

**EXHIBIT C –
FORM OF DEED OF TRUST**
(Due on Transfer -- Strict)

THIS DEED OF TRUST is made as of this _____ day of _____, 20__, between La Luna Community Cooperative, a Colorado cooperative association (the "Grantor"), with an address at 726 E. Cleveland Street, Lafayette CO 80026, and the Public Trustee of Boulder County, Colorado, in which the Property is situated ("Trustee"); for the benefit of County of Boulder, State of Colorado, a body corporate and politic (the "Lender"), with an address at 1325 Pearl St., Third Floor, Boulder CO 80302. Capitalized terms used herein but not otherwise defined in this Deed of Trust shall have the meanings assigned to them in the Loan Documents (as defined below).

Grantor and Lender covenant and agree as follows:

1. Property in Trust. Grantor, in consideration of the indebtedness herein recited and the trust herein created, hereby grants and conveys to Trustee in trust, with power of sale and right of entry and possession, the following property located in the City of Lafayette and County of Boulder, State of Colorado:

The real property described on **Exhibit A**, attached hereto and incorporated herein by reference (hereinafter referred to as "Real Estate"), together with the following, whether now owned or subsequently acquired by Grantor (all of which shall be collectively referred to as the "Property"):

A. All buildings, structures, and improvements of every kind now or hereafter located on the Real Estate;

B. All rights-of-way, easements, and all other appurtenances to the Real Estate;

C. All of Grantor's right, title, and interest in any land lying between the boundaries of the Real Estate and the center line of any adjacent street, road, avenue, alley, or public place, whether opened or proposed;

D. All of Grantor's right, title, and interest in all oil, gas, hydrocarbons, coal, sand, gravel, minerals or mineral rights, crops, timber, trees, shrubs, flowers, and landscaping features now or hereafter located on, under, or above the Real Estate;

E. All of Grantor's right, title, and interest in all machinery, appliances, apparatus, equipment, fittings, fixtures (whether actually or constructively attached, and including all trade, domestic and ornamental fixtures), now or hereafter located in, upon or under the Real Estate and used or usable in connection with any present or future operation thereof, including, but not limited to, all heating, air conditioning, freezing, lighting, laundry, incinerating and power equipment; engines; pipes; pumps; tanks; motors; conduits;

switchboards; plumbing, lift, cleaning, fire prevention, fire extinguishing, refrigerating, ventilating, cooking, and communications apparatus; boilers, water heaters, ranges, furnaces, and burners; vacuum cleaning systems; elevators; escalators; shades; awnings; screens; storm doors and windows; stoves; refrigerators; attached cabinets; partitions; ducts and compressors; rugs and carpets; draperies; and all additions, thereto and replacements therefore (exclusive of any of the foregoing owned or leased by lessees of space in the improvements);

F. All awards and payments, including interest thereon, resulting from the exercise of any right of eminent domain or any other public or private taking of, injury to, or decrease in the value of, the Property;

G. All reservation agreements or purchase contracts and rights of Grantor thereunder to proceeds from the sale of any portion of the Property and improvements thereon; and

H. All other or greater rights and interests of every nature in the Real Estate and in the possession or use thereof and income therefrom, whether now owned or subsequently acquired by Grantor.

2. Note; Other Obligations Secured. This Deed of Trust is given to secure (a) Grantor's obligations under that certain promissory note ("Note") of even date herewith in the principal amount of \$1,055,000.00 U.S. Dollars payable to Lender, which evidences a debt payable in accordance with its terms and provisions, and all renewals, extensions, modifications, amendments and restatements thereof and substitutions therefor, and (b) the payment, performance, and observance of the covenants, representations, warranties, agreements, obligations, and liabilities of the Grantor contained herein, in the Note, the loan agreement of event date hereof between Grantor and Lender ("Loan Agreement") and/or in any other document, instrument, or agreement executed in connection with the Note (collectively, the "Loan Documents").

3. Title and Covenants. Grantor covenants that it owns and has the right to grant and convey the Property, and warrants title to the same.

4. Payment of Principal and Interest. Grantor shall promptly pay when due the indebtedness evidenced by the Note and interest, and late charges as provided in the Note and Grantor shall perform or cause to be performed all of the other covenants and agreements contained in the Note and the other Loan Documents.

5. Application of Payments. All payments received by Lender under the terms hereof shall be applied to the Note, in accordance with the terms and conditions of the Note and other Loan Documents.

6. Other Mortgages and Deeds of Trust; Charges; Liens. Grantor and Lender

acknowledge that Grantor has contemporaneously herewith, obtained one or more separate loan or loans totaling approximately \$_____, consisting of (i) loans from [SENIOR LENDER] ("Senior Lender") totaling \$_____ (collectively, "Senior Loan"), (ii) a loan from the City of Lafayette, a home-rule municipality in the State of Colorado ("City") in the amount of \$495,000.00 ("City Loan"), and (iii) [OTHER SUBORDINATE LOANS]. Except for security interests granted pursuant to (a) the Senior Loan, which Lender has consented to and regarding which Lender and Senior Lender have entered into a subordination agreement, and (b) the City Loan, which ranks pari passu with the Loan, Grantor shall not place any additional encumbrances or deeds of trusts on the Property without the prior written consent of Lender. Grantor shall perform all of Grantor's obligations under any other deeds of trust, including, without limitation, the Senior Loan, the City Loan, and any other liens affecting the Property or any portion thereof (without implying the consent of Lender to any other deed of trust or lien). Grantor shall pay all taxes, assessments, and other charges, fines, and impositions attributable to the Property that may have or attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any, in the manner set out in Section 23 (Escrow Funds for Taxes and Insurance) or, if not required to be paid in such manner, by Grantor making payment when due, directly to the payee thereof. Despite the foregoing, Grantor shall not be required to make payments otherwise required by this Section if Grantor, after notice to Lender, shall in good faith contest such obligation by, or defend enforcement of such obligation in, legal proceedings that operate to prevent the enforcement of the obligation or forfeiture of the Property or any part thereof, only upon Grantor making all such contested payments and other payments as ordered by the court to the registry of the court in which such proceedings are filed.

7. Liability Insurance. Grantor shall keep the improvements now existing or hereafter erected on the Property insured, with all property owners as named insureds, against loss by fire or hazards included within the term "extended coverage" in such amounts as set forth in the Loan Agreement. In addition, Grantor shall at all times maintain liability insurance in an amount not less than those amounts set forth in the Loan Agreement for the Property. All of the foregoing shall be known as "Property Insurance."

The insurance carrier providing the insurance shall be qualified to write Property Insurance in Colorado and shall be chosen by Grantor subject to Lender's right to reject the chosen carrier for reasonable cause. All insurance policies and renewals thereof shall include a standard mortgagee clause in favor of Lender, and shall provide that the insurance carrier shall notify Lender at least 30 days before cancellation, termination or any material change of coverage. Insurance policies shall be furnished to Lender at or before closing. Lender shall have the right to hold the policies and renewals thereof.

In the event of loss, Grantor shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Grantor.

Subject to the terms and condition of a Subordination Agreement among the Lender, the **Grantor** and [SENIOR LENDER] ("**Subordination Agreement**"), which among other things subordinates the **Grantor's** and Lender's rights to the rights of the holders of the Senior

Loan as defined therein, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Deed of Trust is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Deed of Trust would be impaired, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Grantor, with all proceeds subject to the obligations contained in the Loan Agreement and any other Loan Documents.

Any such application of proceeds to principal shall not extend or postpone the due date of any other payments due hereunder or change the amount of such payments. Notwithstanding anything herein to the contrary, if under Section 18 (Acceleration; Foreclosure; Other Remedies) the Property is acquired by Lender, all right, title, and interest of Grantor in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

8. Preservation and Maintenance of Property. Grantor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. Grantor shall perform all of Grantor's obligations under any declarations, covenants, bylaws, rules, or other documents governing the use, ownership or occupancy of the Property. Specific provisions regarding the maintenance of the Property are set forth in the Loan Agreement.

9. Protection of Lender's Security. If Grantor fails to perform or otherwise breaches the covenants, agreements, representations or warranties contained in the Loan Documents or in this Deed of Trust, or if a default occurs in another lien affecting the Property, or if any action or proceeding is commenced that materially affects Lender's interest in the Property, then Lender, at Lender's option, with reasonable notice to Grantor under all of the circumstances (including no notice to Grantor in exigent circumstances), may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. Grantor hereby grants to Lender the right (but not the obligation) with respect to any other encumbrance on the Property or by law or otherwise to cure any default under such encumbrance (without implying the consent of Lender to any other deed of trust or lien).

Any amounts disbursed by Lender pursuant to this Section 9, with interest thereon, shall become additional indebtedness of Grantor secured by this Deed of Trust. Such amounts shall be payable within ten days of written notice from Lender to Grantor requesting payment thereof and Lender may bring suit to collect any amounts so disbursed plus interest as specified in the Note. Nothing contained in this Section 9 shall require Lender to incur any expenses or take any action hereunder and Grantor shall release and indemnify Lender and shall hold Lender harmless from any such expenses.

10. Inspection. Lender may make or cause to be made reasonable entries upon and

inspection of the Property and all records kept in connection therewith during reasonable business hours.

11. Condemnation. Subject to the terms and conditions of the Subordination Agreement, the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender as herein provided.

In the event of a total or partial taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Grantor, with such excess proceeds being subject to the terms and conditions set forth in the Loan Agreement and other Loan Documents.

If the Property is abandoned by Grantor, or if, after notice by Lender to Grantor that the condemnor offers to make an award or settle a claim for damages, Grantor fails to respond to Lender within 30 days after the date such notice is given, Lender is authorized to collect and apply the proceeds, to the sums secured by this Deed of Trust, with the excess, if any, paid to Grantor with such excess proceeds being subject to the terms and conditions set forth in the Loan Agreement and other Loan Documents.

Any such application of proceeds to principal shall not extend or postpone the due date of any payments due hereunder nor change the amount of such payments.

12. Grantor Not Released. Extension of the time for payment or modification of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor, nor Grantor's successors in interest, from the original terms of this Deed of Trust. Lender shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor nor Grantor's successors in interest.

13. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or under any of the other Loan Documents otherwise afforded by law, shall not be a waiver or preclude the exercise of any such right or remedy.

14. Remedies Cumulative. Each remedy provided in the Note, this Deed of Trust and the other Loan Documents is distinct from and cumulative to all other rights or remedies under the Note, this Deed of Trust and the other Loan Documents or afforded by law or equity, and may be exercised concurrently, independently, or successively.

15. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Grantor, subject to the provisions of Section 24 (Transfer of the Property; Assumption). All covenants and agreements of Grantor and any

guarantors hereunder shall be joint and several. The captions and headings of the sections in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

16. Notice. All notices and communications hereunder shall be in writing and shall be served by prepaid regular service U.S. Mail, overnight delivery or by personal delivery, addressed to the party to whom such notice is intended or to such other places the parties may designate in writing. Any such notice shall be deemed given and effective three days after such notice has been deposited in the United States mail, the next business day if deposited in overnight delivery service or when personally delivered to the specified parties. Notices shall be addressed to each party as set forth above.

17. Governing Law; Severability. The Note, this Deed of Trust and the other Loan Documents shall be governed by the law of Colorado. In the event that any provision or clause of this Deed of Trust, the Note or the other Loan Documents conflicts with the law, such conflict shall not affect other provisions of this Deed of Trust, the Note or the other Loan Documents which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust, the Note and other Loan Documents are declared to be severable.

18. Acceleration; Foreclosure; Other Remedies. Except as provided in Section 24 (Transfer of the Property; Assumption), upon Grantor's breach of any covenant or agreement of Grantor in this Deed of Trust, or upon any written declaration of default in another lien upon the Property (unless Grantor has exercised Grantor's rights under Section 6 above), at Lender's option, all of the sums secured by this Deed of Trust shall thereafter accrue interest at the Default Rate and shall be immediately due and payable ("Acceleration"). To exercise the option of Acceleration, Lender may invoke the power of sale and any other remedies permitted by law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Deed of Trust, including, but not limited to, reasonable attorney's fees.

If Lender invokes the power of sale hereunder, Lender shall give written notice to Trustee of such election. Trustee shall give such notice to Grantor of Grantor's rights as is provided by law. Lender or Lender's designee may purchase the Property at any sale. It shall not be obligatory upon the purchaser at any such sale to see to the application of the purchase money.

Trustee shall apply the proceeds of the sale in the following order; (a) to all actual costs and expenses of the sale, including, but not limited to, reasonable and actual Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this Deed of Trust subject to the pari passu distribution of such proceeds in accordance with Section 25 below; and (c) the excess, if any, to the person or persons legally entitled thereto.

19. Grantor's Right to Cure Default. Whenever foreclosure is commenced for nonpayment of any sums due hereunder, the owners of the Property or parties liable hereon

shall be entitled to cure said defaults by paying all delinquent principal and interest payments due as of the date of cure, costs, expenses, late charges, attorney's fees, and other fees all in the manner provided by law. Upon such payment, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as though no Acceleration had occurred, and the foreclosure proceedings shall be discontinued.

20. Assignment of Rents; Appointment of Receiver; Lender in Possession. As additional security hereunder, Grantor hereby assigns to Lender the rents of the Property; however, Grantor shall, prior to Acceleration under Section 18 (Acceleration; Foreclosure; Other Remedies) or abandonment of the Property or the appointment of a receiver for the Property, have the right to collect and retain such rents as they become due and payable.

Lender or the holder of the Trustee's certificate of purchase shall be entitled to a receiver for the Property after Acceleration under Section 18 (Acceleration, Foreclosure; Other Remedies), and shall also be so entitled during the time covered by foreclosure proceedings and the period of redemption, if any; and shall be entitled thereto as a matter of right without regard to the solvency or insolvency of Grantor or of the then owner of the Property, and without regard to the value thereof. Such receiver may be appointed by any Court of competent jurisdiction upon ex parte application and without notice -- notice being hereby expressly waived.

Upon Acceleration under Section 18 (Acceleration; Foreclosure; Other Remedies), or abandonment of the Property or appointment of a receiver for the Property, Lender, in person, by agent or by judicially-appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the receiver shall be applied, first, to payment of the costs of preservation and management of the Property, second, to payments due upon prior liens permitted hereunder, if any, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received.

21. Release. If (a) the Loan Agreement expires on its terms pursuant to Section 6(b) therein, OR (b) Grantor shall pay the indebtedness secured hereby, and all installments thereof, when due, according to the terms hereof, and of the Note, Loan Documents, and any other instrument evidencing the same, and pay taxes, keep up repairs, keep the Property insured, and perform fully all of Grantor's obligations hereunder, and if Grantor shall perform fully all of its obligations under the Loan Documents, under the Note, and under any instrument evidencing any indebtedness secured hereby, then (c) Lender shall cause Trustee to release this Deed of Trust. All release instruments shall be prepared by Grantor's attorney at Grantor's sole cost and expense and Grantor shall pay all costs of recordation and shall pay all Trustee's fees to effect the release of this Deed of Trust.

22. Waiver of Exemptions. Grantor hereby waives all right of homestead and any other exemption in the Property under state or federal law presently existing or hereafter enacted.

23. Escrow Funds for Taxes and Insurance. Upon Lender's demand therefor, subject to (a) applicable law, (b) collection of such amounts under the Senior Loan, and (c) collection of such amounts under the City Loan given its pari passu ranking with the Loan, Grantor shall pay to Lender, on each day installments of principal and interest are payable under the Note, until the Note is paid in full, a sum (herein referred to as "Funds") equal to 1/12th of the yearly taxes and assessments which may attain priority over this Deed of Trust, plus 1/12th of yearly premium installments for Property Insurance, all as reasonably estimated initially and from time to time by Lender on the basis of assessments and bills and reasonable estimates thereof, taking into account any excess Funds not used or shortages.

The principal of the Funds shall be held by the Lender in trust for the benefit of the Grantor and deposited in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency. Lender shall apply the Funds to pay said taxes, assessments, and insurance premiums. Lender may not charge for so holding and applying the Funds, analyzing said account or verifying and compiling said assessments and bills. Lender shall not be required to pay Grantor any interest or earnings on the Funds. Lender shall give to Grantor, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Deed of Trust.

If the amount of the funds held by Lender shall not be sufficient to pay taxes, assessments and insurance premiums as they fall due, Grantor shall pay to Lender any amount necessary to make up the deficiency within 15 days from the date notice is given in accordance with Section 16 (Notice) by Lender to Grantor requesting payment thereof.

Upon payment in full of all sums secured by this Deed of Trust, if any, Lender shall simultaneously refund to Grantor any Funds held by Lender. If under Section 18 (Acceleration; Foreclosure; Other Remedies) the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, whichever occurs first, any Funds held by Lender at the time of application as a credit against the sums secured by this Deed of Trust.

24. Transfer of the Property; Assumption. The following events shall be referred to herein as a "Transfer": (i) a transfer or conveyance of title (or any portion thereof, legal or equitable) of the Property (or any part thereof or interest therein); (ii) the further encumbrance of the Property or any portion thereof; or (iii) dissolution of Grantor. In the event of each and every Transfer to which Lender has not given its prior written consent, Lender may, but is not obligated to, exercise its option of Acceleration. Should Lender not elect to exercise its right of Acceleration upon the occurrence of such Transfer then, the mere fact of a lapse of time or the acceptance of payment or subsequent to any of such events, whether or not Lender had actual or constructive notice of such Transfer, shall not be deemed a waiver of Lender's right to make such election nor shall Lender be estopped therefrom by virtue thereof. The issuance on behalf of the Lender of a routine statement showing the status of the loan, whether or not Lender had actual or constructive notice of

such Transfer, shall not be a waiver or estoppel of Lender's said rights. Nothing contained herein shall prohibit Grantor from entering into any contract for the sale of the Property.

25. Lender's and City's Deeds of Trust Pari Passu.

- (a) Notwithstanding the order of attachment or perfection of the Lender's and the City's respective security interests in the Property, the Lender's and the City's security interests evidenced by their respective deeds of trust shall rank pari passu (i.e., have equal priority) and in the event that either Lender or the City realizes on its security interest by exercising any of their remedies under their respective deeds of trust, the proceeds of any such realization shall be allocated and paid as between Lender and the City on a pro-rata basis, in accordance with their Pro-Rata Share (defined below) as of the date of such realization.
- (b) For purposes of the Loan Documents, the "Pro-Rata Share" means the proportion which the unpaid principal amount due under the note held by either the Lender (i.e., the Note) or the City (i.e., the City Note, defined below) bears to the aggregate unpaid principal amount due under the notes held by both of them.

26. Copies. Grantor acknowledges receipt of a copy of this Deed of Trust.

[SIGNATURES TO FOLLOW]

EXHIBIT A

Legal Description of Property

[INSERT LEGAL DESCRIPTION OF PROPERTY]