

STATE OF NEVADA

Federal Land Bank of Sacramento Deed of Trust

THIS DEED OF TRUST, made December 6, 1983 between

MILKY WAY FARM INC., a Nevada corporation, which acquired title as

The Milky Way Farm, Inc., a Nevada corporation,

herein called Grantor, the FEDERAL LAND BANK OF SACRAMENTO, a corporation Trustee, and the FEDERAL LAND BANK OF SACRAMENTO, a corporation, Sacramento, California, Beneficiary;

WITNESSETH: That Grantor hereby grants unto said Trustee, with power of sale, the following-described real property in Douglas County, Nevada:

FOR DESCRIPTION OF REAL PROPERTY SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

TOGETHER WITH all of Grantor's existing and future rights, however evidenced, to the use of water for irrigating said lands and for domestic and stock watering uses, including ditches, laterals, conduits, and rights of way used to convey such water or to drain said land, all of which rights are hereby made appurtenant to said land, and all pumping plants now or hereafter used in connection therewith, and all wind machines used on said land, which pumping plants and wind machines are hereby declared to be fixtures; all grazing leases, permits, and licenses used with said land; all tenements, hereditaments, easements, rights of way, and appurtenances to said land, and the rents, issues, and profits thereof;

As security for the payment of: (a) \$ 175,000.00 with interest as prescribed in Grantor's promissory note of even date herewith, payable to Beneficiary at its office in Sacramento, California; (b) all other obligations under said note; (c) any additional money Beneficiary may hereafter loan to Grantor, his successors or any of them, as advance(s) hereunder, with interest as prescribed in the note(s) evidencing such advance(s); (d) all renewals, reamortizations and extensions of the indebtedness evidenced by said note(s) secured hereby; (e) all money advanced to any receiver of the premises described herein; (f) all other money that may be advanced under provisions hereinafter recited in this deed of trust.

The promissory note(s) evidencing the indebtedness secured by this deed of trust contains a provision whereby the rates of interest on the unmatured principal portion of the indebtedness and on items in default are subject to change whenever the new loan interest rate of the Beneficiary is either increased or decreased.

As additional security, Grantor assigns, without obligation on Beneficiary to effect collection, all damages, royalties, rentals, and other revenue from all present and future oil, gas, and mineral leases, and rights affecting said premises, and all money payable to Grantor in the event of cancellation of any grazing leases, permits, or licenses, used with said land; and pledges

Upon Grantor's default or breach, all stock and contracts then pledged may be sold with the land, at public or private sale, without demand for performance and without notice of such sale to Grantor or any person;

Grantor covenants and agrees that:

- (1) Each Grantor is jointly and severally liable for all obligations secured hereby, which obligations shall extend to and bind the heirs, executors, administrators, successors, and assigns of each Grantor;
- (2) Acceptance by Beneficiary of any payment shall not operate as a waiver of any prior default;
- (3) Releases from personal liability shall not affect the personal liability of any person not specifically released;

(4) All condemnation awards and damages shall be paid to the Beneficiary to be applied on the indebtedness secured hereby;

(5) Grantor will comply with the Farm Credit Act of 1971 and Federal Reclamation Act, and will care for the security in a farmer-like manner at Grantor's expense;

(6) Upon Grantor's default or breach, Beneficiary may take possession of said premises with all rights of mortgagee in possession or have a receiver appointed and may, at its option, accelerate the maturity of the indebtedness.

(7) This instrument is given and accepted upon the express provision that in the event the herein-described property, or any part thereof, or any interest therein, is sold, agreed to be sold, conveyed, or alienated by the Grantor, or by operation of law or otherwise, except by inheritance, all obligations secured by this instrument, irrespective of the maturity dates expressed herein, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. Failure to exercise such option shall not constitute a waiver of the right to exercise this option in the event of subsequent sale, agreement to sell, conveyance, or alienation. Subsequent acceptance of any payment hereunder by Beneficiary shall not be deemed a waiver of any default by Grantor, or any sale, agreement to sell, conveyance, or alienation, regardless of Beneficiary's knowledge of such default, sale, agreement to sell, conveyance, or alienation at the time of acceptance of such payment.

The following covenants, Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9 of section 2 of an act entitled "An act relating to transfers in trust of estates in real property to secure the performance of an obligation or the payment of a debt, and to provide that certain covenants, agreements, obligations, rights and remedies thereunder may be adopted by reference, and other matters relating thereto," approved March 29, 1927, are hereby adopted and made a part of this deed of trust. Covenant No. 1 shall also apply to stock, contracts, and rights pledged herein. Covenant No. 2, in the amount required by Beneficiary, and the amount collected under any fire or other insurance policy, may be applied by Beneficiary upon any indebtedness secured hereby, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Grantor. Such application or release shall not cure or waive any default or notice of default hereunder, or invalidate any act done pursuant to such notice. Covenant No. 3 shall include bankruptcy proceedings. Covenant No. 4: Money so expended plus interest accrued thereon shall be secured hereby; the rate of interest being subject to change in accordance with Beneficiary's variable interest rate plan. Covenant No. 5: Trustee may make full or partial reconveyances to "the person or persons legally entitled thereto." All recitals therein shall be conclusive. Covenant No. 6: Attorney may represent Trustee at sale and security may be sold in one parcel. Covenant No. 7: 2%, \$100 minimum. Covenant No. 9: Conveyance to new trustees shall not be necessary, and said resolution may refer in general terms to all deeds of trust held by Beneficiary, which shall include this deed of trust, and, upon recordation, shall be conclusive proof of proper change.

Executed the date first hereinabove written.

Address Rt. 3 Box 935
Minden, Nevada 89423

MILKY WAY FARM INC.,
a Nevada corporation

By: *Herbert P. Witt*
Herbert P. Witt, President

By: *Craig M. Witt*
Craig M. Witt, Secretary

STATE OF NEVADA }
COUNTY OF } ss.

On this day of, in the year 19....., before me,,
a notary public in and for said county and State, personally appeared

known to me to be the person... described in and who executed the foregoing instrument, who acknowledged to me that.....
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 the day and year in this certificate first
above written.

(SEAL)

My commission will expire:

Notary Public in and for.....
County, State of Nevada.

SPACE BELOW FOR RECORDER'S USE ONLY

THIS SPACE FOR LAND BANK USE ONLY

When recorded please return to
FEDERAL LAND BANK OF SACRAMENTO
P.O. Box 13106-C
Sacramento, California 95813

094147

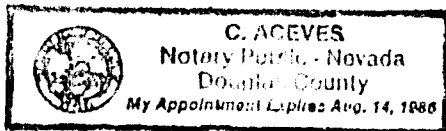
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STATE NEVADA

County of Douglas

On January 9, 1984, before me, the undersigned notary public, personally appeared Herbert P. Witt and Craig M. Witt,

known to me to be the President and Secretary, respectively, of the corporation that executed the within instrument, and known to me to be the persons who executed said instrument on behalf of said corporation and acknowledged to me that such corporation executed the same pursuant to its bylaws or a resolution of its board of directors.



C. ACEVES
Notary Public in and for said County and State

Form 1324 (6-77) FLB Sacramento - Notarial Acknowledgment - Corporation (2)

094147

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EXHIBIT "A"

The South 1/2 of the Northwest 1/4 and the North 1/2 of the Southwest 1/4 of Section 8, Township 13 North, Range 20 East, M.D.B. & M.

Containing 159.4 acres, more or less.

TOGETHER WITH the right to use 784 acre-feet of water diverted from the East Fork of the Carson River through the Allerman Canal for the irrigation of 156.7 acres of the above-described land, as allotted to C. W. Godecke and Esther L. Godecke under Claim No. 104 in the final decree of the United States District Court for the District of Nevada in the action entitled "The United States of America, Plaintiff, vs. Alpine Land and Reservoir Company, a corporation, etal, Defendants", Civil Case No. D-183 BRT;

ALSO TOGETHER WITH the right to use 1.4963 c.f.s. of water diverted from an artesian well located in the Southeast corner of the Northeast 1/4 of the Southwest 1/4 of Section 8, T. 13 N., R. 20 E., M.D.B.&M., for the irrigation of 149.63 acres of the above-described land, as evidenced by Certificate of Appropriation of Water No. 2060 (Application No. 8494), filed with the State of Nevada Division of Water Resources;

ALSO TOGETHER WITH the right to use 2.7 c.f.s. of water diverted from a well located in the Southeast corner of the Northeast 1/4 of the Southwest 1/4 of Section 8, T. 13 N., R. 20 E., M.D.B.&M., for the irrigation of 149.63 acres of the above-described land, as evidenced by Certificate No. 9771 (Permit No. 28278, as amended by Application to Change Point of Diversion No. 30232), filed with the State of Nevada Division of Water Resources.

REQUESTED BY
LAWYERS TITLE INS. CORP.

IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

\$8.00 pl
1984 JAN 13 AM 10:08

SUZANNE BEAUDREAU
RECORDER

Betty Henderson
Dep

094147

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