

DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, is made this 2nd day of April, A.D. 19 85,

by and between LEONARD F. PAUL and VIRGINIA PAUL, husband and wife as Joint Tenants

whose address is P.O. Box 2515, Minden, NV 89423

as TRUSTOR, and Lawyers Title of Northern Nevada, Inc.

a corporation organized and existing under and by virtue of the State of Nevada, as TRUSTEE, and VALLEY BANK OF NEVADA, a corporation organized and existing under and by virtue of the laws of the State of Nevada, as BENEFICIARY. (It is distinctly understood that the word "Trustor" as herein used is intended to and does include the masculine, feminine and neuter genders and the singular and plural numbers, as indicated by the context).

WITNESSETH: That said Trustor hereby grants, conveys and confirms unto said Trustee in trust with power of sale, the following described real property situate in the County of Douglas, State of Nevada, to-wit:

SEE ATTACHED EXHIBIT "A"

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any wise appertaining to, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon the Beneficiary to collect and apply such rents, issues and profits; and also all water and water rights used in connection therewith, all shares of stock evidencing the same, pumping stations, engines, machinery, pipes and ditches; and also all the estate, leasehold estate if this deed of trust is on a leasehold, right, title and interest, homestead, or other claim or demand, as well in law as in equity, which the Trustor now has or hereafter may acquire of, in, and to the said premises, or any part thereof, with the appurtenances.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors, upon the trusts hereinafter expressed, namely:

As security for the payment of (a) *Fifty Thousand and No/100

Dollars (\$)50,000.00* in lawful money of the United States of America, with interest thereon in like lawful money and with expenses and counsel fees according to the terms of the promissory note or notes for said sum

executed and delivered by Leonard F. Paul and Virginia Paul to the Beneficiary; (b) such additional amounts as may be hereafter loaned by the Beneficiary or its successor to the Trustor or any of them, or any successor in interest of the Trustor, with interest thereon, also as security for the payment and performance of every obligation, covenant, promise or agreement herein or in said note or notes contained. Trustor grants to beneficiary the right to record notice that this deed of trust is security for additional amounts and obligations not specifically mentioned herein but which constitute indebtedness or obligations of the trustor for which beneficiary may claim this deed of trust as security.

AND THIS INDENTURE FURTHER WITNESSETH:

FIRST: The Trustor promises to properly care for and keep the property herein described in first class condition, order and repair; to care for, protect and repair all buildings and improvements situate thereon; not to remove or demolish any buildings or other improvements situate thereon; to restore any uninsured building or improvement damaged or destroyed thereon; to complete in a good workmanlike manner any building or other improvement which may be constructed thereon, and to pay, when due, all claims for labor performed and for materials furnished therefor; to underpin and support, when necessary, any building or other improvement situate thereon, and otherwise to protect and preserve the same; to comply with all laws, ordinances

and regulations with reference to any alterations or improvements made thereon; not to commit or permit any waste or deterioration of said buildings and improvements or of said premises; to keep insured all buildings and improvements on said property against loss or damage by fire and such other casualties as may be designated by the Beneficiary, in an amount not less than the sum due the Beneficiary, or for their insurable value, whichever is lower, in some insurance company or companies to be approved by the Beneficiary, the policies of which insurance shall be payable in case of loss to the Beneficiary, and shall be delivered to and held by it as security, which said delivery shall constitute an assignment by Trustor to Beneficiary of all rights under the policy, including any return premium; to pay, when due, all taxes, assessments and levies affecting said property (including assessments on appurtenant water stock) and any costs or penalties thereon; to pay, when due, all mortgages, deeds of trust and other encumbrances which are or appear to be a lien or a charge upon the property of any part thereof, prior to this deed of trust. If the above described property is farm land, Trustor agrees to farm, cultivate and irrigate said premises in a proper, approved and husbandmanlike manner; to keep said premises free from weeds, Bermuda and Johnson grasses; to keep all vineyards, and orchards, and crops, now or hereafter planted on said premises, properly cultivated, irrigated, fertilized, pruned, sprayed and fumigated; to replace all dead or unproductive vines or trees with new ones; to keep all buildings, fences, ditches, canals, wells and any and all other farming improvements on said premises in first class condition, order and repair.

If the Trustor fails to make any payment or perform any act which is required to be made or performed hereby, then the Trustee, or Beneficiary, at the election of either, without demand or notice to the Trustor, or any successor in interest of the Trustor, or any of them, may make such payment or perform such act and incur any liability, or expend whatever amounts, in its absolute discretion, it may deem necessary therefor. All sums incurred or expended by the Trustee, or Beneficiary, under the terms hereof, shall become immediately due and payable by the Trustor to the Trustee, or Beneficiary, when so incurred or expended, and shall bear interest until paid at the highest lawful rate, and shall be secured hereby.

SECOND: The Trustor promises to appear and defend any action or proceeding purporting to affect the interest of the Beneficiary hereunder, or the said property or any part thereof, or the rights, powers and duties of the Trustee hereunder; and the Trustee or Beneficiary may likewise appear in and defend any such action or proceedings and take such action therein as either may be advised; and all costs and expenses, including costs of evidence of title, and reasonable attorney fees incurred or expended by the Beneficiary or Trustee in such action or proceeding, shall become immediately due from the Trustor to the Beneficiary or Trustee when so incurred or expended, and shall bear interest until paid at the highest lawful rate, and shall be secured hereby.

In the event that any action or proceeding is brought to exercise the right of eminent domain on said property, or any part thereof, the Trustor agrees that all money received as compensation or damages for the condemnation of said property, or any part thereof, shall be paid to Beneficiary, and said money shall be applied to the payment of the indebtedness secured hereby, whether due or not.

THIRD: As additional security, Trustor hereby gives to and confers upon the Beneficiary the right, power and authority during the continuance of these trusts to collect the rents, issues and profits of said property or of any personal property located thereon, with or without taking possession of the property affected hereby, reserving unto the Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby, or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they may accrue and become payable.

FOURTH: The Trustee or Beneficiary may enter the premises and inspect the same at any time during the existence of the trust hereby created, and in case default be made in the payment of any sum secured hereby, or in the performance of any act the performance of which is secured hereby, the Trustee shall be entitled at any time, at its option, either by itself or by a Receiver to be appointed by a court therefor, to enter upon and take possession of the above-granted premises, or any part thereof, and to do and perform such acts of repair, cultivation, protection or irrigation as may be necessary or proper to conserve the value thereof; to rent or lease the same or any part thereof for such rental, term and upon such conditions as its judgment may dictate, and to collect and receive the rents, issues and profits thereof; also to prepare for harvest, harvest, remove and sell any crops that may be growing upon said premises (which rents, issues, profits and crops, present and future, are hereby assigned to the Trustee as further security, but which assignment Trustee agrees not to enforce so long as Trustor is not in default in payment of any sum or performance of any act to be made or performed hereunder, provided that in no event shall the Trustor collect any of said rents, issues and profits prior to accrual), and apply such rents, issues and profits, or the proceeds of the sale of any of said crops, in the manner hereinafter specified in respect of proceeds of sale of said premises, and also to do any other act or acts, as it may deem necessary or proper, in the use, management or operation of the said premises, or to protect or conserve the value thereof, the specific enumerations herein not excluding the general; and in the event that the Trustee shall exercise the option in this paragraph granted, the Trustor agrees to surrender to the Trustee peaceable possession of said premises, and not to interfere in any manner with the exercise of the rights in this paragraph granted; and the expenses therein incurred, including compensation to said Trustee and Receiver, and attorney fees and costs and disbursements, shall be deemed to be a portion of the expense of this trust, and secured hereby. Trustor also assigns to Trustee, as further security for the performance of the obligations secured hereby, all prepaid rents and all monies which have been or may hereafter be deposited with said Trustor by any lessee of the premises hereinbefore described, to secure the payment of any rent, and upon default in the performance of any of the provisions hereof Trustor agrees to deliver said rents and deposits to the Trustee.

FIFTH: The Beneficiary may without notice to or consent of Trustor extend the time of the payment of any indebtedness secured hereby to any successor in interest of the Trustor without discharging the Trustor from liability thereon. If the Trustor shall sell, convey or alienate said property or any part thereof, or any interest therein, or shall divest title in any manner or way, whether voluntary or involuntary, any indebtedness or obligation secured hereby, irrespective of the maturity dates expressed in any note evidencing the same, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. At any time, or from time to time, without liability therefor and without notice, upon written request of the Beneficiary, and without affecting the personal liability of any person for the payment of the indebtedness secured hereby, or the effect of this deed of trust upon the remainder of the said property, Trustee may upon written request of Beneficiary: Reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement, or any agreement subordinating the lien or charge hereof. Acceptance by Beneficiary of any sum in payment of any indebtedness secured hereby, after the date when the same is due, or after the filing of breach and election to sell, shall not constitute a waiver of the right either to require prompt payment when due of all other sums so secured, or to declare default as herein provided for failure so to pay, or to proceed with the sale under any such notice of breach and election to sell, for any unpaid balance of said indebtedness. If the Beneficiary holds any additional security for any obligation secured hereby, it may enforce the sale thereof, at its option, either before or after a sale is made hereunder.

The Trustee or Beneficiary may at any time commence and maintain an action in any court of competent jurisdiction and obtain the aid and direction of said court in the execution by it of the trusts, or any of them, herein expressed or contained, and may, in such action, obtain orders or decrees, interlocutory or final, of said court, directing the execution of said trusts, and directing, confirming or approving its acts or any of them, or any sales or conveyances made or to be made by it, adjudging the validity thereof and further determining any deficiency on the part of the Trustor remaining after such sale, and directing that the purchasers of the land and premises sold be put into immediate possession thereof, and providing for orders of court or other process, requiring the sheriff of the county in which said lands and premises are situate to place and maintain the said purchasers in quiet and peaceable possession of the lands and premises so purchased by them. In the event of default hereunder the Trustee may, at its option, bring an action in any court of competent jurisdiction to foreclose this instrument as a mortgage, or to enforce any of the covenants hereof. The Beneficiary may also bring an action to enforce the payment of any note or indebtedness secured hereby, without causing the Trustee to sell the property as herein provided, the said Trustor hereby waiving any provision of law requiring that the security conveyed by the Trustor to the Trustee herein be sold prior to the commencement of any such action. The rights and remedies hereby granted shall not exclude any other rights or remedies granted herein, or by law, and all rights and remedies granted hereunder, or permitted by law, shall be concurrent and cumulative. In any action brought pursuant to the provisions hereof, the plaintiff shall be entitled to a reasonable sum, to be fixed by the court as attorney fees expended by the plaintiff in the prosecution of said action.

SIXTH: Upon payment of all sums secured hereby, the Trustee shall reconvey, without warranty, the estate vested in it hereby, and the grantee in said reconveyance may be described in general terms as "the person or persons legally entitled thereto". The recitals in any full or partial reconveyance shall be conclusive proof against all persons of the truthfulness thereof. All reconveyances shall be at the cost of the grantee.

SEVENTH: If breach or default be made in the prompt payment, when due, of any sum secured hereby, or in the performance of any promise contained herein, or contained in any conveyance under which said Trustor claims or derives title, then and at any time thereafter the Beneficiary hereunder may declare all sums secured hereby immediately due and payable, without demand or notice; and the Beneficiary or Trustee shall record in the office of the County Recorder of the county or counties wherein said property or any part thereof is situated, a notice of such breach or default and election to cause the said property to be sold to satisfy the indebtedness and obligations secured hereby, as provided by the laws of the State of Nevada with reference to the foreclosure of deeds of trust.

In case of any default whereby the right of foreclosure occurs under this Deed of Trust, foreclosure may be made upon any one or more parcels of the real estate described hereinabove either concurrently or independently, and in such order, as Beneficiary may elect. At the time of sale so fixed, Trustee may, in its sole discretion, sell the said property so advertised or any part thereof, either as a whole or in separate parcels.

On application of the Beneficiary, and after at least three months shall have elapsed following the recordation of said notice of breach or default, the Trustee shall give notice of the time and place of sale in the manner and for a time not less than that required by law for the sale or sales of real property under execution, and without demand on separate parcels, and in such order as it may determine, at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement, and without further notice it may make such sale at the time to which the same shall be postponed. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. Any persons, including Trustor, Trustee or Beneficiary, may purchase at such sale. Trustor hereby agrees to surrender immediately, and without demand, possession of said property to any purchaser at any sale held hereunder. In the conduct of any such sale the Trustee may act itself, or through any auctioneer, agent or attorney. In addition to the indebtedness and other obligations secured hereby, the Trustor hereby agrees to pay the expenses of such sale and of this trust, and compensation of the Trustee in an amount equal (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (b) to all sums secured by this deed of trust, all of which sums shall be secured hereby and become due upon any default hereunder made by the Trustor. The Trustee shall apply the proceeds of any sale held hereunder, to the satisfaction of the sums secured hereby, in such order and to such extent as the Beneficiary, in the exercise of its absolute discretion, may direct. Any surplus in the hands of the Trustee after the payment of all sums secured hereby, shall be paid to the person or persons legally entitled thereto on the proof of such right.

EIGHTH: That in the event of a sale of the premises conveyed or transferred in trust, or any part thereof, and the execution of a deed or deeds therefor under such trust, the recital therein or default, and of recording notice of breach and election of sale, and of the elapsing of the 3-month period, and of the giving of notice of sale, and of a demand by beneficiary, his heirs or assigns, that such sale should be made, shall be conclusive proof of such default, recording, election, elapsing of time, and of the due giving of such notice, and that the sale was regularly and validly made on due and proper demand by beneficiary, his heirs and assigns; and any such deed or deeds with such recitals therein shall be effectual and conclusive against all persons, their heirs and assigns; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligation to see to the proper application of the purchase money, according to the trusts aforesaid.

NINTH: Said Trustor hereby agrees that whenever said Beneficiary or Trustee shall record said notice of breach or default and of election of Beneficiary to sell or cause to be sold said property, or whenever said Trustee shall give notice of sale of said property as herein provided, said recordation of notice of breach or default, or publication of notice of sale, shall ipso facto, so far as regards the indebtedness hereby secured and this instrument, extend any and all statutes limiting the time for the commencement of actions to enforce the payment of the sums secured hereby or any part thereof, which are now or which may hereafter be in force or effect, until thirty (30) days after the Trustee hereunder shall have completed a sale of said premises and shall have executed and delivered to the purchaser a deed of said premises, and said Trustor hereby expressly waives the right to plead any such statute or statutes of limitation in any action or proceeding to which the Trustor may be a party, provided said action is brought within the time herein provided.

Trustor further agrees that the Beneficiary may from time to time in behalf of the Trustor, renew or extend any promissory note secured hereby, and said renewal or extension shall be conclusively deemed to have been made when so endorsed on said promissory note or notes by the Beneficiary in behalf of the Trustor.

TENTH: The Beneficiary may, at any time, by instrument in writing, appoint a successor or successors to, or discharge and appoint a new Trustee in the place of, any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary, and recorded in the office of the County Recorder of the county or counties wherein said property is situated, shall be conclusive proof of the proper substitution of such successor or successors or new Trustee, who shall have all the estate, powers, duties, rights and privileges of the predecessor Trustee.

ELEVENTH: All the provisions of this instrument shall inure to and bind the heirs, devisees, legal representatives, successors and assigns of each party hereto, respectively. All obligations of each Trustor hereunder are joint and several. The rights or remedies granted hereunder or by law shall not be exclusive but shall be concurrent and cumulative. The specific enumerations in this instrument shall not exclude the general.

TWELFTH: It is expressly agreed that the trusts created hereby are irrevocable by the Trustor.

THIRTEENTH: In the event of any tax or assessment on the interest under this deed of trust it will be deemed that such taxes or assessments are upon the interest of the Trustor, who agrees to pay such taxes or assessments although the same may be assessed against the Beneficiary or Trustee.

FOURTEENTH: If the indebtedness evidenced by the Note is intended to finance the construction of improvements to the Property, Trustor agrees to comply with the covenants and conditions of the Loan Agreement, which is hereby incorporated by reference in and made a part of this Deed of Trust. All advances made by Beneficiary pursuant to the Loan Agreement shall be indebtedness of Trustor secured by this Deed of Trust.

In case of default by Trustor of the covenants and conditions of the Loan Agreement, Beneficiary at its option, with or without entry upon the Property, (i) may invoke any of the rights or remedies provided in the Loan Agreement, (ii) may accelerate the sums secured by this Deed of Trust and invoke those remedies provided herein, or (iii) may do both. Prior to completion of the improvements, sums disbursed by Beneficiary to protect the security of this Deed of Trust up to the principal amount of the Note shall be treated as disbursements pursuant to the Loan Agreement, and such sums disbursed by Beneficiary in excess of the principal amount of the Note shall be additional indebtedness of Trustor secured by this Deed of Trust. All such sums shall bear interest from the date of disbursement at the rate stated in the Note, unless interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest legal rate and shall be payable upon notice from Beneficiary to Trustor requesting payment therefor.

If, after the commencement of amortization of the Note, the Note and this Deed of Trust are sold by Beneficiary, then

the Loan Agreement shall cease to be a part of this Deed of Trust and Trustor shall not assert any right of set off, counterclaim or other claim or defense arising out of the Loan Agreement against the obligations of the Note and this Deed of Trust.

FIFTEENTH: In the event of a default in the performance or payment under this deed of trust or the security for which this deed of trust has been executed, any notice given under Section 107.080 N.R.S. shall be given by registered letter to the Trustor addressed to Trustor at the address hereinabove set forth and such notice shall be binding upon the Trustor, and the assignee and grantee of the Trustor.

IN WITNESS WHEREOF, the Trustor has executed these presents the day and year first above written.

(SEAL)

X Leonard F. Paul
Leonard F. Paul
X Virginia Paul
Virginia Paul

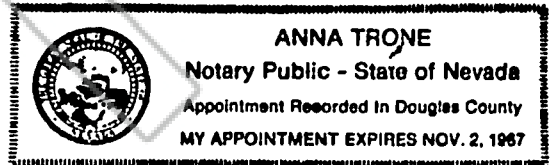
STATE OF NEVADA)
COUNTY OF Douglas) SS.

On April 2, 1985 personally appeared before me, a

Notary Public in and for said County and State, Leonard F. Paul and Virginia Paul

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

Anna Trone
Notary Public



order no. _____

When recorded mail to: Valley Bank

P.O. BOX 1749

Minden, NV 89423

ATTENTION: Mike Sharp

115768

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EXHIBIT "A"

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

A parcel of land situate in and being a portion of the South 1/2 of Section 3, Township 12 North, Range 19 East, M.D.B.&M., more particularly described as follows, to wit:

COMMENCING at the Southwest corner of said Section 3, proceed North 89° 57'00" East, a distance of 1,159.73 feet, along the Section line, which is also the centerline of Autumn Hills Drive (60 foot in width), to a point; thence North 00°10'19" West, a distance of 30.00 feet to the True Point of Beginning; said point lies on the Northerly right-of-way line of said 60 foot road; thence North 89°57'00" East, a distance of 165.50 feet to a point; thence North 00°10'19" West, a distance of 325.00 feet to a point; thence South 89°57'00" West, a distance of 135.37 feet to a point; thence South 08°02'36" East, a distance of 45.44 feet to a point; thence South 89°57'00" West, a distance of 36.44 feet to a point; thence South 00°10'19" East, a distance of 280.00 feet to the POINT OF BEGINNING.

Said land more fully shown as Parcel No. 1 as set forth on that certain Survey Parcel Map filed for record in the Office of the County Recorder of Douglas County, Nevada, on July 30, 1976, as Document No. 02124.

A.P.N. 19-051-21

oOo

REQUESTED BY
LAWYERS TITLE

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'85 APR -8 P3:27

SUZANNE BEAUDREAU
RECORDER

\$ 9⁰⁰ PAID Bh DEPUTY

115768

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