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MAY 16 1987  
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WHEN RECORDED RETURN TO  
FIRST SERVICE MORTGAGE CORP  
1850 E FLAMINGO, SUITE #137  
LAS VEGAS, NV 89119

8314

LOAN CLOSER JEAN BRINKERHOFF

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LOAN NUMBER 0160798

### DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on OCTOBER 1ST, 1985. The grantor is DON R DAILEY AN UNMARRIED MAN AND THOMAS F SAKOWSKI, AN UNMARRIED MAN ("Borrower"). The trustee is FIRST SERVICE CORPORATION, AN ARIZONA CORPORATION ("Trustee"). The beneficiary is FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF ARIZONA, which is organized and existing under the laws of ARIZONA, and whose address is 3003 N. CENTRAL AVE, PHOENIX, AZ. 85012 ("Lender"). Borrower owes Lender the principal sum of ONE HUNDRED EIGHTY THOUSAND AND 00/100 - - - Dollars (U.S. \$ 180,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on NOVEMBER 10, 2015. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in DOUGLAS County, Nevada:

LOT FOUR (4) IN BLOCK SEVEN (7), OF PLAT OF SECOND ADDITION TO ZEPHYR HEIGHTS SUBDIVISION, BEING A PORTION OF SECTION 10, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B. & M. AS FILED IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, NEVADA, ON JULY 6, 1948.

\*\* THIS DOCUMENT IS BEING RE-RECORDED TO AMEND THE PAYMENT ADJUSTMENT DATE ON THE RIDER \*\*

which has the address of 618 ALMA WAY, ZEPHYR COVE, Nevada 89448 ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock, and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

NEVADA—Single Family—FNMA/FHLMC UNIFORM INSTRUMENT  
FM-249 Nevada (4-85) Page 1 of 4 WHITE: Original

CANARY: Customer(s)

PINK: File Copy

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UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

**1. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

**2. Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items.

The Funds shall be held in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay the escrow items. Lender may not charge for holding and applying the Funds, analyzing the account or verifying the escrow items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. Borrower and Lender may agree in writing that interest shall be paid on the Funds. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of the Funds held by Lender, together with the future monthly payments of Funds payable prior to the due dates of the escrow items, shall exceed the amount required to pay the escrow items when due, the excess shall be, at Borrower's option, either promptly repaid to Borrower or credited to Borrower on monthly payments of Funds. If the amount of the Funds held by Lender is not sufficient to pay the escrow items when due, Borrower shall pay to Lender any amount necessary to make up the deficiency in one or more payments as required by Lender.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If under paragraph 19 the Property is sold or acquired by Lender, Lender shall apply, no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to late charges due under the Note; second, to prepayment charges due under the Note; third, to amounts payable under paragraph 2; fourth, to interest due; and last, to principal due.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien or forfeiture of any part of the Property; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**5. Hazard Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 19 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Preservation and Maintenance of Property; Leaseholds.** Borrower shall not destroy, damage or substantially change the Property, allow the Property to deteriorate or commit waste. If this Security Instrument is on a leasehold, Borrower shall comply with the provisions of the lease, and if Borrower acquires fee title to the Property, the leasehold and fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Rights in the Property; Mortgage Insurance.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

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If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the insurance in effect until such time as the requirement for the insurance terminates in accordance with Borrower's and Lender's written agreement or applicable law.

**8. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**9. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

**10. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**11. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**12. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

**13. Legislation Affecting Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Security Instrument unenforceable according to its terms, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument and may invoke any remedies permitted by paragraph 19. If Lender exercises this option, Lender shall take the steps specified in the second paragraph of paragraph 17.

**14. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**15. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

**16. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

**17. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 13 or 17.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

19. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraphs 13 and 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

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

20. Lender in Possession. Upon acceleration under paragraph 19 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Security Instrument.

21. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

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


23. Waiver of Homestead. Borrower waives all right of homestead exemption in the Property.

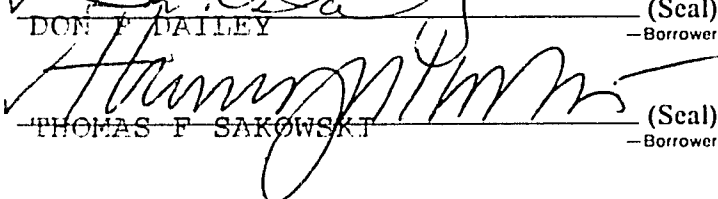
24. Assumption Fee. If there is an assumption of this loan, Lender may charge an assumption fee of U.S. \$

25. Riders to this Security Instrument. If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- Adjustable Rate Rider
- Condominium Rider
- 2-4 Family Rider
- Graduated Payment Rider
- Planned Unit Development Rider
- Other(s) [specify]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

  
 DON F. DAILEY (Seal)  
 -Borrower

  
 THOMAS F. SAKOWSKI (Seal)  
 -Borrower


[Space Below This Line for Acknowledgement]

District of Columbia

Subscribed and sworn to before me  
this 3rd day of October, 1985.

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My Commission Expires October 31, 1988

SEAL

(1) The Note, as amended by this Rider, contains provisions for a variable interest rate. Increases in the interest rate may result in higher payments. Decreases in the interest rate may result in lower payments. (2) The Note, as amended by this Rider, also allows for negative amortization. This means that the loan balance may increase even though the prescribed payments are being made. (3) The Borrower may limit monthly payment increases to 7½% each year if the provisions of this Rider so provide.

RIDER TO DEED OF TRUST AND NOTE

Date: OCTOBER 01, 1985

Loan Number: 0160798

FOR VALUE RECEIVED, the undersigned (the "Borrower") agree(s) that the following provisions shall be incorporated into the Deed of Trust (the "Deed of Trust") of even date executed by Borrower, as Trustor, in favor of FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF ARIZONA ("Lender") as Beneficiary, to which Deed of Trust this Rider is attached, as well as incorporated into the Note (the "Note") of even date herewith made by Borrower in favor of Lender which said Deed of Trust secures. To the extent that the provisions of this Rider are inconsistent with the provisions of the Deed of Trust or Note, the provisions of this Rider shall prevail and shall supersede any such inconsistent provisions of the Deed of Trust or Note.

1. ADJUSTABLE RATE PROVISIONS.

The Borrower agrees that the interest rate stated in the Note will be adjusted on each Interest Rate Adjustment Date, as defined below, to be equal, following such date until the next Interest Rate Adjustment Date, to the sum of (i) the most recently available Index defined as "The Weighted Average Cost of Funds to Savings and Loan Associations Whose Deposits are Insured by the Federal Savings and Loan Insurance Corporation and which are Situated in District 11 of the Federal Home Loan Bank," (such monthly average weighted cost of funds being hereafter referred to as the "Index") plus (ii) 2.750 percentage points.

- (a) Interest Rate Adjustments. Changes in the interest rate on the Note will become effective commencing on NOVEMBER 10, 1986 and on the same date each year thereafter, each of which dates is called an "Interest Rate Adjustment Date." Notwithstanding anything herein to the contrary, the interest rate I am required to pay at the first Interest Rate Adjustment date will not be increased or decreased by more than TWO % percentage points above or below the initial Note interest rate. Thereafter, my interest rate will never be increased or decreased on any single Interest Rate Adjustment Date by more than TWO % percentage points from the rate of interest I have been paying for the preceding twelve months. My interest rate will never be greater than or less than FIVE % percentage points above or below the initial Note rate during the term of the loan.
- (b) Payment Adjustments. The monthly payment amount shall be adjusted on DECEMBER 10, 1986 and on the same date each year thereafter, each of which dates is called a "Payment Adjustment Date". If an interest rate change has been made on an Interest Rate Adjustment Date, the amount of the regular monthly principal and interest payments will be adjusted on the next Payment Adjustment Date so as to be sufficient to amortize the remaining principal balance as of NOVEMBER 10, 2015 (the "Due Date") on which date any unpaid principal and interest and all other sums due under the Note shall be paid in full. *Handwritten initials: DML*
- (c) Borrower's Right to Payment Increase Cap. Unless Sections 1 (d) and 1 (e) below will not permit me to do so, I may choose to limit the amount of my new monthly payment following a Change Date to the amount I have been paying multiplied by the number 1.075. This amount is called the "Limited Payment Amount." If I choose the Limited Payment Amount, I must give the Note Holder notice that I am doing so at least 15 days before my first monthly payment is due following the Change Date.
- (d) Additions to My Unpaid Principal Balance. If I choose the Limited Payment Amount, my monthly payment could be less than the amount of the interest portion of a monthly payment which then would be sufficient to repay my unpaid principal balance in full on the maturity date at my current interest rate in substantially equal payments. If so, each month that the Limited Payment Amount is less than the interest portion, the Note Holder will subtract the Limited Payment Amount from the amount of the interest portion and will add the difference to my unpaid principal balance. The Note Holder will also charge interest on the amount of this difference. The interest rate on the interest added to principal will be the rate required by Section 1 (Adjustable Rate Provisions) above.
- (e) Limit on Unpaid Principal Balance; Increased Monthly Payment Amount. My unpaid principal balance can never exceed a maximum amount equal to one hundred twenty-five percent (125%) of the principal amount I originally borrowed. My paying a Limited Payment Amount after any Change Date could cause my unpaid principal balance to exceed that maximum amount. If so, on the date that my paying a Limited Payment Amount would cause me to exceed that limit, I will instead begin paying a new monthly payment until the next Change Date. The new monthly payment will be in an amount which would be sufficient to repay my then unpaid principal balance in full on the maturity date at my current interest rate in substantially equal payments. The Note Holder will mail or deliver to me a notice of my new monthly payment under this Section 1 (e) at least 30 days before my first payment at the new monthly level is due.

(f) Principal Balance Adjustments. Each monthly payment of principal and interest shall be credited first to interest then due and the remainder to principal.

(g) Required Adjustments. Adjustments to the interest rate on the Note and each Interest Rate Adjustment Date and to the monthly payment on each Payment Adjustment Date are mandatory.

(h) Alternative Index. If, at any time during the term of the Note, the Index is no longer available or is otherwise unpublished, the holder may select an alternative published index over which the holder has no control, in which case such alternative index shall become the Index provided in paragraph 1 of this Rider.

2. NOTICE TO BORROWER.

Any notice to the Borrower provided for in the Note, Deed of Trust or this Rider shall be deemed given when it is deposited in the United States mail, postage prepaid, addressed to the Borrower at the address of the Borrower as it appears in the records of the Note holder at the time notice is given.

3. LATE CHARGES.

In the event any Note payment is not received by the Note holder within fifteen days (or if the fifteen day period ends on a weekend or holiday, then the next business day) after its due date, a late charge in the amount equal to five percent (5%) of the principal and interest components of the late payment shall be due and payable. The provisions of this paragraph shall not preclude, abate, limit or impair any of Lender's failure to make any such monthly payment on or before its due date.

4. PREPAYMENT PRIVILEGE.

Borrower may prepay the principal amount due on the NOTE in full or in part at any time, without penalty.

5. DEFAULT: ACCELERATION, TRUSTEE'S SALE.

Paragraph 18 of the Deed of Trust is amended to read in its entirety as follows:

"18. If any monthly installment under the Note is not paid when due, or if Borrower should be in default of any of the provisions of the Deed of Trust, or if Borrower is in default under any other deed of trust or other instrument secured by the property described in the Deed of Trust, the entire principal amount outstanding under the Note and Deed of Trust and accrued interest thereon shall at once become due and payable at the option of the Note holder without prior notice and regardless of any prior forbearance. In such event, Lender, at its option, may then or thereafter deliver to the Trustee a written declaration of default and demand for sale and shall cause to be filed of record a written notice of default and of election to cause to be sold the property described in the Deed of Trust. Lender shall also deposit with the Trustee the Deed of Trust and any Notes and all documents evidencing expenditures secured thereby. After the lapse of such time as then may be required by law following recordation of such notice of default, and notice of sale having been given as then required by law, the Trustee, without demand on Borrower, shall sell such property at the time and place filed by such Trustee in such notice of sale, either as a whole or in separate parcels, and in such order as the Trustee determines (subject to such rights as Borrower may have by law to direct such order of sale), at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale, except that lender may offset his bid to the extent of the total amount owing to him under the Note and this Deed of Trust, including the Trustee's fees and expenses. The Trustee may postpone sale of all or any portion of such 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. The Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recital in such deed of any matters of fact shall be conclusive proof of the truthfulness thereof. Any person, including Borrower, the Trustee or Lender may purchase at such sale. After deducting all costs, fees and expenses of the Trustee, and of the Deed of Trust, including costs of evidence of title in connection with such sale, the Trustee first shall apply the proceeds of sale to payment of all sums expended under the terms of the Deed of Trust, not then repaid, with accrued interest at the rate then payable under the Note or notes secured thereby, and then to payment of all other sums secured thereby and, if thereafter there be any proceeds remaining, shall distribute them to the person or persons legally entitled thereto."

6. RECONVEYANCE.

The Trustee named in the Deed of Trust securing the Note, or any successor Trustee thereunder, may charge a reasonable reconveyance fee for each full or partial reconveyance of the Deed of Trust.

7. INJURY TO PROPERTY.

All causes of action, whether accrued before or after the date of this Deed of Trust, of all types for damage or injury to said property or any part thereof or in connection with this transaction financed by funds loaned to Borrower by Lender or in connection with or affecting said property or any part thereof, including causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, are, at Lender's option, assigned to Lender and the proceeds shall be paid to Lender, who may, after deducting therefrom all its expenses, including reasonable attorneys' fees, apply or release any moneys so received by it or any part thereof as it may elect. Lender may at its

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option appear in and prosecute in its own name any action or proceeding to enforce any such cause of action and make any compromise or settlement thereof. Borrower agrees to execute such further assignments of any compensation award, damage and causes of action as Lender shall request.

8. GOVERNING LAW: SEVERABILITY.

Paragraph 15 of the Deed of Trust is amended to read in its entirety as follows:

"15. GOVERNING LAW: SEVERABILITY. The loan secured by this Deed of Trust is made pursuant to, and shall be construed and governed by, the laws of the United States and the rules and regulations promulgated thereunder, including the federal laws, rules and regulations for federal savings and loan associations. If any paragraph, clause or provisions of this Deed of Trust or the Note or any other notes or obligations secured by this Deed of Trust is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such decision shall affect only those paragraphs, clauses or provisions so construed or interpreted and shall not affect the remaining paragraphs, clauses and provisions of this Deed of Trust or the Note or other notes or obligations secured by this Deed of Trust."

9. STATEMENT OF OBLIGATION.

Paragraph 25 of the Deed of Trust is amended in its entirety to read as follows:

"25. STATEMENT OF OBLIGATION. Lender may collect a fee of \$100.00 or such greater maximum amount as is allowed by law, for furnishing any statement of obligation, beneficiary's statement, beneficiary's demand or any other statement regarding the collection of or balance owing under the Note or secured by this Deed of Trust."

10. SUBSTITUTION OF TRUSTEE.

Lender may, from time to time, by instrument in writing, substitute a successor or successors to any Trustee named in the Deed of Trust or acting thereunder, which instrument executed and acknowledged by Lender and recorded in the office of the recorder of the County or counties where the property secured by the Deed of Trust is situated, shall be conclusive proof of the proper substitution of such successor Trustee or Trustees, who shall without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties. The procedures herein provided for substitution permitted by law.

11. OFFSETS.

No indebtedness secured by the Deed of Trust shall be deemed to have been offset or to be offset or compensated by all or part of any claim, cause of action, counterclaim, or crossclaim, whether liquidated or unliquidated which Borrower now or hereafter may have or may claim to have against Lender; and, in respect to the indebtedness now or hereafter secured hereby.

12. MISREPRESENTATION OR NONDISCLOSURE.

Borrower has made certain written representations and disclosures in order to induce Lender to make the loan evidenced by the Note or notes which the Deed of Trust secures, and in the event that Borrower has made any material misrepresentation or failed to disclose any material fact, Lender, at its option and without prior notice, shall have the right to declare the indebtedness secured by the Deed of Trust, irrespective of the maturity date specified in the Note or notes, immediately due and payable. Trustee, upon presentation to it of an affidavit signed by Lender setting forth facts showing a default by Borrower under this paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

13. EFFECT OF RIDER.

EXCEPT as otherwise provided in this Rider all the provisions of the Note and Deed of Trust shall remain in full force and effect.

Don R Dailey  
DON R DAILEY

Thomas F Sakowski  
THOMAS F SAKOWSKI

State of District )  
County of of Columbia ) ss

The foregoing instrument was acknowledged before me the 3rd day of October, 1985  
by: DON R DAILEY AND THOMAS F SAKOWSKI

MY COMMISSION EXPIRES: October 31, 1988

REQUESTED BY  
**DOUGLAS COUNTY TITLE**  
IN OFFICIAL RECORDS OF  
DOUGLAS COUNTY, NEVADA

REQUESTED BY  
**DOUGLAS COUNTY TITLE**  
IN OFFICIAL RECORDS OF  
DOUGLAS COUNTY, NEVADA

D. Kaye Sarawaska  
Notary Public

SEAL

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SUZANNE BEAUREAU  
RECORDER

\$ 11.00 PAID. Bh DEPUTY \$ 11.00 PAID. Bh DEPUTY

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