

DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 5TH day of JUNE, 1986, by NEVADA ENVIRONMENTAL SERVICES & OPERATIONAL MANAGEMENT, INC., a Nevada corporation, hereinafter called "Trustor", LAWYERS TITLE OF NORTHERN NEVADA, INC., a Nevada corporation, hereinafter called "Trustee", and CARSON VALLEY LAND DEVELOPMENT COMPANY, a partnership composed of CHARLES L. CRAIGMILES and ALLAN L. CRAIGMILES, hereinafter called "Beneficiary"

W I T N E S S E T H:

Trustor grants to Trustee, in trust, with power of sale, all that certain real property situate, lying and being in the County of Douglas, State of Nevada, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof.

Together with the tenements, hereditaments, and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, subject, however, to the right of Beneficiary, during any period of default hereunder, and without waiver of such default, to collect said rents, issues and profits by any lawful means, and to apply the same, less costs and expenses of collection, to any indebtedness secured hereby.

FOR THE PURPOSE OF SECURING:

- (1) payment of the sum of \$146,992.00, according to the terms of a promissory note of even date herewith made by Trustor, payable to order of Beneficiary, and all extensions or renewals thereof;
- (2) the performance of each agreement of Trustor incorporated herein by reference or contained herein;
- (3) payment of such additional sums which may hereafter be loaned to Trustor by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

AND THIS INDENTURE FURTHER WITNESSETH:

- 1. Trustor agrees to properly care for and keep said property in good condition and repair; to complete in a good and workmanlike manner any building which may be constructed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws, ordinances and regulations relating to any alterations or improvements made thereon; not to commit or permit any waste thereof; not to commit, suffer or permit any act to be done in or upon said property in violation of any law, ordinance, regulation, condition or restriction affecting said property;
- 2. Trustor agrees to pay and discharge all costs, fees and expenses of this trust incurred in connection with any default by Trustor. Trustor agrees to pay, at least ten days before delinquency all taxes and assessments affecting said property.
- 3. As additional security, Trustor hereby gives up and confers upon Beneficiary the right, power and authority, during the continuance of this trust, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby, or in the performance of any obligation or agreement hereunder, to collect and retain such rents, issues and profits thereof as they become due and payable. Upon any such

default, Beneficiary may at any time, without notice, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness secured hereby, enter upon and take possession of said property, or any part thereof, in its own name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness or obligation secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, or any part thereof, the collection of such rents, issues and profits, or the applications thereof as aforesaid, shall not cure or constitute a waiver of any default or notice of default hereunder, or invalidate any act done pursuant to such notice.

4. Trustor promises and agrees that if, during the existence of this trust, there be commenced or pending any suit or action affecting said property, or any part thereof, or the title thereto, or if any adverse claim for or against said property, or any part thereof, be made or asserted, he will appear in and defend any such matter purporting to affect the security and will pay all costs and damages arising because of such action.

5. Any award of damages in connection with any condemnation for public use of, or injury to said property, or any part thereof, is hereby assigned and shall be paid to Beneficiary, who shall apply said award against the principal and interest owing on the promissory note in connection with this Deed of Trust.

6. Trustee shall be under no obligation to notify any party hereto of any pending sale of said property, whether such sale is by foreclosure or otherwise, or of any action or proceeding in which Trustor or Beneficiary or Trustee shall be a party, unless brought by Trustee.

7. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment, when due, of all other sums so secured, or to declare default, as herein provided, for failure to so pay.

8. At any time, and from time to time, without liability therefor, and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, or the effect of this Deed of Trust upon the remainder of said property, Trustee may: reconvey any part of said property; consent in writing to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or subordination agreement in connection herewith.

9. Upon receipt of written request from Beneficiary, reciting that all sums secured hereby have been paid and upon surrender of this Deed of Trust and the note secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto".

10. Should Trustor default in the payment of any indebtedness secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein

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by reference, Beneficiary may declare all sums secured hereby immediately due and payable. Any default in the payment of any indebtedness secured by the first Deed of Trust upon the subject property to which this Deed of Trust is subordinate, or in the performance of any of the covenants and agreements contained in said first Deed of Trust, or incorporated therein by reference, shall be deemed to be a default under the terms and conditions of this Deed of Trust, and Beneficiary may declare all sums secured hereby immediately due and payable.

11. The following covenants, Nos. 1, 3, 4 (interest, 10%), 5, 6, 7 (counsel fees - a reasonable percentage), 8, and 9 of Nevada Revised Statutes 107.030, are hereby adopted and made a part of this Deed of Trust.

12. Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

13. 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. It is expressly agreed that the Trust created hereby is irrevocable by Trustor.

14. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law, reserving, however, unto the Trustee, the right to resign from the duties and obligations imposed herein whenever Trustee, in its sole discretion, deems such resignation to be in the best interest of the Trustee. Written notice of such resignation shall be given to Trustor and Beneficiary.

15. Beneficiary may, from time to time, as provided by statute, or by a writing, signed and acknowledged by them and recorded in the office of the county recorder of the county in which said land, or such part thereof as is then affected by this Deed of Trust, is situated, appoint another Trustee in place and stead of Trustee herein named, and thereupon, the Trustee herein named shall be discharged and Trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.

16. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and neuter gender, and the singular number includes the plural. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

17. Trustor and beneficiary agree as follows:

So long as the Trustee has not received from the Beneficiary a request to prepare a Notice of Default, partial reconveyance may be had from time to time and will be given from time to time from the lien or charge hereof on portions of the herein described property upon demand of the Trustor herein and in the order that the Trustor so directs, provided:

A. After the payment by the Trustor to Beneficiary of the sum of \$77,364.00 as required by the note secured hereby, Trustor is entitled to a partial reconveyance of lots of Sunset Park Subdivision to be selected by the Trustor in accordance with the terms and conditions hereinafter set forth:

(i) One (1) lot of that certain subdivision known as Sunset Park Subdivision shall be reconveyed for each

\$1,934.11 plus interest at the rate of ten percent (10%) per annum from JUNE 6, 1986, to the date of close of escrow of each lot sold of said subdivision, as required by the note secured hereby, said sum of \$1,934.11 plus interest thereon to be paid by Trustor to or for the credit of Beneficiary on account of the purchase price of the subject property.

(ii) For each one (1) lot to be reconveyed the Trustor shall deposit with the Trustee for the credit of Beneficiary cash equal to \$1,934.11 plus interest of ten percent (10%) on said sum of \$1,934.11 for each lot to be reconveyed. The Trustee shall pay all sums received for the credit of the Beneficiary without the waiting for the designation of property to be reconveyed. All such payments for lots to be reconveyed shall be applied as follows: \$1,934.11 shall be applied against the unpaid principal of the note secured by this Deed of Trust with the balance being applied to the unpaid interest of said note.

B. The lot to be reconveyed shall be certified to by a licensed surveyor or registered engineer and the legal description thereof shall be furnished by said surveyor or licensed engineer, who shall also certify that the property so described complied with the requirements listed above for the reconveyance of property subject to the lien or charge hereof. The Trustee shall in no way be held liable for the accuracy thereof. The Beneficiary shall not be liable in any manner whatsoever for any costs incurred in obtaining any reconveyance.

C. Beneficiary does hereby authorize and direct Trustee hereunder to automatically release from the lien or charge of the Deed of Trust any of the property concerned hereunder, provided that the release is based upon the receipt by Trustee of the sum of \$1,934.11 plus ten percent (10%) on said sum per lot as set forth above and provided further the Trustee has received the necessary certification from a licensed surveyor or registered engineer. Partial reconveyances shall be granted within five (5) business days following a request which is appropriate in form and context.

18. Should Trustor fail to pay any of the obligations or to perform any of the agreements, covenants or conditions herein contained, Beneficiary or Trustee may, without notice to or demand upon, and without releasing Trustor from any obligation hereunder, pay any of such obligations or perform or cause to be fulfilled any of such agreements, covenants or conditions, including, but not limited to, the following: pay or compromise any taxes, assessments, liens, encumbrances, charges or claims against the property hereby conveyed, or any part thereof; cause the title to be searched or obtain title insurance; appear in, defend or settle any action or proceeding purporting to affect the security hereof, or any of the property hereby conveyed, or the rights, powers and duties of Beneficiary or Trustee. In exercising any of the rights or powers herein granted, Beneficiary or Trustee may employ counsel, and incur and pay necessary costs and expenses, including the cost of any title search or title insurance, and counsel fees, in a reasonable amount. All sums expended, paid or advanced by Beneficiary or Trustee, under the provisions of this Deed of Trust, shall be immediately repayable by Trustor upon demand, shall bear interest at the rate of ten percent (10%) per annum until paid, and shall, with the interest thereon, be secured by this Deed of Trust.

19. So long as the Trustee has not received from the Beneficiary a request to prepare a Notice of Default and concurrently with the payment by Trustor to Beneficiary of the principal sum of SEVENTY-SEVEN THOUSAND THREE HUNDRED SIXTY-FOUR DOLLARS (\$77,364.00) as required by the note secured hereby,

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Beneficiary shall hypothecate by deed of trust, mortgage or other written instrument which may be required by any lender below described, the interest of Beneficiary to said real property for the following purposes:

A. To enable Trustor to obtain a loan or loans, the proceeds of which will be used by Trustor to construct residences and other improvements on all or any part of said real property, such loan or loans being referred to as "construction loan" or "interim loan."

B. As used herein, the following terms shall have the following meanings:

(i) "Construction loan" and "interim loan" shall mean the loan obtained to finance the cost of construction of the residences and other improvements.

(ii) "Cost of construction" shall mean all costs of constructing the residences and other improvements and all indirect costs of construction, including, but not limited to architect's, engineer's and surveyor's fees; overhead costs of Trustor, insurance premiums, interest, loan fees and points, brokerage charges, and title and escrow expenses.

C. Such encumbrance by the Beneficiary shall be made subject to the following conditions:

(i) There shall be no more than one mortgage or deed of trust constituting a lien on the interest of Beneficiary at any time with respect to any portion of said real property without the permission of Beneficiary; and,

(ii) Trustor shall bear all fees, costs and charges incurred in connection with the financing above described; and,

(iii) The lender shall agree to give notice to Beneficiary of any default by Trustor under any such loan or loan agreement; and

(iv) The appropriate loan documents shall provide that after receipt of notice of default from any lender, Beneficiary shall have the right (but shall not be obligated) to cure any such default. If, in curing such default, Beneficiary shall be required to pay any sum or sums of money, said sum or sums of money shall be immediately due and owing to Beneficiary by Trustor as an additional advance under this Deed of Trust, and

(v) The written instruments executed in connection with any such loan shall provide that in the event of default thereunder by Trustor, Beneficiary shall, at its option, be entitled, by curing such default of Trustor, to become subrogated to the position of Trustor; and, in such event, any prohibition in such loan documents against assignment, or any provisions therein providing for the acceleration of the maturity date of the loan shall not apply as against Beneficiary by reason of Beneficiary succeeding to the position of Trustor pursuant to such subrogation; and,

(vi) The loan to which Beneficiary is required to subordinate shall be in a principal amount not exceeding \$3,000,000.00, shall have a term not exceeding eighteen months, and shall bear interest at a rate not exceeding fifteen percent (15%) per annum.

D. Beneficiary agrees to execute and deliver any and all documents, including a mortgage or deed of trust, which may be required by any lender in order to hypothecate the interest of Beneficiary in and to the real property as a first lien, provided that no such document shall obligate Beneficiary personally to repay any indebtedness secured thereby, and all such documents shall so specifically provide.


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

NEVADA ENVIRONMENTAL SERVICES
& OPERATIONAL MANAGEMENT, INC.,
Trustor,

BY: Roy H. Hibdon
ROY H. HIBDON, President

STATE OF NEVADA)
 : ss.
COUNTY OF WASHOE)

On this 5TH day of JUNE 1986, before me, the undersigned Notary Public, personally appeared ROY H. HIBDON, known to me to be the President of NEVADA ENVIRONMENTAL SERVICES & OPERATIONAL MANAGEMENT, INC., a Nevada corporation, that executed this instrument, and acknowledged that the corporation executed it.

 DONALD S. ALLEN
Notary Public - State of Nevada
Appointment Recorded In Washoe County
MY APPOINTMENT EXPIRES MAR. 10, 1990

Donald S. Allen
NOTARY PUBLIC

A PARCEL OF LAND LOCATED IN THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION FOUR, TOWNSHIP 12 NORTH, RANGE 20 EAST, M.D.M., DOUGLAS COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION FOUR, THENCE SOUTH 53° 30'59" WEST, 4,404.37 FEET, TO THE SOUTHWEST CORNER OF THE DOUGLAS COUNTY PARK PARCEL, WHICH IS ON THE SOUTHERLY BOUNDARY OF THE FORMER LAMPE RANCH; THENCE NORTH 6° 53'57" WEST, 50.36 FEET, TO THE TRUE POINT OF BEGINNING, WHICH IS THE SOUTHEAST CORNER OF THE PARCEL; THENCE SOUTH 89° 57'09" WEST, 340.28 FEET, ALONG THE NORTHERLY RIGHT OF WAY LINE OF PROPOSED WATERLOO LANE, TO A POINT; THENCE WEST, 358.99 FEET, ALONG SAID NORTHERLY RIGHT OF WAY OF LINE OF WATERLOO LANE, TO THE SOUTHWEST CORNER OF THE PARCEL; THENCE NORTH 8° 13'39" WEST, 431.01 FEET, ALONG THE CENTER OF A TEN FOOT WIDE EASEMENT FOR AN IRRIGATION DITCH, TO THE NORTHWEST CORNER OF THE PARCEL; THENCE NORTH 83° 13'41" EAST, 117.69 FEET, ALONG THE SOUTHERLY BOUNDARY OF THE LAMPE HOMESTEAD PARCEL, TO A POINT; THENCE EAST, 590.82 FEET, TO THE NORTHEAST CORNER OF THE PARCEL; THENCE SOUTH 6° 53'57" EAST, 443.38 FEET, ALONG THE WESTERLY BOUNDARY OF THE DOUGLAS COUNTY PARK PARCEL, TO THE TRUE POINT OF BEGINNING.

SUBJECT TO A NON-EXCLUSIVE EASEMENT, FIFTY FEET IN WIDTH FOR PUBLIC ROAD AND UTILITIES THE CENTERLINE OF WHICH IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH BOUNDARY OF THE PARCEL OF LAND DESCRIBED ABOVE, SAID POINT OF BEGINNING BEING 35 FEET DISTANT FROM, MEASURED PERPENDICULAR TO AND WESTERLY OF, THE EAST BOUNDARY OF THE PARCEL OF LAND DESCRIBED ABOVE; AND RUNNING THENCE NORTHERLY 35 FEET DISTANT FROM AND PARALLEL TO SAID EAST BOUNDARY TO THE BEGINNING OF A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 40 FEET, SAID CURVE TO END AT A POINT WHERE ITS TANGENT IS PARALLEL TO AND 25 FEET DISTANT FROM, MEASURED PERPENDICULAR TO AND SOUTHERLY OF, THE NORTH BOUNDARY OF THE PARCEL OF LAND DESCRIBED ABOVE; AND RUNNING THENCE ALONG THE ABOVE DESCRIBED CURVE TO ITS END; AND RUNNING THENCE WESTERLY, 25 FEET DISTANT FROM AND PARALLEL TO, SAID NORTH BOUNDARY TO ITS TERMINUS 170 FEET DISTANT FROM, MEASURED PERPENDICULAR TO AND WESTERLY OF, THE EAST BOUNDARY OF THE PARCEL OF LAND DESCRIBED ABOVE. THE SIDE LINES OF THE ABOVE DESCRIBED EASEMENT TO BE SHORTENED OR LENGTHENED TO END IN A LINE THROUGH THE TERMINUS DESCRIBED ABOVE AND PARALLEL TO THE EAST BOUNDARY OF THE ABOVE DESCRIBED PARCEL OF LAND.

EXHIBIT "A"

REQUESTED BY
LAWYERS TITLE
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'86 JUN -5 P3:21

SUZANNE BEAUBREAU
RECORDER

\$ 11.00 PAID MM DEPUTY

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