy the failure of Trustor to perform its covenants and agreements (without, however, waiving any default of Trustor).

21. Trustor agrees to pay on demand all expenses of Beneficiary or Trustee incurred with respect to the foregoing (including, but not limited to, reasonable fees and disbursements of counsel), together with interest thereon from and after the date on which Beneficiary or Trustee incurs such expenses until reimbursement thereof by Trustor. Any such expenses so incurred by Beneficiary, together with interest thereon as provided above, shall be additional indebtedness of Trustor secured by this All-Inclusive Deed of Trust. The necessity for any such actions and of the amounts to be paid shall be determined by Beneficiary in its discretion. Beneficiary is hereby empowered to enter and to authorize others to enter upon the Property or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Trustor or any person in possession holding under Trustor.

22. Trustor hereby indemnifies and holds Beneficiary harmless for, from and against all loss, cost and expenses with respect to any event of default hereof, any liens (i.e., judgments,

mechanics' and materialmen's liens, or otherwise), charges and encumbrances filed against the Property, and from any claims and demands for damages or injury, including claims for property damage, personal injury or wrongful death, arising out of or in connection with any accident or fire or other casualty on the Property or the improvements thereon or any nuisance made or suffered thereon, including, without limitation, in any case, reasonable attorneys' fees, costs and expenses as aforesaid, whether at pretrial, trial or appellate level, and such indemnity shall survive payment in full of the debt. This Section shall not be construed to require Beneficiary to incur any expenses, make any appearances or take any actions.

23. Trustor acknowledges that the Property is or may be subject to liens or encumbrances of record in existence as of the Effective Date of this All-Inclusive Deed of Trust and this All-Inclusive Deed of Trust is or may be subordinate to such prior liens or encumbrances.

TRUSTOR:

McKnight Senior Village III, LP,
a Nevada Limited Partnership

By: McKnight Street Investments III, LLC, General Partner of McKnight Senior Village III, LP

By: ______________________________
George Gekakis, Managing Member of
McKnight Street Investments III, LLC

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

On this _____ day of _______________, 2010, __________________ personally appeared before me a Notary Public in and for said County and State, and is known to me to be the person described in and who executed the within and foregoing instrument, and who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County of Clark, the day and year first above written.

Notary Public __________________ My commission expires _________________

ATTACHMENT 4-A

LEGAL DESCRIPTION

APN #s: 139-28-410-007; 139-25-410-042; 139-25-410-043

Situated in the City of Las Vegas, County of Clark, State of Nevada, to wit:

Parcel One (1): Lots one (1) through five (5), inclusive, and lots ten (10) through fourteen (14), inclusive in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada.

Parcel Two (2): Lot seven (7) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

Parcel Three (3): Lots six (6), eight (8), and nine (9) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Shelby Street and vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

ATTACHMENT 5 TO EXHIBIT "A"

ASSIGNMENT OF PROMISSORY NOTE AND LEASEHOLD DEED OF TRUST FOR FEDERAL HOME FUNDS

(next page)

APN #s: 139-25-410-007
139-25-410-042
139-25-410-043

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Las Vegas
Neighborhood Services Department
400 Stewart Avenue
Las Vegas, NV 89101

ASSIGNMENT OF PROMISSORY NOTE AND LEASEHOLD DEED OF TRUST FOR FEDERAL HOME FUNDS

FOR VALUE RECEIVED, the undersigned, Silver State Housing, a Nevada nonprofit corporation, hereby grants, assigns and transfers to the City of Las Vegas, all of the undersigned's right, title and interest in that certain Leasehold Deed of Trust, dated as of ________________ and recorded in the Official Records of the County Recorders Office for the County of Clark on ______________ as Instrument No. __________ (the "**Deed of Trust**"), together with the undersigned's right, title and interest in and to that certain Promissory Note in the amount of $847,204 executed by McKnight Senior Village III, LP, a Nevada limited partnership, in favor of the undersigned which is described in the Deed of Trust, the money due and to become due thereon with interest and all rights accrued or to accrue under the Deed of Trust. The Deed of Trust encumbers that certain real property described on the Attachment 5-A.

IN WITNESS WHEREOF, the undersigned has executed this Assignment of Deed of Trust as of ________________.

SILVER STATE HOUSING

By: ____________________________________
Lori Muehlhausen
President of the Board of Directors

Date: ________________________________

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

On this _____ day of _______________, 200___, _________________ personally appeared before me a Notary Public in and for said County and State, and is known to me to be the person described in and who executed the within and foregoing instrument, and who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County of Clark, the day and year first above written.

Notary Public _________________ My commission expires ________________

ATTACHMENT 5-A

LEGAL DESCRIPTION

APN #s: 139-28-410-007; 139-25-410-042; 139-25-410-043

Situated in the City of Las Vegas, County of Clark, State of Nevada, to wit:

Parcel One (1): Lots one (1) through five (5), inclusive, and lots ten (10) through fourteen (14), inclusive in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada.

Parcel Two (2): Lot seven (7) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

Parcel Three (3): Lots six (6), eight (8), and nine (9) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Shelby Street and vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

ATTACHMENT 6 TO EXHIBIT "A"

ASSIGNMENT OF PROMISSORY NOTE AND LEASEHOLD DEED OF TRUST FOR STATE HOME FUNDS

(next page)

APN #s: 139-25-410-007
139-25-410-042
139-25-410-043

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

City of Las Vegas
Neighborhood Services Department
400 Stewart Avenue
Las Vegas, NV 89101

ASSIGNMENT OF PROMISSORY NOTE AND LEASEHOLD DEED OF TRUST FOR STATE HOME FUNDS

FOR VALUE RECEIVED, the undersigned, Silver State Housing, a Nevada nonprofit corporation, hereby grants, assigns and transfers to the City of Las Vegas, all of the undersigned's right, title and interest in that certain Leasehold Deed of Trust, dated as of ________________ and recorded in the Official Records of the County Recorders Office for the County of Clark on ______________ as Instrument No. __________ (the "**Deed of Trust**"), together with the undersigned's right, title and interest in and to that certain Promissory Note in the amount of $150,000 executed by McKnight Senior Village III, LP, a Nevada limited partnership in favor of the undersigned which is described in the Deed of Trust, the money due and to become due thereon with interest and all rights accrued or to accrue under the Deed of Trust. The Deed of Trust encumbers that certain real property described on the Attachment 6-A.

IN WITNESS WHEREOF, the undersigned has executed this Assignment of Deed of Trust as of ________________.

SILVER STATE HOUSING

By: ________________________________
Lori Muehlhausen
President of the Board of Directors

Date: ____________________________

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

On this _____ day of _______________, 200___, _________________ personally appeared before me a Notary Public in and for said County and State, and is known to me to be the person described in and who executed the within and foregoing instrument, and who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County of Clark, the day and year first above written.

Notary Public __________________ My commission expires ________________

ATTACHMENT "6-A"

LEGAL DESCRIPTION

APN #s: 139-28-410-007; 139-25-410-042; 139-25-410-043

Situated in the City of Las Vegas, County of Clark, State of Nevada, to wit:

Parcel One (1): Lots one (1) through five (5), inclusive, and lots ten (10) through fourteen (14), inclusive in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada.

Parcel Two (2): Lot seven (7) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

Parcel Three (3): Lots six (6), eight (8), and nine (9) in block two (2) of Tankel's north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Shelby Street and vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

EXHIBIT "B"

SCHEDULE OF PERFORMANCE

ACTION	DATE

Action	**Date**
Schematic Designs/Working Drawings Complete	
Local Building Code Review Complete	
Final Plans and Specifications Complete	
Construction Loan Commitment Received	
Permanent Financing Commitment Received	
Construction to Begin	
Construction Completed	
Permanent Financing Loan Closing	
Rent-up Period (month/year to reach sustaining occupancy)	

EXHIBIT "C"

PROJECT BUDGET

Item	Total Estimated Cost	HOME Funded
Acquisition of Land & Buildings:		
Land (construction must start within one year of Council approval)	$	$
Existing Building(s)	$	$
Other:	$	$
Subtotal-Acquisition of Land & Buildings	**$**	$
Construction/Rehabilitation Costs: *(Include a detailed description of these costs, and explain how they were estimated on a separate paper.)		
Demolition Costs	$	$
New Building Costs	$	$
Rehabilitation Costs	$	$
Site Work	$	$
Off-Site Improvements	$	$
Furnishing	$	$
Other: Building Permits/Fees, etc.	$	$
Other: General Requirements	$	$
Contractor Fee	$	$
Contractor Contingency	$	$
Subtotal-Construction/Rehabilitation Costs	**$**	**$**
Construction Financing Costs:		
Construction Insurance	$	$
Construction Loan Interest:		
Int.% Amt Term (mo)	$	$
Construction Loan Origination Fee	$	$
Construction Paid Taxes	$	$
Other: Construction Loan Expense	$	$
Subtotal-Construction Financing Costs	**$**	**$**
Permanent Loan Financing Costs:		
Credit Report	$	$
Permanent Loan Origination Fee	$	$
Title and Recording Fees	$	$
Attorney Fees	$	$
Documentation Prep. Fees	$	$
Escrow Closing Fee	$	$
Escrow Prepaid Items (insurance, taxes, interest)	$	$
Other: Loan Monitoring Fee	$	$
Subtotal-Permanent Loan Financing Costs	**$**	**$**
PAGE SUBTOTAL (ALL)	**$**	**$**

Item	**Total Estimated** Cost	**HOME FUNDED**
Related Soft Costs - General:		
Architectural Design Fees	$	$
Accounting Fees	$	$
Engineering Fees	$	$
Engineering Supervision (if applicable)	$	$
ALTA Survey	$	$
Appraisal Fee(s)	$	$
Environmental Study	$	$
Soils Report	$	$
Market Study	$	$
Project Audit Fee	$	$
Legal Fees	$	$
Tax Credit Fee	$	$
Local Impact fees	$	$
Construction Control	$	$
Soft Cost Contingency	$	$
Subtotal-Related Soft Costs/General	**$**	**$**

Developer Costs:		
Developer's Overhead	$	N/A
Developer's Fee*	$	$
Lease Up Reserves	$	$
Subtotal-Developer Costs	**$**	$
*Attach a detailed payment schedule of Developer Fees		
Page Subtotal	**$**	**$**
Previous Page Subtotal	**$**	**$**
TOTAL ESTIMATED COST	**$**	**$**

EXHIBIT "D-1"

SITE MAP

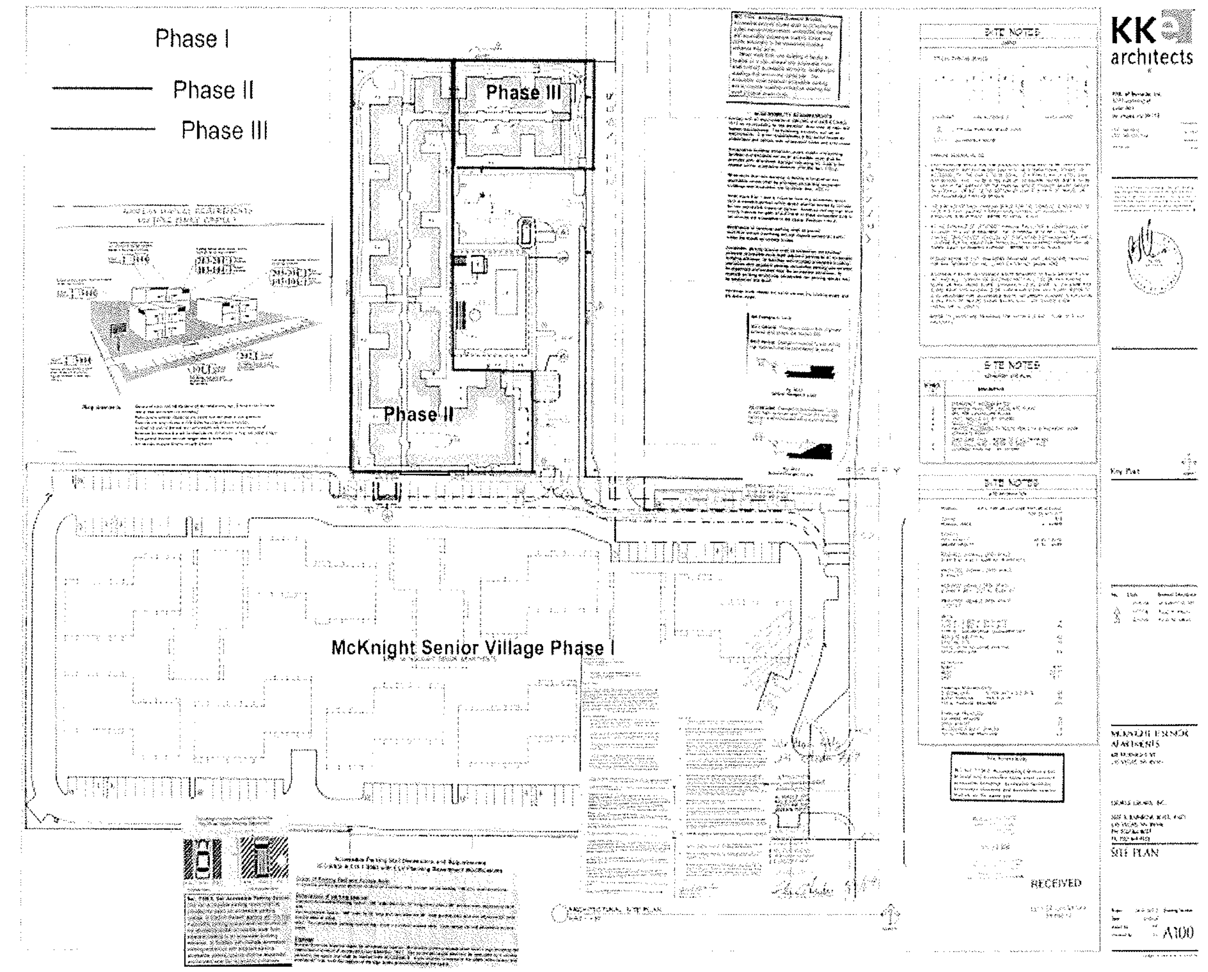

EXHIBIT "D-2"

PROJECT RENDERING

← **McKnight II** → ← **McKnight III** →

McKnight II consists of 77 units

The second phase is located at the southern end of the property.

McKnight III consists of 24 units

The third phase is located at the northern end of the property.

EXHIBIT “E”

LEGAL DESCRIPTION

APN #s: 139-28-410-007; 139-25-410-042; 139-25-410-043

Situated in the City of Las Vegas, County of Clark, State of Nevada, to wit:

Parcel One (1): Lots one (1) through five (5), inclusive, and lots ten (10) through fourteen (14), inclusive in block two (2) of Tankel’s north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada.

Parcel Two (2): Lot seven (7) in block two (2) of Tankel’s north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

Parcel Three (3): Lots six (6), eight (8), and nine (9) in block two (2) of Tankel’s north addition no. 2 as shown by map thereof on file in book 1 of plats, page 95, in the office of the county recorder of Clark County, Nevada. Together with that portion of vacated Shelby Street and vacated Gay Street appurtenant thereto as vacated by that certain order of vacation recorded October 6, 1997 in book 971006 as document no. 00833, official records.

EXHIBIT "F"

HOME PROGRAM INCOME GUIDELINES:
U.S. Department of Housing and Urban Development (HUD)
HOME/ADDI Program Limits (Effective April, 2009)
Median Family Income ($65,400)

FAMILY SIZE	INCOME NOT TO EXCEED	
1	30%	13,700
	50%	22,900 (Very Low-Income)
	60%	27,480
	80%	36,600 (Low-Income)
2	30%	15,700
	50%	26,150 (Very Low-Income)
	60%	31,380
	80%	41,850 (Low-Income)
3	30%	17,650
	50%	29,450 (Very Low-Income)
	60%	35,340
	80%	47,050 (Low-Income)
4	30%	19,600
	50%	32,700 (Very Low-Income)
	60%	39,240
	80%	52,300 (Low-Income)
5	30%	21,150
	50%	35,300 (Very Low-Income)
	60%	42,360
	80%	56,500 (Low-Income)
6	30%	22,750
	50%	37,950 (Very Low-Income)
	60%	45,540
	80%	60,650 (Low-Income)
7	30%	24,300
	50%	40,550 (Very Low-Income)
	60%	48,660
	80%	64,850 (Low-Income)
8	30%	25,850
	50%	43,150 (Very Low-Income)
	60%	51,780
	80%	69,050 (Low-Income)

EXHIBIT "G"

HOME RENT LIMITS
U.S. Department of Housing and Urban Development (HUD)
Program Limits (April, 2009)

PROGRAM	EFFICIENCY	1-BEDROOM	2-BEDROOM	3-BEDROOM	4-BEDROOM
Low Home Rent Limit	572	613	736	850	948
High Home Rent Limit	724	777	934	1,071	1,175
For Information Only:					
Fair Market Rent	731	861	1,013	1,408	1,695
50% Rent Limit	572	613	736	850	948
65% Rent Limit	724	777	934	1,071	1,175

EXHIBIT "H"

ALLONGE FOR FEDERAL HOME FUNDS

To be attached to that certain Promissory Note, dated ____________________ in the original amount of $847,204 executed by McKnight Senior Village III, LP, in favor of Silver State Housing, a Nevada nonprofit corporation.

Pay to the order of City of Las Vegas

Dated: ____________________

Silver State Housing

By: ____________________________________
Lori Muehlhausen, President

EXHIBIT "I"

ALLONGE FOR STATE HOME FUNDS

To be attached to that certain Promissory Note, dated ____________________ in the original amount of $150,000 executed by McKnight Senior Village III, LP, in favor of Silver State Housing, a Nevada nonprofit corporation.

Pay to the order of City of Las Vegas

Dated: ____________________

Silver State Housing

By: ____________________________________
Lori Muehlhausen, President

EXHIBIT "J"

DISCLOSURE OF PRINCIPALS

The Board of Directors of Silver State Housing, *and all persons and entities holding* more than 1% interest in Silver State Housing, or any principal of Silver State Housing, are the following:

	FULL NAME	BUSINESS ADDRESS	BUSINESS PHONE
	Lori Muehlhausen	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027
	Jeffrey B. Edwards	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027
	K.C. Camis	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027
	Joann Oscars	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027
	Carmelean Kitty Martin	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027
	Gina Slater	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027
	James Lewis	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027
	Bernice Wiggins	2655 S. Rainbow # 401, LV, NV 89146	702-364-8027

I certify under penalty of perjury, that the foregoing list is full and complete.

Silver State Housing, a Nevada non profit corporation

By: ______________________________
Lori Muehlhausen, President

Subscribed and sworn to before me this
_____ day of _________________, 2010.

____
Notary Public