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JACKIE MCMILLAN

DEED OF TRUST AND ASSIGNMENT OF RENTS

This is is not a Construction Deed of Trust

THIS DEED OF TRUST ALSO INCLUDES THE ADJUSTABLE LOAN PROVISIONS AS CONTAINED IN THE ATTACHED RIDER WHICH IS A PART HEREOF.

18111872-1
49006956

LOAN NO.

This Deed of Trust executed MARCH 25 19 85, between
CHARLES D. KERSCHNER
JOAN G. KERSCHNER

, the Owner, herein called TRUSTOR,

INITIAL

address is 3435 BERNESE COURT CARSON CITY
(Number and Street) (City)

NV 89701
(State) (Zip Code)

FAMILY FINANCIAL SERVICES, INC. here in called Trustee, and CALIFORNIA FEDERAL SAVINGS AND LOAN ASSOCIATION, A CORPORATION, The Lender, here in called BENEFICIARY, whose address is 5670 Wilshire Boulevard, Los Angeles, California 90036.

Witnesseth: That Trustor irrevocably grants, transfers and assigns to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in DOUGLAS County, Nevada and described as:

NEVADA
LOT 55 AS SHOWN ON THE MAP OF ALPINE VIEW ESTATES UNIT NO. 3,
FILED IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY,
NEVADA, ON APRIL 16, 1973, AS FILE NO. 65319.

commonly known as 3435 BERNESE COURT CARSON CITY NV 89701
(Street Address)

TOGETHER WITH all the rents, issues, royalties and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, royalties and profits. AND ALSO all the estate, right, title and interest, homestead or other claim or demand in law as well as in equity, which said Trustor now has or may hereafter acquire, in or to said property, with the appurtenances, including water, water stock, water rights, pipes, ditches and easements, and all buildings and improvements thereon or that may be placed thereon. For the Purpose of Securing:

(1) Payment of the sum of \$ 85,000.00, with interest thereon and such other amounts as may become due according to the terms of a promissory note or notes of even date herewith, made by Trustor, payable to Beneficiary or order, and any modifications, renewals or extensions thereof; (2) Performance of each agreement of Trustor contained or incorporated herein by reference; (3) Payment of such additional sum or sums with interest thereon as may be hereafter borrowed from Beneficiary or its successors in interest by the Trustor, or the then record owner of said property, when evidenced by another promissory note or notes or agreement provided for herein; and, (4) Payment of all sums of money, with interest thereon, at the rate applicable in the note secured hereby, which may be paid out or advanced by or may otherwise be due to Trustee or Beneficiary under any provision of this Deed of Trust.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1. MONTHLY PAYMENTS, TAXES, INSURANCE. Together with and in addition to the monthly payments under the terms of said note, at the option of the Beneficiary, to pay to the Beneficiary on the day each monthly payment becomes due under the note the following sums:

(a) An installment of the taxes and special assessments levied or to be levied against the premises covered by this Deed of Trust, and an installment of the premium or premiums that will become due and payable to renew the insurance on the premises covered hereby against loss by fire and other hazards and to renew policies of private mortgage insurance, if any, all as may be required by Beneficiary. Such installments for taxes and assessments shall be the estimated taxes and assessments next due (as estimated by Beneficiary) less all installments already paid therefor, divided by the number of months that are to elapse before two months prior to the date when such taxes and assessments will become due. Such installments for insurance shall likewise be the estimated premium or premiums next due (as estimated by Beneficiary) less all installments paid therefor, divided by the number of months that are to elapse before two months prior to the date when such premium or premiums will become due. Beneficiary shall hold and accumulate such monthly payments to pay such premium or premiums and taxes and special assessments at any time prior to same becoming delinquent and it shall pay no return to Trustor on such funds except as required by law. (b) All payments mentioned in the preceding subsection of this paragraph and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Beneficiary to the following items in the order set forth: (1) Interest on the note secured hereby; (2) Taxes, special assessments, fire and other hazard insurance premiums; (3) Payment of any other sums due the Beneficiary under the terms of this Deed of Trust; and (4) Amortization of the principal of said note. (c) If the total of the payments made under (a) of this paragraph 1 preceding shall exceed the amount of payments made by Beneficiary for taxes or assessments or insurance premiums, as the case may be, such excess may be credited by Beneficiary at its option on subsequent payments of the same nature or on any other obligation owed, or to be owed to Beneficiary as a result of a default by borrower. If, however, the monthly payments made under (a) of this paragraph 1 preceding shall not be sufficient to pay taxes and assessments and insurance premiums, as the case may be, when the same shall become due and payable, the Trustor shall pay to Beneficiary any amount necessary to make up the deficiency not less than five (5) days before the date when payment of such taxes, assessments or insurance premiums shall be due. If at any time Trustor shall tender to Beneficiary, in accordance with the provisions hereof, full payment of the entire indebtedness secured hereby, Beneficiary shall, in computing the amount of indebtedness, credit to the account of Trustor any balance remaining in the funds accumulated under the provisions of (a) of this paragraph 1 hereof. If the property covered hereunder is transferred, Trustor specifically hereby assigns to the transferee and his successors all right, title and interest in and to any funds accumulated under the provisions of (a) of this paragraph 1 hereof to the transferee and his successors. If there shall be a default under any of the provisions of this Deed of Trust and thereafter a sale of the premises in accordance with the provisions hereof, or if a deed in lieu of foreclosure is accepted by Beneficiary, Beneficiary shall apply at or before the time of such sale or when said deed in lieu of foreclosure is received, the balance then remaining in the funds accumulated under paragraph (a) of this paragraph 1 preceding, as a credit against the amount of interest or principal, or both, then remaining unpaid under said note.

2. MAINTENANCE AND REPAIR. To protect and preserve said property and maintain it in good condition and repair, Trustor further agrees to begin and proceed diligently within 10 days after receiving written notice from Beneficiary to repair said property and failure to do so shall constitute, at the option of Beneficiary, a default hereunder.

3. ALTERATION, DEMOLITION OF PROPERTY. Not to remove, demolish or materially alter any building or improvement thereon without the prior written approval of Beneficiary being first had and obtained.

4. DRAINAGE, DRAINAGE DEVICES, GROUND COVER. To preserve and maintain proper drainage and drainage devices and proper planting and ground cover in and about the property secured hereby and on all slopes thereof and to allow Beneficiary free access at all times on or across said property for inspection thereof. Trustor further agrees to begin and proceed diligently within 10 days after receiving written notice from Beneficiary to provide proper drainage, to provide proper planting and ground cover, to clean out all drainage devices or to do any and all other required slope or drainage maintenance and failure to do so shall constitute, at the option of Beneficiary, a default hereunder.

5. COMPLETION OF CONSTRUCTION, RESTORATION. To complete or restore promptly and in good and workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor, and, if the loan secured hereby or any part thereof is being obtained or should any additional loan be made hereafter for the purpose of financing construction of improvements on said property, Trustor further agrees: (a) To faithfully perform each and every obligation assumed under any agreement, including but not being limited to any building loan agreement, which is executed by Trustor in connection with or as a condition precedent to making the subject loan, and failure to perform any such agreement shall constitute, at the option of Beneficiary, a default hereunder; (b) To commence construction promptly and in any event within thirty (30) days from the date this Deed of Trust is made a public record as provided by law, and complete same with due diligence in accordance with plans and specifications satisfactory to Beneficiary; (c) To allow Beneficiary to inspect said property at all times during construction; (d) To replace any work or materials unsatisfactory to Beneficiary within fifteen (15) calendar days after written notice from Beneficiary of such fact, which notice may be given to the Trustor by registered or certified mail, postage prepaid, addressed to Trustor and sent to the address, hereinabove set forth, or by personal service of the same; (e) That work shall not cease on the construction of such improvements for any reason whatsoever for a period of fifteen (15) calendar days, and if Trustor or any contractor engaged by Trustor shall cease work upon said construction prior to its completion, then Beneficiary shall have the immediate right, with or without notice to Trustor, to go upon the premises and to complete said construction.

6. CONDOMINIUMS, COMMUNITY APARTMENTS, ETC.: If the security under this Deed of Trust is a condominium or a community apartment or planned development project, Trustor agrees to perform each and every obligation of the owner of such condominium or interest in such project under the declaration of covenants, conditions and restrictions pertaining to such condominium or project. Upon the request of Beneficiary, Trustor agrees to enforce against other owners in such condominium or project each and every obligation to be performed by them, if the same have not been performed or if valid legal steps have not been taken to enforce such performance within ninety (90) days after such request is made.

7. WASTE. Not to commit or permit waste of said property.

8. COMPLIANCE WITH LAWS, COVENANTS, CONDITIONS AND RESTRICTIONS, ETC. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting said property or requiring any alterations or improvements to be made thereon.

9. FINANCIAL STATEMENTS. In the event that the security for this Deed of Trust is income producing property, Trustor agrees to file with Beneficiary at least annually on or before January 31st of each calendar year, a written operational report showing income and expenses for the period covered. Beneficiary shall have the right to request in writing such additional reports and statements from time to time as it deems necessary and if Beneficiary makes such request, Trustor agrees to furnish same within five days from the date of such request in writing. Such reports and statements shall include but are not limited to any material change in the property, in the management or in the business carried on therein for such period.

10. LEASEHOLD. In the event that the security for this Deed of Trust is a leasehold estate, this Deed of Trust shall be a lien upon all present or future right, title, estate and interest of Trustor in the real property and improvements covered by said leasehold interest and upon all property interests acquired by Trustor as a result of the exercise of any option contained in said leasehold or as amended, in the same manner and to the same extent as if the real property encompassed in the lease and option agreements had been held in fee by Trustor at the time of the execution of this Trust Deed, and Trustor agrees not to amend, change or modify his leasehold interest, or any of the terms thereof, or to exercise any option to purchase, or agree to do so, without the prior written consent of Beneficiary being had and obtained. In the event of a violation of this provision, Beneficiary shall have the right, at its option, to declare all sums secured hereby immediately due and payable. Consent to any amendment, change, modification, or a waiver of the right to require such consent in one instance shall not be a waiver of the right to require such consent at a subsequent time. The term "said property" as used in this Deed of Trust shall be deemed to mean such leasehold estate or any other present or future interest of the Trustor in said property whenever the context so requires.

11. TERMITES, WOODROT, CARE OF PROPERTY. To prevent and eliminate any wood destroying organism, termite or dry rot infestation of any building or improvement thereon and to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character and use of said property may be reasonable, proper or necessary, the specific enumerations herein not excluding the general.

12. INSURANCE. To keep said property insured against loss or damage by fire and other risks which, in the opinion of Beneficiary, should be insured against, under policies of insurance in form, amount and companies acceptable to Beneficiary. Said insurance policies shall be delivered to and remain in possession of Beneficiary as further security for the faithful performance of these trusts. At least twenty-five (25) days prior to the expiration of any said insurance policy, a policy or policies renewing or extending said expiring insurance, with evidence that the premiums have been paid, shall be delivered to said Beneficiary. By executing this Deed of Trust the Trustor specifically requests the Beneficiary to obtain said insurance or such other insurance as may be available, including, but not being limited to, vendor single interest insurance coverage, and pay the premium thereon in the event any said insurance policy and receipt of payment for the premium therefor be not so delivered to said Beneficiary by the Trustor, but the Beneficiary shall be under no obligation so to do, and the obtaining of any such insurance and the payment of the premium therefor by Beneficiary shall not release Trustor from any obligation hereof. Neither the Trustee nor Beneficiary shall be responsible for such insurance or for the collection of any moneys or for the solvency of any insurer or insurance underwriter. Delivery of any insurance policy or policies to Beneficiary shall constitute an assignment to Beneficiary of all return premiums. Any and all unexpired insurance shall inure to the benefit of, and pass to the purchaser of, the property conveyed hereby at any Trustee's sale held hereunder. In the event of any loss, all moneys becoming payable under any insurance policy mentioned herein shall be payable directly and exclusively to said Beneficiary, without the necessity that Trustor or his successors in interest sign or endorse any check or other instruments evidencing such payment, and the sole receipt of Beneficiary therefor shall constitute full acquittance to any company issuing such insurance policy and making such payment to Beneficiary. The amount collected under any insurance policy may be applied by the Beneficiary upon any indebtedness secured hereby, and if more than one indebtedness, then in such order as to principal, interest and/or advances as the Beneficiary may determine, or at the option of Beneficiary the entire amount, or any part thereof, may be released to Trustor or his successors in interest. Such application or release shall not cure or waive any default or notice to default or notice of default hereunder, or invalidate any act done pursuant to such notice. The term "insurance" for the purposes hereof shall include mortgage life insurance, when applicable.

13. DEFENDING ACTIONS RE SECURITY. To appear in and defend any action or proceeding purporting to affect the security hereof, to affect, determine, declare or construe the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including costs of evidence of title and attorneys' fees in a reasonable sum incurred by Beneficiary or Trustee, or both.

14. PAYMENT OF TAXES, CHARGES, LIENS, ENCUMBRANCES. To pay at least ten (10) days before delinquency all taxes, assessments and other governmental charges affecting said property, including assessments on appurtenant water stock; and to pay, when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto and to pay all costs, fees and expenses of this Trust.

15. RIGHT OF OFFSET BY BENEFICIARY. In the event of default in the payment of any of the moneys to be paid under the terms of the note(s) secured hereby or in the performance of any of the covenants and obligations of this Deed of Trust, then any funds in the possession of the Beneficiary, or other credits to which the Trustor would otherwise be entitled (other than funds or credits held under the provisions of paragraph 1) may, at the option of the Beneficiary, be applied to the payment of any obligation secured hereby in such order as the Beneficiary may, in its sole discretion determine.

16. DEFAULTS UNDER OTHER SECURITY AGREEMENTS. In the event of default by Trustor in the performance of any obligation under any security agreement between Trustor and the Beneficiary (including but not limited to any trust deed or mortgage lien upon real property, security agreement, pledge or any other security instruments, together with any loan agreement or other agreements between Trustor and the Beneficiary containing obligations of Trustor to the Beneficiary, as may from time to time be entered into), or under any promissory note (including but not limited to the note or notes evidencing the loan or extension of credit being secured hereby, together with any presently outstanding or future note or notes, or notes issued in substitution or cancellation of then outstanding notes) from Trustor to the Beneficiary, such default, at the option of the Beneficiary, shall constitute a default under any, either, or all such security agreements (as defined herein) and promissory notes, and Trustor shall not cure any separate default, if more than one default is declared in connection herewith without curing all of such defaults at the same time, nor shall Trustor pay in full the indebtedness evidenced by any separate note concerned in such default(s) without paying in full all of such notes, at the same time, without the written consent of Beneficiary being first had and obtained and on a foreclosure sale, Beneficiary, at its option, and in its sole discretion, may cause to be applied any or all of the funds therefrom to any, either, or all of the promissory notes evidencing the indebtedness secured by said security agreements.

17. BENEFICIARY PERFORMING TRUSTOR'S OBLIGATIONS TO PROTECT SECURITY, RIGHT TO ENTER. Should Trustor fail to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may; make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or to affect, determine, declare or construe the rights or powers of Beneficiary or Trustee, to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising such powers incur any liability, 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.

18. TRANSFER OF SECURITY. Beneficiary shall have the option at any time to declare any indebtedness or obligations secured hereby immediately due and payable if Trustor (a) sells or transfers any interest in or all or part of said property, or be divested of title of such property in any manner, whether voluntarily or involuntarily, or (b) is a corporation and has a substantial change in ownership whether by sale of stock or otherwise, or (c) is a partnership and has a change in the interest of a general partner, and said real property or any security agreement between Trustor and Beneficiary is impaired as a result or if the transferee in the event of a sale refuses or fails to satisfy Beneficiary's minimum credit standards. If such option is not exercised, a reasonable transfer fee shall be paid to Beneficiary.

19. ASSIGNMENT OF RENTS. Trustor hereby absolutely assigns to Beneficiary during the continuance of these Trusts, all rents, issues, royalties and profits of the property affected by this Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties and profits earned

prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any such money shall automatically cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, issues, royalties and profits and shall be entitled to and may and, without notice and irrespective of whether declaration of default has been delivered to Trustee and without regard to the adequacy of the security for the indebtedness secured hereby, either personally or by attorney or agent, without bringing any action or proceeding, or by receiver to be appointed by the Court, is hereby authorized to enter into possession and hold, occupy, possess and enjoy the said property, make, cancel, enforce and modify leases, obtain and eject tenants, and set and modify rents and terms of rents, and to sue, and to take, receive and collect all or any part of the said rents, issues, royalties and profits of the property affected hereby, and after paying such costs of maintenance, operation of said property, and of collection, including reasonable attorneys' fees, as in its judgment it may deem proper, to apply the balance upon the entire indebtedness then secured hereby, the rents, issues, royalties and profits of said property being hereby assigned to Beneficiary for said purposes. The acceptance of such rents, issues, royalties and profits shall not constitute a waiver of any other right which Trustee or Beneficiary may enjoy under this Deed of Trust or under the laws of California. Failure of or discontinuance by Beneficiary at any time, or from time to time, to collect any such rents, issues, royalties or profits shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power and authority to collect the same. The receipt and application by said Beneficiary of all such rents, issues, royalties and profits pursuant hereto, after execution and delivery of declaration of default and demand for sale as hereinafter provided or during the pendency of Trustee's sale proceedings hereunder, shall not cure such breach or default nor affect said sale proceedings, or any sale made pursuant thereto, but such rents, issues, royalties and profits, less all costs of operation, maintenance, collection and reasonable attorneys' fees, when received by Beneficiary, shall be applied in reduction of the entire indebtedness from time to time, secured hereby, in such order as Beneficiary may determine. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Deed of Trust to, any such tenancy, lease or option.

20. CLAIMS RE DAMAGES TO SECURITY. Trustor hereby assigns to Beneficiary all right, title and interest in and to all claims, present or future, known or unknown, causes of action, judgments or any funds sought against or from any party or parties, whomsoever, or any funds received or any receivable in connection with any damage to said real property or to any improvement thereon, which is part of security hereof, whether incurred as a result of land subsidence or landslide or any other cause whatsoever, it being understood that enumeration of the foregoing causes shall not be construed to be a limitation on or exclusion of any different or additional cause or causes.

21. COMPENSATION, AWARDS, ETC., TO BE PAID TO BENEFICIARY. Should the property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor, and shall be entitled, at its option, to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorneys' fees, release any money so received by it or apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages and rights of action and proceeds as Beneficiary or Trustee may require.

22. NON-WAIVER. By accepting payment of any sum secured hereby, Beneficiary does not waive its right either to require prompt payment when due of all other sums so affected, or to declare default for failure to pay. A waiver or failure of Beneficiary to exercise all or part of any right, option payment or charge in its favor shall not affect enforcement respecting subsequent events.

23. MODIFICATION, RELEASE OF PERSON, PROPERTY. Without affecting the liability of any person, including Trustor, for the payment of any indebtedness secured hereby and without affecting the lien or charge of this Deed of Trust, upon the property for the full amount of the indebtedness remaining unpaid, Beneficiary may from time to time and without notice: (a) Release any person liable for payment of any of the indebtedness; (b) Extend the time of payment or otherwise alter the terms of any of the indebtedness; (c) Accept additional security therefor of any kind, including trust deeds or mortgages; (d) Alter, substitute or release any property securing the indebtedness.

24. TRUSTEE ACTING AT BENEFICIARIES REQUEST, RECONVEYANCES, EASEMENTS, SUBORDINATIONS, ETC. At any time or from time to time, without liability therefor, and without notice, upon request of Beneficiary, and upon payment of its fees and presentation of this Deed of Trust and the note for endorsement (in case of full reconveyance, for cancellation and retention) without affecting the liability of any person for the payment of the indebtedness, Trustee may: (a) Consent to the making of any map or plot of the property; (b) Join in granting any easement or creating any restriction thereon; (c) Join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; (d) Reconvey, without warranty, all or part of the property. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recital therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Two years after issuance of such full reconveyance, Trustee may destroy said note and this Deed of Trust (unless directed in such request to retain them). Such request and reconveyance shall operate as a reassignment of the rents, issues, royalties and profits hereinbefore assigned to Beneficiary.

25. DEFAULT, DECLARATION, RIGHT OF ENTRY, NOTICE, ELECTION TO SELL. Should Trustor default hereunder in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Beneficiary may, notwithstanding any other provision hereof; enter and take possession of the property secured hereby and manage the same; and without notice to Trustor, Beneficiary may declare all sums secured hereby immediately due and payable, such declaration to be evidenced by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause the property to be sold, which latter notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust and said note. It is mutually agreed by the parties hereto that in the event any default hereinbefore referred to shall have continued for a period of fifteen (15) calendar days, the Beneficiary shall receive the costs and expenses actually incurred, or the sum of Fifty Dollars (\$50.00), whichever is the greater, in addition to Trustee's fees, recording and mailing expenses, title charges and all other out of pocket expenses.

26. TRUSTEE FORECLOSURE SALE, APPLICATION OF FUNDS. After the lapse of such time as may be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, (and the Trustor shall have no right to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by like public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary may purchase at the sale. After deducting all costs, fees and expenses of the Trustee and of this Trust, including escrow fees, if any, cost of evidence of title in connection with the sale and revenue stamps on Trustee's Deed, Trustee shall apply the proceeds of sale to: (a) Payment of all sums expended under the terms hereof, not then repaid, with accrued interest at ten per cent per annum; (b) All other sums then secured hereby; (c) And the remainder, if any, shall be paid to the person or persons legally entitled thereto.

27. SUBSTITUTION OF TRUSTEE. Beneficiary may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument shall contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name of the new Trustee. If notice of default shall have been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee shall have been paid to such Trustee, who shall endorse receipt thereof upon such instrument of substitution. Beneficiary may with like effect make such substitution at any time in the manner provided by law.

28. WAIVER OF STATUTE OF LIMITATIONS. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

29. RECOURSE AGAINST SEPARATE PROPERTY. Any Trustor who is a married woman hereby expressly agrees that recourse may be had against her separate property, but without hereby creating a present or any lien or charge thereon, for any deficiency after sale of the property hereunder.

30. CONTROLLING LAW. The construction and interpretation of this Deed of Trust shall be governed by the regulations and laws governing Federal savings and loan associations and, to the extent that the subject is not covered thereby, the laws of the State of California shall control.

31. NO ABANDONMENT BY TRUSTOR. There shall be no abandonment to Beneficiary of any property secured hereunder.

32. ACCEPTANCE BY TRUSTEE. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale brought under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

33. TRUSTEE MAY ACT ON BENEFICIARY AFFIDAVIT OF DEFAULT. The Trustee, upon presentation to it of an affidavit signed by or on behalf of Beneficiary, setting forth any fact or facts showing a default by Trustor under any of the terms of conditions of this Deed of Trust, is authorized to accept as true and conclusive, all facts and statements in such affidavit and to act hereunder in complete reliance thereon.

34. PROMISSORY NOTE. Whenever the term "note" is used herein, it shall be construed to mean any promissory note or notes secured by this Deed of Trust.

35. PAYMENT OF CHARGES. Trustor agrees to pay for any statement regarding the obligation secured hereby, not to exceed the maximum allowed by law, and for any other service rendered by Beneficiary to or on behalf of Trustor relating to this Deed of Trust or loan secured hereby, including, but not limited to, changing its records to show a new owner of said property or replacing an existing policy of fire insurance.

36. GENERAL PROVISIONS. (a) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. (b) The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder, including pledgees, of the note secured hereby. (c) In this Deed of Trust whenever the context so requires, the masculine gender includes the feminine and/or neuter, the singular number includes the plural. (d) All obligations of each Trustor hereunder are joint and several. (e) The rights or remedies granted hereunder, or by law, shall not be exclusive, but shall be concurrent and cumulative. (f) Captions and paragraph headings used herein are for convenience of identification only and are not a part of the substance of this Deed of Trust and shall not be used in construing it.

37. ADDENDUM TO THE DEED OF TRUST ATTACHED HERETO AND MADE A PART HEREOF.

38. RIDER TO THE DEED OF TRUST ATTACHED HERETO AND MADE A PART HEREOF.

THE UNDERSIGNED TRUSTOR REQUESTS that a copy of any notice of default and of any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

INITIAL



STATE OF ~~CALIFORNIA~~ NEVADA } ss.
COUNTY OF Carson City

On March 29, 1985 before me, the undersigned, a Notary Public in and for said County and State, personally appeared

Charles D. Kerschner and
Joan G. Kerschner

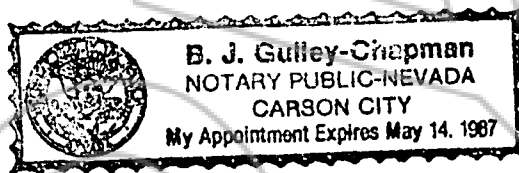
_____, known to me to be the person s whose name s are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal

Signature [Signature]
Name (Typed or Printed) B. J. Gulley-Chapman
Notary Public in and for said County and State (SEAL)

[Signature]
CHARLES D. KERSCHNER

[Signature]
JOAN G. KERSCHNER



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BOOK 485 PAGE 069

DO NOT RECORD
REQUEST FOR FULL RECONVEYANCE
Do not record. To be used when note has been paid.

TO CAL FED ENTERPRISES, TRUSTEE:
5670 Wilshire Boulevard,
Los Angeles, California 90036.

Date _____, 19____

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust and is the Beneficiary under the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidence of indebtedness, secured by said Deed of Trust, delivered to you herewith together with the said Deed of Trust, and to reconvey without warranty, to "the person or persons legally entitled thereto" the estate now held by you under said Deed of Trust.

CALIFORNIA FEDERAL SAVINGS AND LOAN
ASSOCIATION

By _____
By _____

Warning: Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

When Recorded Mail To:
 CALIFORNIA FEDERAL -
 Nevada Division
 P. O. Box 10590
 Reno, Nv. 89510-0590
 ATTN: Escrow Department

X

SPACE ABOVE FOR RECORDER'S USE ONLY

RIDER TO DEED OF TRUST AND NOTE

DATE: MARCH 25, 1985

LOAN NO.: 173-49006956 18111872-1

The undersigned ("Borrower") agree(s) that the following provisions shall be incorporated into the deed of trust of even date to which this Rider is attached (hereinafter the "Deed of Trust") as well as the note which said Deed of Trust secures (hereinafter the "Note") and shall be deemed to amend and supplement said Deed of Trust and Note:

A. TRANSFER OF THE SECURITY OR A BENEFICIAL INTEREST IN BORROWER.

If all or any part of the security or an interest therein is sold or transferred by Borrower or if Borrower is not a natural person or persons but is a corporation, partnership, trust or other legal entity and a beneficial interest in Borrower is sold or transferred without Lender's prior written consent, excluding

- (a) a transfer by devise, descent or by operation of law upon the death of a joint tenant or partner,
- (b) the grant of any leasehold interest in all or any part of the security of three years or less not containing an option to purchase,
- (c) sales or transfers of beneficial interests in Borrower provided such sales or transfers, together with any prior sales or transfers of beneficial interests in Borrower, but excluding sales or transfers under subparagraph (a) above, do not result in more than 25% of the beneficial interests in Borrower having been sold or transferred since commencement of amortization of the Note.

- (d) the creation of a lien or other encumbrance subordinate to the Deed of Trust, or
- (e) the creation of a purchase money security interest for household appliances,

Lender may, at Lender's option, declare all the sums secured by the Deed of Trust to be immediately due and payable and Lender may invoke any remedies permitted by the terms of the Note, Deed of Trust and this Rider.

Lender shall not exercise its option if: (1) Borrower causes to be submitted to Lender all information required by Lender to evaluate the transferee as if a new loan were being made to the transferee; (2) Lender determines that Lender's security will not be impaired and that the risk of a breach of any covenant or agreement in the Deed of Trust or this Rider is acceptable; (3) interest is payable on the sums secured by the Deed of Trust at a rate and upon terms acceptable to Lender; and (4) changes in the terms of the Note and the Deed of Trust required by Lender are made. Lender also may charge a fee as a condition to Lender's nonexercise of its option.

B. The following paragraph will be operative only if the box below is checked with a "Y".

OPTION TO EXTEND OR REDUCE TERM: If, at the end of 5 months from the due date of the first payment, or between subsequent

Adjustment Dates, there is a net increase in the Effective Interest Rate, Borrower shall have the option on each Adjustment Date to extend the term of this Note. (Borrower's exercise of the option to extend shall be received by Lender no later than the Adjustment Date.) The total term of this Note shall not exceed 480 months from the date hereof. If the Borrower exercises said option to extend, the monthly payment may be adjusted by Lender to permit amortization of the unpaid balance with interest in equal monthly installments over such remaining term.

If at any Adjustment Date subsequent to Borrower's exercising the foregoing option, there has been a net decrease in the Effective Interest Rate since the prior Adjustment Date, Borrower shall have the option to reduce the remaining term and Lender shall either concurrently maintain or adjust the monthly payment to permit amortization of the unpaid balance with interest in equal monthly installments over such remaining term.

If Borrower elects to maintain the term extension, Borrower shall provide Lender with written notice of Borrower's intention to do so, to be received by Lender no later than the Adjustment Date. Such written notice shall be in a form provided by Lender.

C. TERMS OF NOTE RELATING TO ADJUSTABLE RATE: The loan evidenced by said Note and Deed of Trust is made pursuant to the Regulations (12CFR 545.33) of the Federal Home Loan Bank Board. The provisions of said Note relating to adjustments in interest rate and payments are as follows:

"2. **PRINCIPAL BALANCE ADJUSTMENT.** If, at any time, the monthly payment is insufficient to pay the interest due, the amount of unpaid interest shall be added to the principal and bear interest at the rate then in effect.

3. INTEREST RATE ADJUSTMENT.

3.1 **Effective Interest Rate.** The Effective Interest Rate of this Note is the Initial Interest Rate until adjusted, and thereafter shall be the adjusted interest rate in effect from time to time.

3.2 **Index.** Any adjustments of the interest rate shall be based upon changes in the

"WEEKLY AUCTION AVERAGE RATE FOR THE SIX MONTH TREASURY BILL INDEX," AS PUBLISHED WEEKLY IN THE FEDERAL RESERVE STATISTICAL RELEASE H. 15 (519).

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3.3 Establishing New Rate. Commencing **5** months from the date of the first payment and every **6** months thereafter (the "Change Date"), the Effective Interest Rate of this Note may change on the Change Date. The Effective Interest Rate shall not be changed if the value of the change is less than **0.050%**. The method used to determine the Effective Interest Rate is: (Check one box for method used.)

(1) Before each Change Date, the Lender will calculate the Effective Interest Rate by adding **2.750%** to the most recently available Index Value on the Change Date or, in the case of a corresponding payment adjustment, on the date of notification of such payment change. The sum will be the Effective Interest Rate.

(2) The change between the Initial Interest Rate and the Effective Interest Rate of this Note may change by the amount of the corresponding change between the Initial Index Value and the most recently available Index Value on the Change Date or, in the case of a corresponding payment adjustment, on the date of notification of such payment change.

3.4 Maximum Rate Adjustments. Notwithstanding the provisions of 3.3 above, the maximum adjustments in the Effective Interest Rate shall not exceed the following:

	<u>Maximum Increase</u>		<u>Maximum Decrease</u>
1.500	% each Change Date	1.500	% each Change Date
1.500	% annually	1.500	% annually
4.000	% lifetime	4.000	% lifetime

4. PAYMENT ADJUSTMENT.

4.1 Periodic Adjustment. If the interest rate is adjusted, the monthly payment of principal and interest shall be adjusted, commencing **5** months from the date of the first payment and every **6** months thereafter (the "Adjustment Date"), to permit amortization of the unpaid balance with interest in equal monthly installments over the remaining term.

4.2 Maximum Payment Adjustments. Subject to equalizing adjustments as provided in paragraph 4.3, adjustment of the monthly payment of principal and interest shall not exceed the percentage of the amount of the monthly payment immediately preceding such adjustment as follows:

<u>Maximum Increase</u>	<u>Maximum Decrease</u>
UNLIMITED % each Adjustment Date	UNLIMITED % each Adjustment Date
UNLIMITED % annually	UNLIMITED % annually
UNLIMITED % lifetime	UNLIMITED % lifetime

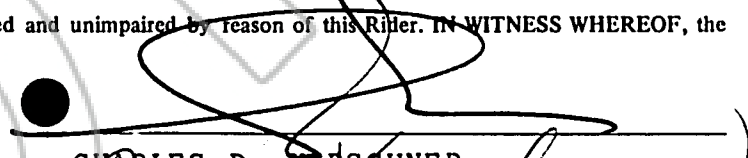
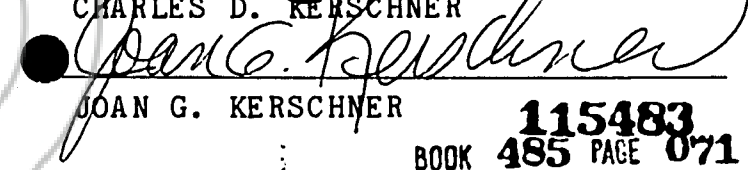
4.3 Equalizing Adjustment. If the interest rate is adjusted, and the monthly payment has not been adjusted to fully amortize the unpaid balance, the monthly payment of principal and interest shall be adjusted, commencing **0** months from the date of the first payment, and every **0** months thereafter, to permit amortization of the unpaid balance with interest in equal monthly installments over the remaining term. However, if the monthly payment has been adjusted so as to fully amortize the unpaid balance, this paragraph 4.3 shall not be applicable.

4.4 Notice of Payment Adjustment. At least thirty (30) but not more than one hundred-twenty (120) days before any adjustment of the monthly payment, Lender shall send written notification to Borrower containing the following information:

- (a) The fact that the monthly payment on this loan, secured by property located at the appropriate address, is scheduled to be adjusted on a particular date.
- (b) The Effective Interest Rate on the loan as of the date of notice.
- (c) The payment amount as of the payment Adjustment Date.

4.5 Sufficiency of Notice. Any notice shall be deemed to have been given to Borrower when it is deposited in the United States mail, postage prepaid, addressed to Borrower at the property described in the Deed of Trust securing this Note or such other address for the Borrower as shown on Lender's records."

In all other respects said Note and Deed of Trust shall remain unaffected, unchanged and unimpaired by reason of this Rider. IN WITNESS WHEREOF, the Borrower has executed this Rider.


 CHARLES D. KERSCHNER

 JOAN G. KERSCHNER

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ADDENDUM TO DEED OF TRUST

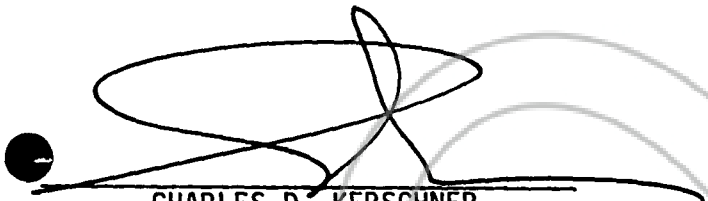
Loan No.: 49006956 18111872-1

Date: MARCH 25, 1985

The following provisions of the Deed of Trust to which this Amendment is attached are modified as follows:

Assumption Fee: If there is an assumption of this obligation pursuant to the terms of the Deed of Trust, lender may charge an Assumption fee in U.S. Dollars of an amount equivalent to one (1%) percent of the unpaid principal balance.

Controlling Law: The construction and interpretation of this Deed of Trust shall be governed by the Regulations and laws governing Federal Savings and Loan Associations and to the extent that the subject is not covered thereby, the laws of the State in which the Property is located shall control.



CHARLES D. KERSCHNER



JOAN G. KERSCHNER

REQUESTED BY
Northern Nevada Title Company
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

'85 APR -1 P3:55

SUZANNE BEAUDREAU
RECORDER

\$ 11.00 PAID AI DEPUTY

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