

DEED OF TRUST  
AND  
SECURITY AGREEMENT

THIS DEED OF TRUST is made this 3<sup>rd</sup> day of March, 1983, between W.C.R. DEVELOPMENTS (TVL), INC., a Nevada corporation, whose address is P. O. Box 2177, Stateline, Nevada \_\_\_\_\_, as Trustor, and DOUGLAS COUNTY TITLE COMPANY, as Trustee, and WINCHESTER-TELLUS FUND, a Washington general partnership, as Beneficiary.

Trustor hereby irrevocably grants, bargains, sells, and conveys to Trustee, in trust, with power of sale, the following-described real property (the "Property") in Douglas County, Nevada:

See Attachment A.

TOGETHER WITH all the estate and rights of Trustor, now owned or hereafter acquired, in and to the Property and in and to land lying in streets and roads adjoining the Property, and all access rights and easements appertaining thereto; and

TOGETHER WITH all buildings, structures, improvements, equipment, fixtures, and other articles of property now or hereafter attached to, or used or adapted for use in the operation of, the Property, including but without being limited to all heating and incinerating apparatus and equipment whatsoever, all boilers, engines, motors, dynamos, generating equipment, piping and plumbing fixtures, ranges, cooking apparatus and mechanical kitchen equipment, refrigerators, freezers, cooling, ventilating, sprinkling and vacuum cleaning systems, fire extinguishing apparatus, gas and electric fixtures, carpeting, underpadding, elevators, escalators, partitions, mantels, built-in mirrors, window shades, blinds, screens, storm sash, awnings, furniture, furnishings of public spaces, halls and lobbies, and shrubbery and plants, including also all interest of any owner of the Property in any of such items hereafter at any time acquired under conditional sale contract, chattel mortgage, or other title-retaining or security instrument; all of which property mentioned in this paragraph, whether or not subject to any other security interest, shall be deemed part of the realty and not severable wholly or in part without material injury to the freehold; and

TOGETHER WITH all and singular the lands, tenements, privileges, water rights, hereditaments, and appurtenances now or hereafter belonging or in anywise appertaining to the Property, and the reversions, remainders, rents, issues, and profits of the Property, and all the estate, rights, title, claim, interest, and demand whatsoever of the Trustor, either in law or equity, of, in, and to the Property; and

TOGETHER WITH return premiums or other payments upon any insurance at any time provided for the benefit of Beneficiary and refunds or rebates of taxes or assessments on the Property; and

TOGETHER WITH plans, specifications, contracts, and agreements for construction of any improvements on the

Property; Trustor's rights under any payment, performance, or other bond in connection with construction of improvements on the Property; all construction materials, supplies, and equipment delivered to the Property or used or to be used in connection with the construction of improvements on the Property; contracts, agreements, and purchase orders with contractors, subcontractors, suppliers, and materialmen incidental to construction of improvements on the Property; and

TOGETHER WITH all furniture, furnishings, fixtures, appliances, machinery, inventory, contracts and contract rights, leases, vehicles, accounts, equipment, general intangibles and rents, and all other personal property of every kind and description now located or to be located in or upon the improvements now or hereafter constructed on the Property and with any and all additions, accessions, replacements, substitutions, proceeds, and products thereto, thereof, or thereafter, and together with all rights of Trustor as lessee of any furniture or equipment used on the Property; and

TOGETHER WITH (a) any and all awards or payments, including interest thereon, and the right to receive the same, as a result of (i) the exercise of the right of eminent domain; (ii) the alteration of the grade of any street; or (iii) any other injury to, taking of, or decrease in the value of the Property to the extent of all amounts which may be secured by this Deed of Trust at the date of receipt of any such award or payment by Trustor and of the reasonable attorneys' fees, costs, and disbursements incurred by Trustee or Beneficiary in connection with the collection of such award or payment; and (b) the proceeds from any and all fire and other hazard or casualty insurance policies insuring the Property or any improvements thereon; and

TOGETHER WITH (a) all of Trustor's rights further to encumber said Property for current or future debt, except by such encumbrance which by its actual terms and specifically expressed intent shall be and at all times remain subject and subordinate to (i) any and all tenancies in existence when such encumbrance becomes effective with respect to such debt and (ii) any tenancies thereafter created; and (b) all of Trustor's rights to enter into any lease agreement or rental agreement, including all rents, issues, and profits therefrom, which would create a tenancy that is or may become subordinate in any respect to any mortgage or deed of trust other than this Deed of Trust; Trustor hereby (i) representing as a special inducement to Beneficiary to make the loan secured hereby that as of the date hereof there are no encumbrances to secure debt other than this Deed of Trust and (ii) covenanting that there are to be none as of the date when this Deed of Trust becomes of record, except in either case encumbrances having the prior written approval of Beneficiary;

TOGETHER WITH all proceeds and products of the foregoing;

TO HAVE AND TO HOLD for Beneficiary forever said Property, together with all and singular the lands, tenements, privileges, water rights, hereditaments, and appurtenances belonging or in anywise appertaining thereto, and reversions, remainders, rents, issues, and profits thereof, and all of the estate, right, title, claim, and demands whatsoever of Trustor, either in law or in equity, of, in, and to the Property,

together with all interest therein that Trustor may hereafter acquire, as security for (1) payment of that certain Note of even date herewith in the principal amount of \$830,000 made by W.C.R. Developments (TVL), Inc. (the "Note") (the term "Note" shall include all notes evidencing any indebtedness secured hereby); (2) such further sums as may be advanced or loaned by Beneficiary to Trustor or W.C.R. Developments (TVL), Inc., or any of its or their successors or assigns, as set forth in paragraph 16 below, together with interest thereon at such rate as shall be agreed upon; and (3) any and all present and future indebtedness of Trustor thereunder to Beneficiary.

The Property and all other interests of Trustor granted to Trustee above are hereinafter collectively referred to as the "Collateral."

Trustor represents, warrants, and covenants as follows:

1. Payment of Indebtedness; Performance of Obligations. To pay all debts and moneys and perform all obligations the payment or performance of which is secured hereby when such payment or performance shall become due.
2. No Liens. To keep the Collateral free from statutory and governmental liens of any kind, except taxes and assessments not yet due and payable and such encumbrances as Beneficiary approves in writing.
3. Trustor's Title. That Trustor is seized in fee simple of the Property and owns outright every part thereof; that there are no liens or encumbrances against or upon the Collateral which are superior to this Deed of Trust except as specifically described herein, and none will be created or suffered to be created by Trustor during the life of this Deed of Trust; and that Trustor has good right to make this Deed of Trust and that Trustor will forever warrant and defend said Collateral unto Beneficiary and its successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.
4. Statement of Amount Owning. Trustor upon request by Beneficiary will furnish a written statement duly acknowledged of the amount due on this Deed of Trust and whether any offsets or defenses exist against the debt secured hereby.
5. Reserve Accounts.
  - (a) If the Note calls for monthly payments of principal and/or interest, Trustor agrees to pay to Beneficiary, if Beneficiary so requires, together with and in addition to the monthly payments of principal and interest payable under the terms of the Note, on the date set forth therein for the making of monthly payments each month until the Note is fully paid, a sum, as estimated by Beneficiary, equal to the ground rents, if any, and the taxes and special assessments next due on the Property covered by this Deed of Trust, plus the premiums that will next become due and payable on insurance policies as may be required herein, Trustor agreeing to deliver promptly to Beneficiary all bills and notices thereof, less all sums already paid therefor, divided by the number of months to elapse before two (2) months prior to the date when such ground rents, premiums, taxes, and

special assessments will become delinquent, such sums to be held by Beneficiary, without interest, to pay said ground rents, premiums, taxes, and special assessments. All payments mentioned in this paragraph and all payments to be made under the Note shall be added together, and the aggregate amount thereof shall be paid by Trustor each month in a single payment to be applied by Beneficiary to the following items in the order set forth:

- (i) Ground rents, if any; taxes, special assessments, and fire and other hazard insurance premiums;
- (ii) Interest and late charges on the Note; and
- (iii) Amortization of the principal of the Note.

(b) If the Note does not call for monthly payments of principal and/or interest, Trustor agrees to pay to Beneficiary, if Beneficiary so requires, in addition to the payments of principal and interest payable under the terms of the Note, from time to time until the Note is fully paid, within ten (10) days following the mailing of a notice from Beneficiary requesting such payment, a sum or sums, as estimated by Beneficiary, equal to any ground rents, taxes, or special assessments on the Property covered by this Deed of Trust and any premiums on insurance policies as may be required herein, Trustor agreeing to deliver promptly to Beneficiary all bills and notices thereof, that will become due and payable within sixty (60) days following the date of such request, less all sums already paid therefor, such sums to be held by Beneficiary, without interest, to pay said ground rents, premiums, taxes, and special assessments.

(c) Any deficiency in the amount of any payment required under this paragraph shall constitute an event of default under this Deed of Trust. The arrangement provided for herein is solely for the added protection of Beneficiary and entails no responsibility on Beneficiary's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon assignment of this Deed of Trust by Beneficiary, any funds on hand shall be turned over to the assignee, and any responsibility of the assignor with respect thereto shall terminate. Each transfer of the Collateral subject to this Deed of Trust shall automatically transfer to the grantee all rights of Trustor with respect to any funds accumulated hereunder.

(d) If the total of the payments for reserves hereunder shall exceed the amount of payments actually made by Beneficiary from the reserve account, plus such amounts as have been reasonably accumulated in such reserves toward payments therefrom next to become due, such excess may, provided no default then exists under the terms of this instrument or under the terms of the Note, but not otherwise, be credited by Beneficiary in payment of subsequent aggregate, but not partial, payments to be made by Trustor or, at the option of Beneficiary, refunded to Trustor or his successor in interest as may appear upon the records of Beneficiary. If, however, the payments accumulating such reserves shall not be sufficient to pay the sums required when the same shall become due and payable, Trustor shall pay to Beneficiary any amount necessary to make up the deficiency within thirty (30) days after written

notice to Trustor stating the amount of the deficiency. If there shall be a default under any of the provisions of this Deed of Trust and thereafter a sale of the Collateral or a portion thereof in accordance with the provisions hereof, or if Beneficiary acquires the Collateral otherwise after default, Beneficiary shall apply, at the time of commencement of such proceedings or at the time the Collateral is otherwise acquired, the balance then remaining in the funds accumulated in the reserve account, less such sums as will become due and payable during the pendency of the proceedings, as a credit against the amounts secured hereby.

6. Late Charges. In the event that any payment or portion thereof due hereunder is not paid within fifteen (15) days commencing with the date it is due, Beneficiary may collect, and Trustor agrees to pay with such payment, a "late charge" of six cents (\$.06) for each dollar so overdue, as compensation for the additional expense of handling such delinquent payments.

7. Maintenance and Waste. To maintain the buildings and other improvements on the Property in a rentable and tenantable condition and state of repair; to neither commit nor suffer any waste; to promptly comply with all requirements of federal, state, and municipal authorities and all other laws, ordinances, regulations, covenants, conditions, and restrictions respecting the Property or the use thereof; and to pay all fees or charges of any kind in connection therewith. Beneficiary may recover as damages for any breach of this covenant the amount it would cost to put the Property in the condition called for herein. Proof of impairment of security shall be unnecessary in any suit, action, or proceeding under this paragraph. Trustor shall permit Beneficiary or its agents the opportunity to inspect the Property, including the interior of any structures, at reasonable times and after reasonable notice. An action to recover damages under this paragraph may be brought as an independent action without foreclosing the lien of this Deed of Trust, and in any such action or appeal therefrom Beneficiary may recover its costs of suit, including reasonable attorneys' fees.

8. Repair and Restoration. To complete or restore, promptly and in good workmanlike manner, any building or improvement which may be constructed, damaged, or destroyed on the Property, and pay when due all costs incurred therefor.

9. Alterations, Removal, and Demolition. No building or other improvement on the Property shall be structurally altered, removed, or demolished without Beneficiary's prior written consent, nor shall any fixture or chattel covered by this Deed of Trust be removed at any time without like consent unless actually replaced by an article of equal suitability owned by Trustor free and clear of any lien or security interest except such as may be approved in writing by Beneficiary.

10. Insurance. Trustor shall at all times maintain insurance with premiums prepaid on all of the Collateral encumbered hereby or hereafter acquired, in such amounts and for such period of time and insuring against such risks as may be required from time to time by Beneficiary, with loss-payable clauses (without contribution) in favor of and in form

satisfactory to Beneficiary, including but not limited to the following:

(a) Insurance against loss by fire, lightning, and all other risks customarily covered by the standard extended coverage endorsement issued in the State of Washington, together with a vandalism and malicious mischief endorsement or an all perils endorsement, all in amounts not less than the full replacement cost of all improvements on the Property, including the cost of demolition and removal of debris;

(b) Comprehensive general public liability insurance with limits satisfactory to Beneficiary;

(c) Rent and rental value insurance covering rental from the Property for a period of time and in a minimum amount satisfactory to Beneficiary;

(d) During the making of any alterations or improvements to the Property, an owner's contingent liability policy covering claims not covered by the general comprehensive insurance referred to above; and

(e) Such other insurance as Beneficiary may from time to time deem necessary.

During the making of any alterations or improvements to the Property, Trustor will require all contractors to comply with applicable contractor registration, bonding, and workmen's compensation requirements of the state of Nevada. Trustor shall deliver all policies to Beneficiary, which delivery shall constitute an assignment to Beneficiary of all return premiums. All insurance shall be issued by companies approved by Beneficiary. All such insurance shall contain a first mortgagee clause in favor of Beneficiary, with loss proceeds payable to Beneficiary, and shall provide for at least ten (10) days' prior written notice of cancellation to Beneficiary. Such policies shall also contain endorsements that no act or negligence of the insured or any occupant, and no occupancy or use of the Property for purposes more hazardous than permitted by the terms of the policy, will affect the validity or enforceability of such insurance as against Beneficiary. All such insurance shall be written in amounts sufficient to prevent Trustor from becoming a co-insurer under the applicable policies. Beneficiary may, at its option, require Trustor to maintain said required policies in Trustor's possession in lieu of delivering said policies to Beneficiary, in which event said policies shall be kept available by Trustor at all times for return to Beneficiary or for inspection by Beneficiary or its agents or insurers, and said requirement may be withdrawn by Beneficiary at any time. In the event of foreclosure of this Deed of Trust or other transfer of title to all or part of the Collateral in extinguishment of some or all of the indebtedness secured hereby, all interest of Trustor in any insurance policies in force shall pass to the purchaser or grantee. To pay to Beneficiary, as Beneficiary may require, a reasonable fee to cover costs of substituting policies in the event Trustor replaces any policy prior to its expiration. Trustor will reimburse Beneficiary for any premiums paid for such insurance by Beneficiary upon Trustor's default in so insuring the buildings or other improvements or default in assigning and delivering of such policies to Beneficiary so endorsed. At

least ten (10) days prior to the expiration of the term of any insurance policy, Trustor shall furnish Beneficiary with written evidence of renewal thereof or of the issuance of a replacement policy complying with the foregoing requirements.

11. Litigation; Attorneys' Fees. To appear in and defend any suit, action, or proceedings that might affect the value of this security instrument or the security itself or the rights and powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect also to appear in or defend any such action or proceeding, or be made a party to such by reason of this Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, Trustor will at all times indemnify against and, on demand, reimburse Beneficiary or Trustee for any and all loss, damage, expense, or cost, including cost of evidence of title and attorneys' fees, arising out of or incurred in connection with any such suit, action, or proceeding, or appeal therefrom, and the sum of such expenditures shall be secured by this Deed of Trust with interest as provided in the Note and shall be due and payable on demand; and Trustor will pay costs of suit, costs of evidence of title, and reasonable attorneys' fees in any proceeding or suit, or appeal therefrom, brought by Beneficiary to foreclose this Deed of Trust.

12. Payment of Taxes and Other Charges. To faithfully pay and discharge promptly when due all rents, taxes, assessments and encumbrances, charges, or liens, with interest, that may now or hereafter be levied, assessed, or claimed upon the Collateral or any part thereof which at any time appear to be prior or superior hereto for which provision has not been made heretofore and, upon request, exhibit to Beneficiary official receipts therefor; and to pay all taxes imposed upon, and reasonable costs, fees, and expenses of, this Trust. On default under this paragraph, Beneficiary may, at its option, pay, or pay out of reserves accumulated hereunder, any such sums, without waiver of any other right of Beneficiary by reason of such default of Trustor, and Beneficiary shall not be liable to Trustor for a failure to exercise any such option.

13. Advances by Beneficiary. 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: (a) 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; (b) commence, appear in, and defend any action or proceeding, or appeal therefrom, purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and (d) in exercising any such power, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor, including costs of evidence of title, employ counsel, and pay his reasonable fees, including fees in any appeal. Trustor covenants and agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee with all costs, fees, and expenses of this Deed of Trust, with interest from date of expenditure at the rate specified in the Note, which sums are secured by this Deed of Trust.

14. Repayment of Sums Advanced by Beneficiary. To repay immediately on written notice to Trustor all sums expended or advanced hereunder by or on behalf of Beneficiary or Trustee, with interest from the date of such advance or expenditure at the highest rate permitted under the Note when the Note is in default, until paid, and the repayment thereof shall be secured hereby. Failure to repay such expenditure or advance and interest thereon within ten (10) days of the mailing of such notice will, at Beneficiary's option, constitute an event of default hereunder; or, Beneficiary may, at its option and without foreclosing the lien of this Deed of Trust, commence an independent action against Trustor for the recovery of such expenditure or advance and interest thereon, and in such event Trustor agrees to pay, in addition to the amount of such expenditure or advance, all costs and expenses incurred in such action, or appeal therefrom, together with reasonable attorneys' fees.

15. Leases.

(a) To fully comply with all of the terms, conditions, and provisions of all leases on the Collateral so that the same shall not become in default, and to do all that is necessary to preserve all such leases in force.

(b) To permit no assignment of any interest in any lease or any subletting thereunder.

(c) That, except for the lien of taxes and assessments provided to be paid by Trustor as specified herein, Trustor will not create or suffer or permit to be created, subsequent to the date of the execution and delivery of this Deed of Trust, any lien or encumbrance which may be or become superior to any lease affecting the Collateral, whether such lease is now or then in existence or thereafter to be created.

(d) That if any part of the automobile parking areas included within said Property is taken by condemnation, or before said areas are otherwise reduced in size or capacity, Trustor will provide parking facilities in kind, size, and location to comply with all leases, and before making any contract for such substitute parking facilities, Trustor will furnish to Beneficiary satisfactory assurance of completion thereof free of liens and in conformity with all governmental zoning and regulations.

(e) That no lease on the Collateral contains a right of first refusal or option to purchase.

16. Future Advances. Upon request of Borrower, Lender, at Lender's option prior to full reconveyance of the Property by Trustee to Borrower, may make future advances to Borrower. Such future advances, with interest thereon, shall be secured by this Deed of Trust when evidenced by promissory notes stating that said notes are secured hereby.

17. Condemnation; Casualty Loss. Should the Property or the Collateral or any part or appurtenance thereof or right or interest therein be taken or damaged by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake, or other casualty, or in any other manner, Beneficiary may, at its option, commence, appear in,

and prosecute, in its own name, any action or proceeding, or appeal therefrom, or make any compromise or settlement in connection with such taking or damage and obtain all compensation, awards, or other relief therefor. Beneficiary is hereby granted a security interest in such compensation, awards, damages, rights of action, and proceeds, including the proceeds of any policies of insurance affecting the Collateral. Beneficiary may, after deducting therefrom all its expenses, including attorneys' fees, release to the persons entitled thereto any moneys so received by it or apply the same on any indebtedness secured hereby or apply the same to the repair or restoration of the Collateral, as it may elect, consistent with the provisions of the Loan Agreement, if any; provided, however, that the application of such moneys to the payment of any indebtedness secured hereby shall not affect the due dates or amounts of any installments under the Note or other evidence of indebtedness secured hereby. Trustor further assigns to Beneficiary any return premiums or other repayments upon any insurance at any time provided for the benefit of Beneficiary or refunds or rebates made of taxes or assessments on said Property, and Beneficiary may at any time collect said return premiums, repayments, refunds, or rebates, notwithstanding that no sum secured hereby be overdue when such right to collection be asserted. Trustor also agrees to execute such further assignments of any such compensation, award, damages, rebates, return of premiums, repayments, rights of action, and proceeds as Beneficiary or Trustee may require. Notwithstanding any taking by eminent domain, alteration of the grade of any street, or other injury to or decrease in value of the Property by any public or quasipublic authority or corporation, Trustor shall continue to pay interest on the entire principal sum secured hereby until any such award or payment shall have been actually received by Beneficiary, and any reduction in the principal sum resulting from the application by Beneficiary of such award or payment as set forth above shall be deemed to take effect only on the date of such receipt.

18. Nonwaiver. Time is of the essence hereof in connection with all obligations of Trustor herein and in the Note. Neither the waiver by any party to this Deed of Trust of any breach of any agreement, covenant, condition, or provision hereof nor the failure of any party to seek redress for violation of, or to insist upon strict performance of, any such agreement, covenant, condition, or provision shall be considered to be a waiver of any such agreement, covenant, condition, or provision or of any subsequent breach thereof. No provisions of this Deed of Trust may be waived except by a written agreement signed by Beneficiary. This Deed of Trust cannot be changed or terminated orally. Any modification shall be valid only if in writing signed by Trustor and Beneficiary.

19. Surety Defenses. Neither Trustor nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured by this Deed of Trust shall be relieved of such obligation by reason of the failure of Beneficiary to comply with any request of Trustor or any other person so obligated to take action to foreclose or otherwise realize upon this Deed of Trust or otherwise enforce any of the provisions of this Deed of Trust or of any obligations secured by this Deed of Trust, or by reason of the release, regardless of consideration, of the whole or any part

of the security held for the indebtedness secured by this Deed of Trust, or by reason of any agreement or stipulation between any subsequent owner or owners of the Property and Beneficiary extending the time of payment or modifying the terms of the Note and/or this Deed of Trust without first having obtained the consent of Trustor or such other person, and, in the latter event, Trustor and all such other persons shall continue to be liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by Beneficiary. The holder of any subordinate lien shall have no right to terminate any lease affecting the Property, whether or not such lease be subordinate to this Deed of Trust.

20. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

21. Sale of Collateral. Trustor waives any equitable, statutory, or other right it may have to require marshalling of assets hereunder. In case of a sale under this Deed of Trust, all or any part of the Collateral real, personal, and mixed, may be sold separately or in one parcel, at the option of Beneficiary.

22. Impairment of Lien. Trustor shall not, without first obtaining Beneficiary's written consent, assign any of the rents or profits of the Property; collect any rent for more than one month in advance; change the general nature of the occupancy of the Property; initiate, join in, consent to, or acquiesce in any change in any private restrictive covenant, zoning ordinance, or other public or private restrictions limiting the uses which may be made of the Property or any part thereof; or do or suffer any act or thing which would impair the security for said debt or Beneficiary's lien upon the Collateral or the rents thereof.

23. Appointment of Receiver. The holder of this Deed of Trust, in any action to foreclose it, shall be entitled (without notice and without regard to the adequacy of any security for said debt) to the appointment of a receiver of the rents and profits of the Property, and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to Beneficiary by the covenants contained in this Deed of Trust.

24. Assignment of Rents; Trustor's Right to Collect. As a further security for the payment of all indebtedness herein mentioned, all Trustor's rents and profits of the Property and the right, title, and interest of Trustor in and under all leases now or hereafter affecting the Property are hereby assigned and transferred to Beneficiary. This assignment and transfer shall be subject to the terms, covenants, and conditions of any separate Assignment of Leases and/or Rents, of even date or executed subsequent to the date hereof, in favor of Beneficiary. Except as provided in a separate

Assignment of Leases and/or Rents, if any, and so long as no default shall exist with respect to any covenant, representation or warranty made by Trustor, or any obligation imposed upon Trustor herein or in any other instrument executed at any time in connection with the indebtedness secured by this Deed of Trust, Trustor may collect assigned rents and profits as the same fall due, but no lease of the whole or any part of the Property shall be entered into, modified, or terminated without the written consent of Beneficiary, nor shall the surrender of any such lease be accepted or any rental thereunder be collected for more than one month in advance without like written consent. Nothing in this Deed of Trust shall be construed as obliging Beneficiary to perform any of Trustor's covenants under any lease or rental arrangement. Trustor shall execute and deliver to Beneficiary upon demand any further or supplemental Assignment of Leases and/or Rents deemed necessary by Beneficiary to effectuate the intentions of this and the next paragraph. Failure of Trustor to so execute and deliver such supplemental assignments within ten (10) days following demand by Beneficiary shall be an event of default hereunder.

25. Beneficiary's Right to Collect Rents. In the event of default in any of the provisions of this Deed of Trust and while said default continues, Trustor hereby authorizes and empowers Beneficiary or its agents or attorneys, at its election, without notice to Trustor, as agents for the owner, to take and maintain full control of the Property and improvements thereon; to oust tenants for nonpayment of rent; to terminate in any lawful manner any tenancy or occupancy; to lease all or any portion thereof, in the name of the owner, on such terms as it may deem best; to make alterations or repairs it may deem advisable and deduct the cost thereof from the rents; to collect all rents and income therefrom and issue receipts therefor and, out of the amount or amounts so received, to pay the necessary operating expenses and retain or pay the customary charges for thus managing the Property; to pay Beneficiary any amount due upon the debt secured by this Deed of Trust; to pay taxes, assessments, and premiums on insurance policies, or renewals thereof, on the Property, or amounts necessary to carry out any covenant in this Deed of Trust contained, Beneficiary to determine which items are to be met first; and to pay to the then owner of the Collateral any amount so collected and not needed to make the payments as aforesaid. From and after such event of default, if any owner of the Collateral shall occupy the Property or any portion thereof, such owner shall pay Beneficiary on the first day of each month a reasonable rental for the space so occupied, and upon failure to do so Beneficiary, shall be entitled to remove such owner from the Property by any lawful means. Notwithstanding anything contained in this paragraph to the contrary, the provisions of any separate Assignment of Leases and/or Rents executed by Trustor as additional security for this Deed of Trust shall control to the extent they conflict with this paragraph.

26. Transfer of the Property; Assumption; Interest Rate Increase. In the event of any Transfer (defined below) of all or any part of the Collateral, or any interest therein, whether voluntary, involuntary, or by operation of law, Beneficiary may, at its option, declare the sums secured by this Deed of Trust to be immediately due and payable, without notice to

Trustor (which notice Trustor hereby expressly waives); and upon such declaration, Beneficiary may, without further notice to or demand on Trustor, invoke any remedies provided to Beneficiary herein in the event of default by Trustor. This provision shall apply to each and every Transfer, whether or not Beneficiary has consented or waived its rights, in connection with any previous Transfer.

Not less than thirty (30) days prior to any Transfer, Trustor shall notify Beneficiary in writing of the proposed Transfer and shall provide Beneficiary with such information concerning the terms and conditions of the Transfer and the creditworthiness and financial condition of any proposed transferee as Beneficiary may require. Whether or not Beneficiary waives its right of acceleration, Beneficiary shall be entitled to collect a service charge, as fixed and determined by Beneficiary, but in no event in excess of five percent (5%) of the amount of the original indebtedness secured by this Deed of Trust, from Trustor or from the person to whom the Collateral is to be transferred (in the event the Transfer is made) as a condition of, and as compensation for, its consideration of the request to transfer the Collateral and whether to waive its right of acceleration.

If Beneficiary waives its right of acceleration and if Trustor's successor in interest has executed a written assumption agreement accepted in writing by Beneficiary, Beneficiary may, but is not obligated to, release Trustor from all obligations under this Deed of Trust and the Note.

The term "Transfer" as used herein means any sale, encumbrance, conveyance, or other transfer of the Collateral and shall include, in addition to the common and ordinary meaning of these terms and without limiting their generality, transfers to or from nominees or agents, transfers made to subsidiary or affiliated entities, transfers made to a restructured limited partnership, transfers by any partnership to the individual partners or vice versa, transfers by any corporation to its stockholders or vice versa, transfers in connection with any corporate merger or consolidation, and any lease of the Collateral containing an option to purchase.

27. Acceleration; Remedies. Except as provided in paragraph 26 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay, when due, any sums secured by this Deed of Trust, Lender, prior to acceleration, shall mail notice to Borrower as provided herein specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is mailed to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies

permitted by applicable law. Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 27, including, but not limited to, reasonable attorneys' fees.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

28. Borrower's Right to Reinstate. Notwithstanding Lender's acceleration of the sums secured by this Deed of Trust, Borrower shall have the right to have any proceedings begun by Lender to enforce this Deed of Trust discontinued at any time prior to the earlier to occur of (i) the fifth (5th) day before sale of the Property pursuant to the power of sale contained in this Deed of Trust, or (ii) entry of a judgment enforcing this Deed of Trust if: (a) Borrower pays Lender all sums which would be then due under this Deed of Trust, the Note and notes securing Future Advances, if any, had no acceleration occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Deed of Trust, (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust and in enforcing Lender's and Trustee's remedies as provided in Paragraph 27 hereof, including, but not limited to, reasonable attorneys' fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired. Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

29. Payment of Additional Taxes. In the event of the passage after the date of this Deed of Trust of any federal, state, or local law deducting from the value of real property for the purpose of taxation any lien thereon, or changing in any way the laws now in force for the taxation (excluding any taxes based on the net income of Beneficiary) of mortgages, deeds of trust, or debts secured thereby; for federal, state, or local purposes, or the manner of the collection of any such taxes so as to affect the interest of Beneficiary, then and in such event, Trustor shall bear and pay the full amount of such taxes; provided, that if for any reason payment by Trustor of any such new or additional taxes would be unlawful or if the payment thereof would constitute usury or render the loan or indebtedness secured hereby wholly or partially usurious under any of the terms or provisions of the Note or the within Deed of Trust or otherwise, Beneficiary may, at its option, without demand or notice, declare the whole sum secured by this Deed of Trust, with interest thereon, to be immediately due and payable or Beneficiary may, at its option, pay that amount or portion of such taxes as renders the loan or indebtedness secured hereby unlawful or usurious, in which event Trustor shall concurrently therewith pay the remaining lawful or nonusurious portion or balance of said taxes. If at any time the United States of America shall require Internal Revenue stamps to be affixed to the Note, Trustor will pay for the same, together with any interest or penalties imposed in connection therewith.

30. Repair During Period of Redemption. In the event this Deed of Trust is foreclosed as a mortgage and the Collateral sold at a foreclosure sale, the purchaser may, during any redemption period allowed, pay any taxes which become due and payable and make such repairs or alterations on said Collateral as may be reasonably necessary for the proper operation, care, preservation, protection, and insuring thereof. Any sums so paid, together with interest thereon from the time of such expenditure at the rate specified in the Note, shall be added to and become a part of the amount required to be paid for redemption from such sale.

31. Examination of Books and Records. Trustor or other owner shall deliver to Beneficiary, within twenty (20) days after written demand therefor, a detailed statement in form satisfactory to Beneficiary covering the Property and certified as correct by Trustor over Trustor's or other owner's signature, specifying the rents and profits received from the Property for the period stated in such demand, the disbursements made for said period, and the names of the tenants of the Property, together with a summary of the terms of the respective leases or other rental arrangements. Trustor or other owner shall permit Beneficiary or its representative to examine all books and records pertaining to the Property upon prior written demand of not less than ten (10) days and to examine the Property at any reasonable time. Beneficiary shall demand not more than one statement in any calendar quarter. Within ninety (90) days after the close of Trustor's fiscal year, Trustor or other owner shall deliver to Beneficiary a detailed operating statement in form customarily used for similar operations covering the Property and certified as correct by a certified public accounting firm engaged by Trustor or other owner for such purpose.

32. Foreclosure of Tenant's Rights Not Required.

Beneficiary shall have the right, at its option, to foreclose this Deed of Trust, subject to the rights of any tenant or tenants of the Property, and the failure to make any such tenant or tenants a party defendant to any such suit or action or to foreclose their rights will not be asserted by Trustor as a defense in any action or suit instituted to collect the indebtedness secured hereby or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Collateral, any statute or rule of law at any time existing to the contrary notwithstanding.

33. Subrogation of Beneficiary to Rights of Previous Lienholders. Beneficiary shall be subrogated for further security to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the loan secured by this Deed of Trust.

34. Additional Security Instruments. Trustor, from time to time, within fifteen (15) days after request by Beneficiary, shall execute, acknowledge, and deliver to Beneficiary such chattel mortgages, security agreements, or other similar security instruments, in form and substance satisfactory to Beneficiary, covering all property of any kind whatsoever owned by Trustor or in which Trustor has any interest which, in the sole opinion of Beneficiary, is essential to the operation of the Property covered by this Deed of Trust. Trustor shall further, from time to time, within fifteen (15) days after request by Beneficiary, execute, acknowledge, and deliver any financing statement, renewal, affidavit, certificate, continuation statement, or other document as Beneficiary may request in order to perfect, preserve, continue, extend, or maintain the security interest thereunder and the priority of such security instrument. Trustor further agrees to pay to Beneficiary on demand all costs and expenses incurred by Beneficiary in connection with the preparation, execution, recording, filing, and refileing of any such instrument or document, including the charges for examining title and the attorneys' fees for rendering an opinion as to the priority of this Deed of Trust and of such chattel mortgage or other security instrument as a valid and subsisting lien on the Collateral subject to no exceptions whatsoever except as described herein. However, neither a request so made by Beneficiary nor the failure of Beneficiary to make such request shall be construed as a release of such Collateral or any part thereof, from the conveyance of title by this Deed of Trust, it being understood and agreed that this covenant and any such chattel mortgage, security agreement, or other similar security instrument, delivered to Beneficiary, are cumulative and given as additional security.

35. Security Agreement. Trustor and Beneficiary agree and declare that, notwithstanding the filing of any financing statement, all property which is used in connection with the production of income from the Property or which is adapted for use on or about the Property and/or which is described or referred to in this Deed of Trust is, and at all times and for all purposes and in all proceedings, both legal and equitable, shall be deemed to be part of the real estate, irrespective of whether (i) such property is physically attached to the premises, (ii) serial numbers are used for the better identification of certain items of equipment capable of being

thus identified, or (iii) any such item is referred to or described in any Uniform Commercial Code financing statement filed at any time. When and if Trustor and Beneficiary shall respectively become the Debtor and Secured Party in any Uniform Commercial Code financing statement affecting property either referred to or described herein, or in any way connected with the use and enjoyment of the Property, this Deed of Trust shall be deemed a Security Agreement, as defined in said Uniform Commercial Code, and the remedies for any violation of the covenants, terms, and conditions of the agreements herein contained shall be (i) as prescribed herein, or (ii) by general law, or (iii) with respect to such part of the security which is also covered by said financing statement, as provided under the Uniform Commercial Code as presently enacted or hereafter amended, all at Beneficiary's sole election.

36. Cumulative Remedies. All Beneficiary's rights and remedies herein specified are intended to be cumulative and not in substitution for any right or remedy otherwise available. Beneficiary may resort for the payment of the indebtedness secured hereby to any other security therefor held by Beneficiary, in such order and manner as Beneficiary may elect.

37. Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto but also upon their heirs, devisees, legatees, administrators, executors, distributees, successors, and assigns.

38. Release of Collateral. Without affecting the liability of any other person for the payment of any obligation herein mentioned (including Trustor should he convey the Collateral) and without affecting the lien hereof upon any portion of the Collateral not released, Beneficiary may, without notice, release any person so liable, extend the maturity or modify the terms of any such obligation, or grant other indulgences, release or reconvey or cause to be released or reconveyed at any time all or part of the Collateral described herein, take or release any other security or make compositions or other arrangements with debtors. Beneficiary may also accept additional security, either concurrently herewith or hereafter, and sell same or otherwise realize thereon, either before, concurrently with, or after sale hereunder.

Notwithstanding the foregoing, Beneficiary agrees to release the lien of this Deed of Trust as to any one of the condominium units described on Exhibit A for a price of \$11,000 per unit, which amount shall not include any payments otherwise required.

39. Gender; Number; Definition of "Beneficiary". This Deed of Trust shall be so construed that, wherever applicable, the use of the singular shall include the plural number, the use of the plural number shall include the singular number, and the use of any gender shall be applicable to all genders and shall likewise be so construed as applicable to and including a corporation. The term "Beneficiary" shall mean the holder and owner, including pledgees, of any indebtedness or any note evidencing any indebtedness secured hereby, whether or not named as Beneficiary herein.

40. Invalidity. If any of the provisions hereof shall be determined to contravene or be invalid under the laws of the state in which the Property is located, such contravention or invalidity shall not invalidate any other provisions of this agreement but it shall be construed as if not containing the particular provision or provisions held to be invalid, and all rights and obligations of the parties shall be construed and enforced accordingly. If performance of any obligation or payment of any amount under this Deed of Trust, the Note, any of the other Loan Documents, or any other agreement of Trustor in connection with the indebtedness secured hereby when such performance or payment is due shall constitute a violation of the usury statutes of the state in which the Property is located, then the obligation to be performed or the payment to be made shall be reduced so that in no event shall any exaction be possible under this Deed of Trust or the Note or other Loan Documents referred to that would constitute a violation of such usury statutes; but the obligations shall be performed and the payments shall be made to the full extent possible without constituting a violation of such usury statutes.

41. Notices. Any demand or notice made or to be given hereunder by Trustee or Beneficiary, or both, to Trustor shall be effective (a) when mailed by registered or certified mail to the address of Trustor as set forth above or to the address at which Beneficiary customarily or last communicated with Trustor or (b) when delivered personally to Trustor.

42. Controlling Document. In the event of any conflict or inconsistency between the terms and provisions contained in this Deed of Trust and those contained in any of the other Loan Documents, the terms and provisions of this Deed of Trust shall control.

43. Governing Law. This Deed of Trust shall be construed in accordance with the laws of the State of Washington except that Nevada law shall apply solely to procedural matters relating to enforcement of Trustor's security interests hereunder.

44. Joint and Several Liability. If there be more than one Trustor hereunder, their obligations shall be joint and several.

45. Zoning. Trustor represents and warrants that the Property is presently zoned to allow its intended use.

46. Prior Obligations. This Deed of Trust is subject and subordinate to the liens of those certain Deeds of Trust more particularly described as exception Nos. 17, 18, and 19 in that certain report issued by Douglas County Title Company, Inc. dated as of February 9, 1983 at 5:00 o'clock p.m. The aforementioned deeds of trust are hereinafter referred to as the "Obligations".

(a) Trustor agrees to pay and perform in accordance with their terms and conditions all the Obligations, and Trustor's failure to do so shall constitute a default under this Deed of Trust. Any default under this Deed of Trust shall entitle Beneficiary at its option, to purchase, discharge, compromise, or settle any of the Obligations or any other lien or encumbrance, including liens for taxes and assessments, in addition to any other remedies set forth in this Deed of Trust.

If Beneficiary so elects to make any payment for any of the purposes authorized in this Deed of Trust or perform any act upon which Trustor has defaulted, then, at the option of Beneficiary, all moneys so paid and all costs and expenses incurred thereby, including but not limited to reasonable attorneys' fees and any Penalty that is paid, may be added to the debt which is secured by this Deed of Trust and bear penalty interest as specified in the Note, or all moneys so paid and all costs and expenses incurred thereby, including reasonable attorneys' fees, may be declared immediately due and payable, and such sums shall bear interest at the penalty rate specified in the Note until paid, and Trustor's failure to reimburse Beneficiary upon demand therefor shall constitute a further event of default under this Deed of Trust.

(b) Trustor agrees that, to the extent Beneficiary pays any installment of principal or interest or any other sum due any holder of an Obligation in addition to such payment being secured hereby, Beneficiary shall (i) become entitled to a lien on the Collateral, but equal in rank and priority to the Obligation so paid; and (ii) become subrogated to, receive, and enjoy all of the rights of the Obligation so paid.

(c) Trustor and Beneficiary each agree to send promptly to the other copies of any notices of default or otherwise received by them from any holder of an Obligation.

47. Default Not Waived or Cured. The entering upon and taking possession of the Collateral, the collection of such rents, issues and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of the Property, and the application or release thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

48. No Offset. Trustor's obligation to make payments and perform all obligations, covenants, and warranties under this Deed of Trust and under the Note shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense, or other right, which Trustor or any guarantor may have or claim against Beneficiary or any entity participating in making the loan secured hereby. The foregoing provisions of this paragraph, however, do not constitute a waiver of any remedies which Trustor or any guarantor may have in damages or otherwise against Beneficiary or any other person.

49. Substitute Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

50. Conflict with Nevada Law; Severability. In the event that any of the provisions contained herein, conflict with the requirements of the law of the State of Nevada, then state law shall control and the remaining provisions shall remain in full force and effect. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law,

such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and, to this end, the provisions of the Deed of Trust and the Note are declared to be severable.

WITNESS the hand and seal of Trustor on the day and year first above written.

TRUSTOR:

W.C.R. DEVELOPMENTS (TVL), INC.  
a Nevada corporation

By *Donald G. Kline*  
Its TREASURER Donald G. Kline

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF Washington )  
COUNTY OF King ) ss.

On this 3rd day of March, 1983, before me, a Notary Public in and for the State of Washington, personally appeared Donald G. Kline and -----, to me known to be the person~~s~~ who signed as Treasurer and -----, respectively, of W.C.R. DEVELOPMENTS (TVL), INC., the corporation that executed the within and foregoing instrument; acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned; and on oath stated that they were authorized to execute said instrument and that the seal affixed thereto, if any, is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

*Rand L Kohn*  
Notary Public in and for the State  
of Spokane, residing at Seattle  
Washington

SEAL

LEGAL DESCRIPTION

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

PARCEL NO. 1:

Units 1 through 8, inclusive, as set forth on the Condominium Map of Lot 1, Tahoe Village Unit No. 3, filed for record February 6, 1981, as Document No. 53365 Official Records of Douglas County, State of Nevada.

Together with an undivided 8/8th interest in and to those portions designated as Common Areas as set forth on the Condominium Map of Lot 1, Tahoe Village Unit No. 3, filed for record February 6, 1981, as Document No. 53365 Official Records of Douglas County, State of Nevada.

PARCEL NO. 2:

Units 1 through 8, inclusive, as set forth on the Condominium Map of Lot 23, Tahoe Village Unit No. 3, filed for record August 27, 1979, as Document No. 36008 Official Records of Douglas County, State of Nevada.

Together with an undivided 8/8th interest in and to those portions designated as Common Areas as set forth on the Condominium Map of Lot 23, Tahoe Village Unit No. 3, filed for record August 27, 1979, as Document No. 36008 Official Records of Douglas County, State of Nevada.

PARCEL NO. 3:

Units 1, 2, 3 & 4, as set forth on the Condominium Map of Lot 25, Tahoe Village Unit No. 3, filed for record August 27, 1979, as Document No. 36010 Official Records of Douglas County, State of Nevada.

Together with an undivided 8/8th interest in and to those portions designated as Common Areas as set forth on the Condominium Map of Lot 25, Tahoe Village Unit No. 3, filed for record August 27, 1979, as Document No. 36010 Official Records of Douglas County, State of Nevada.

ATTACHMENT A

REQUESTED BY  
DOUGLAS COUNTY TITLE  
OFFICIAL RECORDS OF  
DOUGLAS COUNTY, NEVADA  
\$23.00/pl  
1983 MAR -9 PM 1:06

SUZANNE B. ANDREAU  
RECORDER

*Carol A. L. [unclear]* 077054  
*[unclear]* LIBER 383 PAGE 1024