

DEED OF TRUST

THIS DEED OF TRUST, made this 5th day of December

19 85

by and between Charles Mc Carty, an unmarried man

TRUSTOR, and Design Management, Inc., a Nevada Corporation

TRUSTEE, and John F. Royce, an unmarried man

BENEFICIARY: it being understood that the words used herein in any gender include all other genders, the singular number includes the plural and the plural the singular.

The Trustor hereby grants, bargains, sells, conveys and confirms unto the Trustee, IN TRUST, with power of sale, the following described real property situated in the County of Douglas, State of Nevada, more particularly described as follows:

Parcels C & D, as set forth on Parcel Map #1 for Richard M. & Margaret A. Wiseman, being a portion of the Northwest 1/4 of the Northeast 1/4 and the Northeast 1/4 of the Northwest 1/4 of Section 25, Township 12 North, Range 20 East, M.D.B. & M., filed for record September 13, 1983 in Book 983, Page 811, Document No. 86761, Official Records of Douglas County, State of Nevada. Together with water rights claims 56 & 60, reference claimant #165 East Fork, Carson River, Douglas County, Nevada as may be on file at the office of the Nevada State Engineers office, Carson City Nevada.

Assessor's Parcel No. 29-092-12 (Parcel C)
29-092-13 (Parcel D)

This deed of trust is subject to the terms and provisions contained in Exhibit none attached hereto and by this reference made a part hereof.

Together with, all and singular, the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining and the reversion and reversions, remainder and remainders, and all the estate, interest, homestead or other claim or demand in law and in equity which the Trustor now has or may hereafter acquire in and to said property, together with all easements and rights of way used in connection therewith or as a means of access thereto, and all water rights, shares of stock evidencing any water rights, all fixtures now or hereafter attached to or used in connection with the described premises and all of the issues and profits thereof, and all of the rents (such rents being subject to further provisions of Paragraph 3 hereof in the event of default);

To have and to hold the same unto the Trustee and its successors, upon the trusts herein expressed, namely, as security for the payment of an indebtedness to the Beneficiary evidenced by a promissory note bearing even date herewith in the amount of **Twenty Five thousand** Dollars (\$ 25,000.00), together with interest, expenses and counsel fees according to the terms of said note, made, executed and delivered by the Trustor to the Beneficiary, which note by reference is hereby made a part of this deed of trust; and also as further security for the payment and performance of every obligation, covenant, promise or agreement in this deed of trust or in the promissory note; and also to secure payment of any other sums which may be or become due and owing from the Trustor to the Beneficiary with interest thereon at the same annual rate as provided in the promissory note, and any other indebtedness or obligations of the Trustor, and any present or future demands of any kind or nature which the Beneficiary, or its successors, might have against the Trustor, whether created directly or acquired by assignment; whether absolute or contingent; whether due or not; or whether otherwise secured or not; and whether existing at the time of execution of this instrument or arising hereafter. 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 the Beneficiary may claim this deed of trust as security. If any balance shall remain unpaid upon said promissory note or upon any indebtedness hereby secured, after a Trustee's sale of the property hereby conveyed and an application of the proceeds thereof, as in this instrument provided, Trustor promises and agrees to pay said balance in full, including both principal and interest. The interest thereon shall be at the same annual rate on said unpaid balance as specified in the above mentioned promissory note. Trustor further agrees that suit may be instituted by the Beneficiary or the Trustee to collect the said unpaid balance, and Trustor waives the benefit of any statute of limitation, homestead or exemption laws.

AND IT IS FURTHER PROMISED AND AGREED BY THE TRUSTOR:

1. The following covenants, Nos. 1,3,4 (interest at the rate set forth in the promissory note), 5, 6, 7 (counsel fees 10%); 8 and 9 of Nevada Revised Statutes, Sec. 107.030 as amended to the extent they are not inconsistent with the terms and conditions of this deed of trust, are hereby adopted and made a part of this deed of trust.

2. The Trustor will continuously maintain hazard insurance of such type or types and amounts as the Beneficiary may from time to time require including, without limitation, fire insurance with extended coverage insuring any and all improvements upon the real property with an insurance company or companies qualified in the State of Nevada and satisfactory to the Beneficiary. The insurance policies and renewals thereof shall be held

by the Beneficiary and attached thereto there shall be a loss payable clause in favor of, and in form acceptable to, the Beneficiary. In the event of loss the Trustor will give immediate notice by mail to the Beneficiary who may make proof of loss if not made promptly by the Trustor. Each insurance company concerned is hereby authorized and directed to make payment for loss directly to the Beneficiary instead of to the Trustor or to the Trustor and the Beneficiary jointly. The insurance proceeds, or any part thereof, may be applied by the Beneficiary at its option either to reduce the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of foreclosure of this deed of trust or other transfer of title to said premises in full or partial extinguishment of the indebtedness secured hereby, all right, title and interest of the Trustor in and to any insurance policies then in force shall pass to the purchaser or grantee. In default of any provision herein by the Trustor for insurance, the Beneficiary may procure such insurance and may pay and expend any premiums for such insurance, and such sums of money as Beneficiary may deem necessary shall become further sums secured by this deed of trust. Fire insurance with extended coverage shall be in an amount not less than the total unpaid balance of the Promissory Note referred to herein together with the unpaid balance of any other obligation having a prior claim on the subject property. Trustor agrees that amounts collected under any fire insurance policy shall be credited, first, to accrued interest; next, to expenditures or advances as herein provided, and the remainder upon the principal; provided, however, that at the option of the Beneficiary, all or any part of the amount collected under the policies may be released to the Trustor, without liability upon the Trustee for such release.

3. Notwithstanding the grant of rents to the Trustee herein as additional security, the Trustor hereby assigns to the Beneficiary absolutely any and all rents of the above described premises after there is a default in the payment of the debt for which this deed of trust is given or in the performance of any of the obligations herein contained, or the filing of a petition of voluntary or involuntary bankruptcy, or the commencement of an action for the Trustor's receivership, and the Trustor authorizes the Beneficiary, without waiving or affecting any rights of foreclosure or any rights of the Trustee hereunder, to take possession of the premises at any time after there is a default in the payment of the debt or the performance of the obligations herein contained. This assignment of rents shall be deemed an absolute assignment to the Beneficiary, operating to transfer the Trustor's rights to the rents to the Beneficiary upon default, and in such event the Beneficiary shall be entitled, with or without demand upon the Trustor or the Trustee or any tenants or subtenants, to receive and collect the rentals and to take possession of the premises and rent the premises, or, in the alternative, to appoint a receiver for the management of the property in case said property is abandoned or vacated or shows evidence of waste or neglect. This assignment of rents shall become absolute upon the happening of any of the conditions of this paragraph, and shall not require the appointment of a receiver to receive the rents, but the rents shall belong absolutely to the Beneficiary or its assignee from the time of default. Any provision hereof which confers upon Beneficiary the right to take possession and rent the premises shall not be construed as requiring the beneficiary to rent the premises or to make reasonable efforts to do so.

4. Beneficiary may from time to time substitute a successor or successors to any trustee named herein or acting hereunder to execute this Trust. Upon such appointment and without conveyance to the successor Trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when recorded in the office of the County Recorder of the county in which the property is situated, shall be conclusive proof of proper appointment of the successor Trustee.

5. The rights and remedies hereby granted shall not exclude any other rights or remedies granted by law or equity, and all rights and remedies granted hereunder or permitted by law or equity shall be concurrent and cumulative.

6. In the event of a default under this Deed of Trust or under any encumbrance having a prior claim on the subject property and a notice of default giving public notice of said default is recorded and the subject property is not subsequently sold at public sale, regardless of the reason therefor, the Trustee shall be entitled to costs and charges incurred in connection with the said default and these costs and charges shall be the obligation of the Trustor and are to be paid in the form of a cashier's check simultaneously with the curing of the default and prior to the reinstatement of the obligation in default.

7. The Trustor shall maintain the subject property in a first class condition, free of waste, pay for fire and extended insurance required, and shall pay all taxes and assessments levied or which may be levied against the real property described herein. Said insurance and taxes and assessments shall be calculated and become due from the Trustor at the time of the recordation of this deed of trust; and the Beneficiary is hereby specifically authorized to demand and collect such sums in all or in part, or installments as shall be determined by the Beneficiary. If the Trustor is in default in maintaining the subject property, maintaining the required fire and extended coverage insurance, or in the payment of all taxes and assessments levied or which may be levied against the real property described herein, the Beneficiary may expend such sums of money which are necessary to maintain the subject property, keep such insurance in full force and effect and to pay and discharge such taxes and assessments; and the Trustor shall be immediately liable to the Beneficiary for these additional sums which are advanced and these additional sums advanced by the Beneficiary shall be secured by this Deed of Trust.

8. If the premises, or any part thereof, be condemned under any power of eminent domain or acquired for public use, the damage proceeds and the consideration for such acquisition to the extent of the full amount of indebtedness upon this deed of trust and the note secured hereby remaining unpaid are hereby assigned absolutely by the Trustor to the Beneficiary of the note and shall be paid forthwith to the Beneficiary to be applied by it on account of the last maturing installments of such indebtedness.

9. The trusts created hereby are irrevocable by the Trustor.

10. The lien of this deed of trust shall remain in full force and effect during any postponement or extension of the time of payment of the indebtedness or any part thereof secured hereby. The Beneficiary may, without notice to or consent of Trustor, extend the time of payment of any indebtedness secured hereby to any successor in interest of the Trustor without discharging the Trustor from liability thereon.

11. The Trustor promises to properly care for and keep the property described in first class condition, order and repair; to care for, protect and repair all buildings and improvements thereon; not to demolish or remove any buildings or other improvements situated thereon; to restore any uninsured building damaged or destroyed thereon; to complete in a good, workmanlike manner any building or improvements which may be constructed thereon and to pay all claims for labor performed and materials furnished; to underpin and support when necessary any building or other improvements situated thereon, and otherwise to protect and preserve the same; not to commit or permit any waste or deterioration of the building or any improvements, and to comply with all laws, ordinances and regulations of the City, County, State, or any Special District of the United States affecting said property or relating to any alterations or improvements that may be made thereto; to appear and defend any action or proceeding purporting to affect the interest of the Beneficiary hereunder or the property or any part thereof or the rights, powers and duties of the Trustee hereunder. (The Trustee and Beneficiary may likewise appear and defend any action as provided in Covenant No. 3 of Sec. 107.030 NRS, but it shall be the prime duty of the Trustor to pay all costs and expenses of any suits or actions including costs or evidence of title and attorney's fees.)

12. The maker(s) agree that without prior written consent and approval of the holder, the real property described in this deed of Trust cannot be sold, assigned, transferred or conveyed nor a contract or agreement executed to make, perform or complete a future sale, assignment, transfer or conveyance. The maker(s) agree that the happening of any one of the foregoing events shall cause the entire unpaid balance of principal together with interest to be accelerated and become immediately due and payable at the option of the holder without further notice.

13. In the event of any tax claim, assessment or charge created by state or federal law upon the ownership or interest of deeds of trust which results in a claim, charge or tax against the Beneficiary, the Trustor agrees to assume and pay any such taxes, charges or assessments

14. All obligations of each Trustor, if there be more than one hereunder, are joint and several.

15. Should any part, term, or provision of this deed of trust be decided by the courts to be illegal or in conflict with any law, the validity of the remaining portions or provisions shall not be affected thereby.

16. If the note secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees: (a) to commence construction promptly and in any event within 30 days from recordation of Deed of Trust, and complete same in accordance with the plans and specifications satisfactory to Beneficiary; (b) to allow Beneficiary to inspect said property at all times during the construction; (c) to replace any work or materials unsatisfactory to Beneficiary, within 15 calendar days after written notice from Beneficiary of such fact, which notice may be given to the Trustor by registered mail, sent to his last known address, or by personal service of the same; (d) that work shall not cease on the construction of such improvements for any reason whatsoever for a period of 15 calendar days; (e) that Trustor shall keep said property free from mechanic's liens during the course of said construction and the statutory lien period thereafter. The Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph is authorized to accept as true and conclusive all facts therein and to act thereon hereunder.

17. In the event of any default hereunder by the Trustor in person, a subtenant, or anyone holding under the Trustor, who continues in possession after a lawful Notice to Quit has been served upon him and upon a subtenant or anyone in actual occupation of the premises, shall be deemed to be unlawfully detaining the premises and may be removed as prescribed by law. Should the Trustor, a subtenant, or anyone holding under the Trustor continue in possession after Notice to Quit has been served upon him, the Trustor shall be liable to the Beneficiary for the costs of removal, including but not limited to, attorney fees, court costs, and sheriff fees, and shall be further liable to the Beneficiary or such other person purchasing the subject property at any Trustee's sale from the date of such sale to the date of removal for the reasonable rental value of the subject property for said period of time.

18. The benefits of the covenants and provisions herein contained shall accrue to, and the obligations thereof shall bind the heirs, devisees, representatives, successors and assigns of the parties hereto.

19. A default by the Trustor under any encumbrance having a prior claim on the subject property shall also constitute a default under this Deed of Trust agreement. For purposes of this paragraph, a default under a prior encumbrance shall include delinquency in payment for more than ten (10) days from the date payment is due thereunder. In this event, the Beneficiary may, without demand or notice to the Trustor, advance payment for and in behalf of the Trustor to preclude the holder of any prior encumbrance from commencing foreclosure proceedings. The sums of any such payments made by the Beneficiary shall become further sums secured by this Deed of Trust and shall bear interest at the same rate per annum as stated in the Promissory Note secured by this Deed of Trust. The Trustee or Beneficiary may require as a condition of curing any default hereunder, that the Trustor indemnify and reimburse the Beneficiary for the sums of any payments which said Beneficiary may have advanced for and in behalf of the Trustor plus any interest as described hereinabove which has accrued on said advances.

20. In the event of default in the payment of any installment when due, or the performance of any covenant in the Promissory Note which is secured by this Deed of Trust, or should the maker or makers, or any of them, become insolvent, make an assignment for the benefit of creditors, be adjudged a bankrupt, or default under any other deed of trust or other encumbrance upon the same real property securing this note, then, upon the happening of any such event, the whole sum of unpaid principal and interest shall, at the option of the holder hereof, become immediately due and payable although the time of maturity as expressed in the Promissory Note shall not have arrived.

21. Furthermore, in the event of any default hereunder or under any obligation secured hereby, Trustor shall reimburse Trustee, Beneficiary and any agent thereof, including but not limited to, any servicing agent of

Beneficiary in connection herewith, for any and all expenses incurred as a result of such default, including but not limited to, the following: all foreclosure expenses and fees including Trustee's fees; all attorney's fees and costs; appraisal charges; property inspection fees; administrative expenses incurred in commencing, processing and rescinding foreclosure proceedings; late payment charges; returned check and other service charges; advances made to senior encumbrancers, together with interest on such advances at the rate provided in the Note secured hereby; locksmith charges; property maintenance expenses; travel and telephone expenses.

22. This Deed of Trust is subject to that certain Deed of Trust dated ~~December~~ ^{November} 5, 1985 in favor of Beneficial Management Corporation of America, a Delaware Corporation.

and recorded November 21, 1985 as Document No. 127306 of official records

23. The beneficial interest under the Deed of Trust described in Item 22 next above was assigned of record to (Not Applicable)

by assignment dated _____, recorded _____ in Book _____, page _____, as Document No. _____

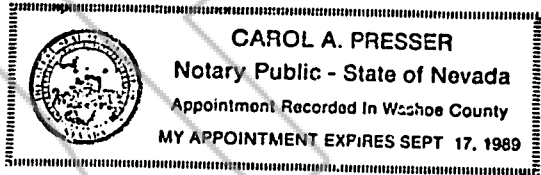
IN WITNESS WHEREOF, the Trustor has executed this Deed of Trust the day and year first above written.

Charles Mc Carty

Charles Mc Carty

STATE OF NEVADA

COUNTY OF Washoe SS.



On this 5th day of December, 19 85, before me, the undersigned a Notary Public, personally appeared Charles Mc Carty

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

WITNESS my hand and official seal.

Carol A. Presser
.....
Notary Public

When Recorded mail to:

John F. Royce
PO BOX 1326
Reno, NV 89504

REQUESTED BY
SILVER STATE TITLE CO.
IN OFFICIAL RECORDS OF
DOUGLAS COUNTY, NEVADA

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SUZANNE BEAUDREAU
RECORDER
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