

Recordation Requested By And
When Recorded, Mail To:

Deauville Savings and
Loan Association
10100 Santa Monica Boulevard
Fifth Floor
Los Angeles, California 90067
Attention: Martin Lipsic, Esq.

34452C-50

DEED OF TRUST, FINANCING STATEMENT
AND SECURITY AGREEMENT
(With Assignment of Rents)

THIS DEED OF TRUST, FINANCING STATEMENT AND SECURITY AGREEMENT SECURES A NOTE WHICH PROVIDES FOR AN ADJUSTABLE INTEREST RATE, A BALLOON PAYMENT AT MATURITY, AND THE ACCRUAL OF INTEREST WHICH COULD RESULT IN THE OUTSTANDING PRINCIPAL BALANCE BEING IN EXCESS OF THE ORIGINAL PRINCIPAL AMOUNT OF THE NOTE OF TWO MILLION THREE HUNDRED THOUSAND DOLLARS (\$2,300,000).

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THIS DOCUMENT IS ALSO A FIXTURES FILING IN ACCORDANCE WITH SECTION 9402 ~~(2)~~ OF THE UNIFORM COMMERCIAL CODE.

(2)
THIS DEED OF TRUST, FINANCING STATEMENT AND SECURITY AGREEMENT (the "Deed of Trust") is made this 14th day of August, 1986, by and between Herbert M. Gelfand ("Trustor"), whose address is 9171 Wilshire Boulevard, Suite 627, Beverly Hills, CA 90210, LAWYERS TITLE INSURANCE CORPORATION, a Virginia corporation ("Trustee"), and DEAUVILLE SAVINGS AND LOAN ASSOCIATION, a California corporation ("Beneficiary").

W I T N E S S E T H

WHEREAS, for value received, Trustor has executed and delivered to Beneficiary Trustor's promissory note of even date herewith payable to Beneficiary in the principal amount of Two Million Three Hundred Thousand Dollars (\$2,300,000) and Trustor has agreed to execute and deliver to Beneficiary as security for the payment of said note and any and all extensions, substitutions, replacements, rearrangements, modifications, and/or renewals thereof (the "Note"), a Deed of Trust, Financing Statement and Security Agreement (With Assignment of Rents) respecting the Property (as hereinafter defined).

NOW, THEREFORE, Trustor, in order to secure repayment of (i) all indebtedness evidenced by the Note with interest, according to its tenor and effect, and (ii) the performance and observance by Trustor of all covenants, conditions and agreements herein contained, does hereby irrevocably grant, transfer, assign and pledge to Trustee in trust, with power of sale and right of entry and possession as provided below, all of Trustor's present and

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future estate, right, title and interest in and to the following described property (the "Property"):

(A) The real property described in the attached Exhibit A which is incorporated into this Deed of Trust by reference, and all minerals, oil, gas and other hydrocarbon substances on said real property, as well as all development rights, air rights, water, water rights, and water stock relating to said real property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the real property, including but not limited to, all apparatus, equipment and appliances used in connection with the operation or occupancy of said real property, or in any development of said real property, such as heating and air-conditioning systems and facilities used to provide any utility services, refrigeration, ventilation, laundry, drying, dishwasher, garbage disposal, recreation or other services on said real property, and all window coverings, drapes and rods, carpeting and floor coverings, it being intended and agreed that all such items will be conclusively considered to be a part of the real property conveyed by this Deed of Trust, whether or not attached or affixed to said real property (the "improvements").

(C) All appurtenances of the real property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to said real property.

(D) All of the rents, royalties, profits and income of the real property, and all rights of Trustor under all present and future leases affecting said real property, including but not limited to, any security deposits.

(E) All proceeds, including insurance proceeds, and claims arising on account of any damage to or taking of the real property and all causes of action and recoveries for any loss or diminution in value of said real property.

Trustor also grants to Beneficiary a security interest in:

(F) All existing and future goods, including without limitation, any and all fixtures, that are now or in the future owned by Trustor and used in the operation or occupancy of the real property or in any development of said real property but that are not effectively made real property under clause (B) above, including, but not limited to, all appliances, furniture and furnishings, building service equipment and building materials, supplies and equipment and the proceeds, including insurance proceeds, thereof.

(G) All general intangibles relating to the development or use of the real property, or the management and operation of any business thereof, including but not limited to, all governmental permits relating to construction on the real property, all names under or by which the real property or any of the improvements may

at any time be operated or known and all rights to carry on business under any such names or any variant thereof, and all trademarks and good will in any way relating to the real property, and the proceeds, including insurance proceeds of any or all of the foregoing.

(H) All water stock relating to the real property and all proceeds, including insurance proceeds thereof; and all shares of stock or other evidence of ownership of any part of the real property that is owned by the Trustor in common with others, and all documents of membership in any owners' or members' association or similar group having responsibility for managing or operating any part of the real property, and the proceeds, including insurance proceeds, thereof.

(I) All plans and specifications prepared for construction of improvements on the real property and all studies, data, and drawings related thereto; and all contracts and agreements of the Trustor relating to the aforesaid plans and specifications or to the aforesaid studies, data, and drawing or to the construction of improvements on the real property, and the proceeds, including insurance proceeds, of all of the foregoing.

This instrument secures:

One. Payment by Trustor of an indebtedness of Two Million Three Hundred Thousand Dollars (\$2,300,000) plus interest thereon according to the terms of the Note, which Note is made a part hereof and incorporated herein by this reference; and the performance and discharge of each and every obligation, covenant and agreement of Trustor contained in the Note and this Deed of Trust.

Two. Payment by Trustor of such additional sums with interest thereon as may hereafter be loaned by Beneficiary to Trustor (including without limitation all sums loaned for the improvement, modification, conversion, rehabilitation, construction, renewal, replacement or refinement of the Property or any part thereof) when evidenced by a promissory note (or notes) of Trustor reciting by its terms that it is secured hereby.

Three. The performance and discharge of each and every obligation, covenant and agreement of Trustor contained herein.

Four. Payment by Trustor of all other sums with interest thereon becoming due or payable under the provisions hereof to either Trustee or Beneficiary.

Five. Payment by Trustor of all taxes and assessments levied against the Property.

Six. Performance and discharge of each and every obligation, covenant and agreement of Trustor contained in any and all pledges, agreements, security agreements, supplemental agreements or other

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instruments of security executed by Trustor as of even date herewith or at any time subsequent to the date hereof for the purpose of further securing any indebtedness hereby secured, or any part thereof, or any further advancements or further or additional loans of any sums hereafter made by Beneficiary to Trustor during the continuance of these trusts and secured hereby, or for the purpose of supplementing or amending this Deed of Trust or any instrument secured hereby.

Seven. The payment, performance and discharge of each and every obligation, covenant and agreement of Trustor under this Deed of Trust and the Note, and under all other present and future agreements executed by Trustor in favor of Beneficiary relating to the indebtedness evidenced by the Note.

To protect the security of this Deed of Trust, Trustor agrees:

1. To pay the principal and interest and other charges payable under the Note according to its terms.

2. To pay when due: (a) all taxes and assessments affecting the Property, including assessments on appurtenant water stock, and any accrued interest, cost and/or penalty thereon and to submit copies of receipts therefor to Beneficiary no more than thirty (30) days following payment; (b) all encumbrances (including any debt secured by deed of trust), ground rents (including the rent and other charges payable by Trustor as lessee under any ground lease), liens and/or other charges, with interest, on the Property or any part thereof; (c) all charges for utilities or services including but not limited to electricity, gas and water; and (d) all costs, fees and expenses of this Deed of Trust, including cost of evidence of title and Trustee's fees and reasonable attorneys' fees in connection with sale, whether completed or not, which amounts shall become due upon delivery to Trustee of a declaration of default and demand for sale, as hereinafter provided.

3. After any default hereunder and upon written notice from Beneficiary, to pay to Beneficiary each month, together with and in addition to any regular installments of principal and/or interest due under the Note, until the indebtedness secured hereby is paid in full, an amount estimated by Beneficiary to be necessary to enable Beneficiary to pay prior to delinquency all taxes, assessments and other similar charges against the Property, including any amounts which may become payable by Trustor pursuant to Paragraph 19 below, and premiums for the policies of insurance required by Paragraph 5 below. Beneficiary shall not be obligated to pay interest on any such sums. No portion of the sums so deposited shall be considered to constitute funds deposited in trust with Beneficiary and/or its servicing agent, and such sums may be commingled with other accounts held by Beneficiary. Trustor shall deliver to Beneficiary, upon demand of Beneficiary, such sums as are necessary to enable Beneficiary to pay such taxes, assessments, insurance premiums and similar charges. If there

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shall be a default under any of the provisions of the Deed of Trust resulting in a private or public sale of the Property or if the Beneficiary acquires the Property otherwise after default, the Beneficiary shall apply at the time of the commencement of such proceeding or at the time the Property is otherwise acquired, the balance then remaining in the funds accumulated under this Paragraph 3, as a credit against the amount of principal remaining unpaid under the Note.

4. Should Trustor fail or refuse to make any payment or do any act which it is obligated hereunder to make or do, at the time and in the manner herein provided, then Beneficiary, or Trustee upon written instructions from Beneficiary (the legality thereof to be determined solely by Beneficiary), may, during the existence of a default, without notice to or demand upon Trustor, without releasing Trustor from any obligation hereunder and without waiving its right to declare a default as herein provided or impairing any declaration of default or election to cause the Property to be sold or any sale proceeding predicated thereon: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary and Trustee being authorized to enter upon and take possession of the Property for such purposes; (b) commence, appear in and/or defend any action or proceedings purporting to affect the security hereof, and/or any additional or other security for the obligations secured hereby, the interest, rights, powers and/or duties of Trustee and/or Beneficiary hereunder, whether brought by or against Trustor, Trustee or Beneficiary; and (c) pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of either Trustee or Beneficiary may affect or appear to affect the security of this Deed of Trust, the interest of Beneficiary or the rights, powers and/or duties of Trustee and/or Beneficiary hereunder.

5. Trustor shall keep the improvements now existing or hereafter erected on the Property and all fixtures and personal property that are security for payment of the indebtedness insured under insurance policies in form and substance satisfactory to Beneficiary, issued by companies satisfactory to Beneficiary, with loss payable to Beneficiary and including extended coverage against loss or damage by fire, and such other hazards, casualties and contingencies in such amounts and for such periods as may be required by Beneficiary. In the event of damage to or destruction of the Property by an insured cause, Beneficiary shall release the insurance proceeds to Trustor for the purpose of effecting repairs or restoration unless, in the reasonable opinion of Beneficiary, the security of this Deed of Trust would thereby be impaired. Trustor shall also obtain liability insurance in form and amount reasonably satisfactory to Beneficiary. Such insurance policies shall contain a non-contributing mortgagee clause (in favor of and entitling Beneficiary to collect any and all proceeds payable under all such insurance), and a waiver of subrogation endorsement, both in form acceptable to the Beneficiary and in amounts sufficient to prevent Trustor and/or Beneficiary from becoming a co-insurer of

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any loss. In no event shall the amount of insurance be less than full replacement cost of the Property, excluding land value, foundations, and excavation costs. Beneficiary reserves the right to require a higher amount of insurance if necessary to conform to the requirements of the occupancy of the Property, any leases of the Property, or for other reasons. Trustor shall also purchase and maintain full rent loss insurance, on terms and conditions satisfactory to Beneficiary, and with companies satisfactory to Beneficiary, with Beneficiary as loss payee, in an amount equal to not less than the amount necessary to pay debt service, expenses and taxes on the Property for a period of twelve (12) months. The proceeds of such insurance shall be assigned to Beneficiary and shall be used to pay taxes, expenses, and debt service on the Property until the improvements have been restored and placed in operation at which time the balance of such proceeds shall be paid to Trustor if Trustor is not in default hereunder. All such insurance policies (or evidence thereof as is satisfactory to Beneficiary) and renewals thereof shall be delivered to and held by the Beneficiary. If Trustor fails to provide such policies (or such other evidence thereof as is satisfactory to Beneficiary) then Beneficiary may, at its option, procure such insurance on behalf of Trustor and any sums paid for such insurance shall be immediately reimbursed to Beneficiary by Trustor. Trustor shall not carry separate insurance concurrent in kind or form or contributing in the event of loss, with any insurance required hereunder. In the event of a change in ownership or the character of occupancy of the Property, Trustor shall deliver immediate notice to the Beneficiary. The Trustor hereby authorizes the Beneficiary at its option to collect, adjust and compromise any losses under any of the insurance aforesaid and after deducting costs of collection to apply the proceeds as its option as follows: (a) as a credit upon any portion, as selected by Beneficiary, of the indebtedness secured hereby, or (b) to restoring the improvements, in which event the Beneficiary shall not be obligated to see to the proper application thereof nor shall the amount so released or used be deemed a payment on any indebtedness secured hereby, or (c) to deliver same to the owner of the Property. In the event of foreclosure of this Deed of Trust, or other transfer of title to the Property in extinguishment of the indebtedness secured hereby, all rights, title and interest of the Trustor, in and to any insurance policies then in force which are attributable to the property, shall pass to the purchaser or grantee. All insurance policies required by this paragraph shall provide for at least ten (10) days written notice to Beneficiary of cancellation for any reason including nonpayment of premiums.

6. Trustor shall keep all buildings and improvements which now are or shall hereafter be erected upon the Property in good and tenantable condition and repair, shall neither commit nor permit waste thereof, and shall neither remove nor demolish nor alter nor impair the design or structural character of any building or improvement now existing or which hereafter may be erected upon the Property unless Beneficiary shall first consent thereto in writing. Should Trustor fail so to do, during the existence of a default, Beneficiary may at its option make advisable or necessary

repairs or remedy any waste and Beneficiary, acting through its employees, agents or attorneys, is hereby authorized to enter upon and take possession of the Property for such purpose.

7. Trustor shall pay when due all claims for labor performed and materials furnished on the Property and shall keep the Property free of mechanic's and materialmen's liens.

8. Trustor shall pay to Trustee and to Beneficiary, respectively, immediately and without demand, all amounts and sums of money which they shall respectively pay or expend pursuant to the provisions, or any of them, herein contained, together with interest upon each of said amounts from the date of expenditure until paid at the Note Rate (as defined in the Note), but not in excess of the maximum rate, if any, permitted to be charged by Beneficiary under applicable law, and if not so repaid by Trustor, all sums advanced or expended by Trustee or Beneficiary pursuant to the provisions hereof, together with said interest, shall be added to the debt and secured hereby.

9. Trustor shall comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property, and Trustor shall not suffer or permit any act to be done in or upon the Property in violation thereof.

10. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon Trustor's payment of Trustee's fees, Trustee shall reconvey, without warranty, the estate in the Property then held by Trustee. The grantee in such reconveyance may be designated and described as the "person or persons legally entitled thereto," or by other appropriate terms. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

11. In the event of default in the payment of the Note or any installment of interest and principal or interest or principal when due according to the terms of the Note or any agreement extending or modifying the Note, or in the payment of any of the other monies herein agreed to be paid or of any interest thereon, or in the performance of any of Trustor's obligations, promises or agreements hereunder or pursuant to any note, deed of trust, mortgage, lease or other agreement affecting the Property or in the event that proceedings be instituted by or against the then owner of the Property under any bankruptcy or insolvency law (except for an involuntary proceeding which is dismissed within sixty (60) days from the filing thereof), or in the event foreclosure of any lien shall be commenced, any of which shall constitute a breach of agreement and an event of default hereunder, then, at its option, Beneficiary may declare the entire unpaid balance of the indebtedness secured hereby immediately due and payable by delivery to Trustee of a written declaration of default and demand for sale and a written notice of default and of election to cause to be sold the Property, which latter notice Trustee shall cause to be duly filed for record.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. If the Property consists of several known lots or parcels, Beneficiary may designate the order in which such parcels shall be sold or offered for sale. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale. Trustor hereby expressly waives any right it may have, including any unqualified statutory right, to direct the order of sale of any such lots or parcels.

Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may, if allowed to do so by statute, 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; provided, however, that the sale or any postponement thereof must be made at the place fixed by the original notice of sale.

12. Trustee, after making such sale, and upon receipt of the purchase price, shall make, execute and deliver to the purchaser or purchasers its deed or deeds conveying the Property so sold, but without any covenant or warranty express or implied, and shall apply the proceeds of sale thereof to payment, firstly, of the expenses of such sale, together with the reasonable expenses of this Trust, including Trustee's fees and cost of evidence of title in connection with sale and revenue stamps on Trustee's deed; secondly, of all monies paid, advanced or expended by Beneficiary under the terms hereof, not then repaid, together with the interest thereon as herein provided; thirdly, of the amount of the principal and interest on the Note then remaining unpaid; and lastly, the balance of surplus, if any, of such proceeds of sale to the person or persons legally entitled thereto, upon satisfactory proof of such right.

13. In the event of a sale of the Property, or any part thereof, and the execution of a deed or deeds therefor under these trusts, the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof and of the fact that said sale was regularly and validly made in accordance with all requirements of the law of the State of Nevada and of this Deed of Trust; and any such deed or deeds, with such recitals therein, shall be effectual and conclusive against Trustor and all other persons; 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 obligations to see to the proper application of the purchase money in accordance to the trusts aforesaid.

14. As additional security, Trustor hereby absolutely and unconditionally assigns, transfers, grants to and confers upon Beneficiary the right, power and authority, during the continuance of these trusts, to collect the rents, issues and profits of the Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any part of the indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. In case default be made in payment of any part of the indebtedness secured hereby or in performance of any of Trustor's obligations, promises or agreements herein contained, then Beneficiary shall be entitled at any time during the continuance of any such default, and without notice, in its sole discretion, either by its agents, attorneys, employees, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, to enter upon and take possession of the Property and every part thereof, exclude Trustor therefrom, to do and perform any acts of repair that Beneficiary may deem necessary or proper to conserve the value thereof, to sue, operate, manage and control the Property and rent or lease the same or any part thereof for such rental and upon such terms and conditions as its judgment may dictate, and in its own name to profits thereof, including those past due and unpaid as well as those accruing thereafter. In order that the powers in this paragraph contained may be given full force and effect, Trustor further agrees that Beneficiary may also take possession of, and for these purposes use, any and all personal property contained in the Property and used by Trustor in the rental or leasing of the Property or any part thereof. Beneficiary may apply all such rents, issues and profits collected or received by it (less costs and expenses incurred in taking possession of operation and collection, including reasonable attorneys' fees, reasonable compensation paid to any agent appointed by Beneficiary and any receiver's fees) upon any portion of the indebtedness secured hereby, and in such order as Beneficiary may determine. Neither the entering upon and taking possession of the Property, nor the collection of such rents, issues and profits and the application thereof as aforesaid, shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice; nor shall the exercise of this right and power by Beneficiary be construed to be an affirmation by it of any tenancy, lease or option theretofore existing or a subordination of the lien of this Deed of Trust thereto. The right to take such possession and collect such rents, issues and profits shall be cumulative to the right and remedy to declare a default and to cause notice of default to be recorded, and cumulative to any other right or remedy provided herein or at law or in equity, and may be exercised concurrently or independently.

15. All judgments, awards of damages and settlements hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of or for any damage to the Property or the improvements thereon or any part thereof are hereby assigned and shall be paid to Beneficiary. Trustor agrees to

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execute such further assignments of any such award, judgment or settlement as Beneficiary may require and to deliver Beneficiary all proceeds of any such award, judgment or settlement which may be received by Trustor. Beneficiary may apply any and all such sums on any portion of the indebtedness selected by it, whether then matured or subsequently to mature; or, at its option, the entire amount so received by it or any part thereof may be released to Trustor. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice; nor shall Beneficiary be held responsible for any failure to collect any award; nor shall anything in this section affect the liability of Trustor for payment of the entire balance of the debt secured hereby.

16. Without affecting the personal liability of any person, including any Trustor (other than any person released pursuant hereto), for the payment of the indebtedness secured hereby, and without affecting the lien of this Deed of Trust for the full amount of the indebtedness remaining unpaid upon any property not reconveyed pursuant hereto, Beneficiary and Trustee are respectively authorized and empowered as follows: Beneficiary may, at any time and from time to time, either before or after the maturity of the Note, and with notice: (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, (d) release any property, real or personal, securing the indebtedness. Trustee may, without liability therefor and without notice, at any time and from time to time so long as the lien or charge hereof shall subsist, but only upon the written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement: (a) consent to the making of any map or plat of the Property, (b) join in granting any easement thereon or in creating any covenants restricting use or occupancy thereof, (c) reconvey, without warranty, any part of the Property, (d) join in any agreement extending or in any agreement subordinating the lien or charge hereof.

17. If the indebtedness secured hereby is now or hereafter further secured by security agreements covering personal property, deeds of trust, pledges, contracts of guaranty or other additional securities, Beneficiary may, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security hereunder and without waiving any breach or default or any right or power, whether exercised hereunder or contained herein or in any such security.

18. Acceptance by Beneficiary of any sum in payment or part payment of any portion of the indebtedness secured hereby

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after the same is due shall not constitute a waiver of Beneficiary's right to require prompt payment when due of all other sums secured hereby, nor shall such acceptance cure or waive any remaining default or waive any subsequent default or prejudice any of the rights of Beneficiary under this Deed of Trust.

19. In the event of the passage, after the date of this Deed of Trust, of any law deducting from the value of the Property for the purposes of taxation any lien thereon, or changing in any way the laws now in force for the taxation of deeds of trust or debts secured by deeds of trust, or the manner of the collection of any such taxes so as to affect this Deed of Trust, or imposing payment of the whole or any portion of any taxes, assessments or other similar charges against the Property upon the Beneficiary, then unless Trustor shall pay prior to delinquency such taxes, assessments, charges and all other costs to Beneficiary of such law, the indebtedness secured hereby shall immediately become due and payable at the option of the Beneficiary; provided, however, that if any such law shall impose a tax upon Beneficiary or increase any tax now payable by Beneficiary with respect to the Property or this Deed of Trust, such election by Beneficiary shall be ineffective if prior to the due date: (i) Trustor is permitted by law and can become legally obligated to pay such tax or the increased portion thereof (in addition to all interest and other charges payable hereunder and under the Note without exceeding the applicable limits imposed by the usury laws of the State of Nevada; (ii) Trustor does pay such tax or increased portion; and (iii) Trustor agrees with Beneficiary in writing to pay, or reimburse Beneficiary for the payment of, any such tax or increased portion thereof when thereafter levied or assessed against the Property or any portion thereof. The obligations of Trustor under such agreement shall be secured hereby.

20. Trustor shall not without first obtaining the written consent of Beneficiary thereto (i) consent to the cancellation or surrender of any lease of the Property or of any part thereof, now existing or hereafter to be made having an unexpired term of three (3) years or more unless Trustor has obtained a new lease upon at least as favorable terms as the lease being cancelled or surrendered, or unless the existing lease is in default and the cancellation or surrender is because of such default and Trustor shall not modify any such lease so as to shorten the unexpired term thereof, or so as to decrease the amount of the rent payable thereunder, and shall not receive or collect more than one (1) month rent in advance; (ii) remove any fixtures or equipment that are material to the security of this Deed of Trust without suitable replacements of at least equal value being immediately made and installed in the Property; and (iii) in any other manner impair, or threaten to impair, the value of the Property or the security of Beneficiary for the payment of the indebtedness hereby secured.

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21. Beneficiary shall be subrogated to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the loan secured by this Deed of Trust.

22. Beneficiary may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the successor Trustee's predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name and address of the new Trustee.

23. Beneficiary, by any authorized agent or employee, may at any reasonable time enter upon and inspect the Property.

24. Trustor has executed and delivered to Beneficiary, an Absolute Assignment of Leases and Rents in favor of Beneficiary. Trustor's nonperformance of any obligations thereunder shall be a default under this Deed of Trust, and all amounts owed by or due from Trustor under said document shall be a part of the indebtedness secured hereby.

25. Any remedy herein provided shall not be exclusive of any other remedy given by the terms hereof or now or hereafter existing at law or in equity, but shall be cumulative.

26. The failure by Beneficiary promptly to exercise any right, power, or remedy provided herein or at law or in equity shall not constitute a waiver of the same, nor shall Beneficiary thereby be stopped from later exercising such right, power, or remedy.

27. The invalidity of any one or more agreements, provisions, phrases, clauses, sentences, or paragraphs of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part thereof and this Deed of Trust shall be construed as if such invalid agreements, provisions, clauses, phrases, sentences, or paragraphs, if any, had not been inserted herein.

28. This Deed of Trust shall inure to and bind the heirs, legatees, devisees, administrators, executors, successors, and assigns of the parties hereto, and shall be so construed that wherever applicable with reference to any of the parties hereto, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, and the use of any gender shall include all genders. All obligations of Trustor hereunder are joint and several. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein.

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29. Trustor hereby requests that a copy of any Notice of Default and of any notice of sale hereunder be mailed to it at its address hereinbefore set forth.

30. This Deed of Trust and the rights, obligations, and indebtedness secured hereby shall be construed and enforced according to the laws of the State of Nevada.

31. For any statement regarding the obligation secured hereby, Beneficiary may charge the maximum amount permitted by law at the time of the request therefor.

32. Trustor understands that in advancing the funds evidenced by the Note, Beneficiary has relied to a material extent upon the business expertise and net worth of Trustor and upon the continuing interest which Trustor has in the property described herein and in Trustor, respectively. Accordingly, in the event that (i) Trustor shall, directly or indirectly, voluntarily or involuntarily sell, enter into a contract of sale, assign, transfer, lease with an option to purchase, dispose of, alienate or further encumber or agree to sell, enter into a contract of sale, assign, transfer, dispose of, alienate or further encumber or suffer to exist any other lien against all or any portion of or any interest in the Property, or change the character or use of the Property, or drill or extract, or enter into a lease for the drilling for or extraction of oil, gas or other hydrocarbon substance or any mineral of any kind on the Property, or (ii) Trustor or its general partners shall agree to do any of the foregoing acts, then, the same shall be deemed to increase the risk of Beneficiary and Beneficiary may then, or at any time thereafter, declare the entire indebtedness secured hereby immediately due and payable; provided, however, that Trustor shall have the right to transfer his interest on one (1) occasion only and only to an entity (the "Entity") in which: Trustor has (a) an interest of greater than fifty percent (50%) in the equity thereof and (b) the right to management and control thereof. In the event of such a transfer then in the event (i) the interest in the Entity of Trustor is assigned or transferred or (ii) Borrower's interest in the Entity is diluted in any manner whatsoever, or (iii) there shall be the subsequent issuance, sale, conveyance, transfer, disposition or encumbering, either voluntary or involuntary, of any capital stock of any corporate Entity, or (iv) Trustor, the general partners or directors of the Entity shall agree to do any of the foregoing acts, then, the same shall be deemed to increase the risk of Beneficiary and Beneficiary may then, or at any time thereafter, declare the entire indebtedness secured hereby immediately due and payable.

33. The Note and this Deed of Trust may each contain language on a given subject matter. When there are such provisions, all such provisions shall be read together to reach a consistent meaning. However, where a burden or obligation is placed upon Borrower in two or more provisions in the documents which may be inconsistent, the stricter or more burdensome provision shall control.

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34. Trustor shall not be deemed to be in "default" under this Deed of Trust until the expiration of the applicable cure period. In the event of a monetary default, Trustor shall be entitled to a cure period of fifteen (15) days beginning from the date such payment was due, to cure such default. In the event of a nonmonetary default, Trustor shall have thirty (30) days from the date of notice of such default to cure any nonmonetary default. If such nonmonetary default is not by its nature capable of cure within such thirty (30) days, then Trustor shall be entitled to extend such thirty-day cure period up to a maximum of an additional ninety (90) days provided it is proceeding reasonably and with due diligence during such period in completing such cure. Notwithstanding anything to the contrary contained herein the cure period from a nonmonetary default shall in no event extend beyond 120 days of the date of the first notice to Trustor of such nonmonetary default.

35. The Note which this Deed of Trust secures contains a negative amortization provision; thus, the principal balance outstanding under the Note may increase over time. The Note also contains provisions for adjustment of the rate of interest payable on the indebtedness evidenced thereby. In this connection, the Note provides as follows:

"1. Interest Rate.

During the term of this Note, interest shall accrue on the unpaid principal balance hereof at the "Note Rate," which shall mean the then applicable interest rate under this Note as provided in this paragraph. The beginning Note Rate shall be 10.875% per annum. On August 1 of each year during the term of this Note, the Note Rate shall be adjusted to an amount equal to the sum, rounded up to the nearest one-eighth percent (1/8%), of (i) the monthly weighted average cost of funds for FSLIC - Insured Savings and Loan Associations, Eleventh District, as made available by the Federal Home Loan Bank of San Francisco ("Bank") as of the 15th day of the month immediately preceding each adjustment date ("Index"), plus (ii) 2.5% per annum. If publication of the Index is discontinued, then the index published by the Bank which most nearly corresponds to the Index, in Lender's reasonable judgment, shall become the Index for determining the Note Rate hereunder.

2. Payments and Pay Rates.

(a) The period commencing with the date hereof and ending on July 31, 1987 is hereinafter referred to as the "First Loan Year" and each subsequent twelve (12) month period during the term of this Note is referred to as a "Loan Year."

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(b) On the disbursement date of funds under this Note, Borrower shall prepay to Lender the amount of interest at the beginning Note Rate that will accrue on the disbursed principal sum from said date through and including August 31, 1986.

(c) Commencing on October 1, 1986 and continuing on the first day of each calendar month thereafter during the First Loan year, Borrower shall make monthly payments on this Note in the amount of Twenty Thousand One Hundred Eight Four Dollars (\$20,184.00), which amount reflects a payment based upon a pay rate of 10% per annum over a 30 year-even amortization period on the original principal sum of this Note.

(d) Commencing on September 1, 1987 and continuing on the first day of each calendar month thereafter during the Second Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1987 over a twenty-nine (29) year amortization period at the Note Rate in effect on August 1, 1987.

(e) Commencing on September 1, 1988 and continuing on the first day of each calendar month thereafter during the Third Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1988 over a twenty-eight (28) year amortization period at the Note Rate in effect on August 1, 1988.

(f) Commencing on September 1, 1989, and continuing on the first day of each calendar month thereafter during the Fourth Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1989 over a twenty-seven (27) year amortization period at the Note Rate in effect on August 1, 1989.

(g) Commencing on September 1, 1990, and continuing on the first day of each calendar month thereafter during the Fifth Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1990 over a twenty-six (26) year amortization period at the Note Rate in effect on August 1, 1990.

(h) Commencing on September 1, 1991, and continuing on the first day of each calendar month thereafter during the Sixth Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1991 over a

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twenty-five (25) year amortization period at the Note Rate in effect on August 1, 1991.

(i) Commencing on September 1, 1992, and continuing on the first day of each calendar month thereafter during the Seventh Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1992 over a twenty-four (24) year amortization period at the Note Rate in effect on August 1, 1992.

(j) Commencing on September 1, 1993, and continuing on the first day of each calendar month thereafter during the Eighth Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1993 over a twenty-three (23) year amortization period at the Note Rate in effect on August 1, 1993.

(k) Commencing on September 1, 1994, and continuing on the first day of each calendar month thereafter during the Ninth Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1994 over a twenty-two (22) year amortization period at the Note Rate in effect on August 1, 1994.

(l) Commencing on September 1, 1995, and continuing on the first day of each calendar month thereafter during the Tenth Loan Year, Borrower shall make monthly payments on this Note in the amount that is sufficient to fully amortize the principal balance of this Note outstanding on August 1, 1995 over a twenty-one (21) year amortization period at the Note Rate in effect on August 1, 1995.

(m) On August 31, 1996 Borrower shall make the final installment payment to Lender on this Note, which shall include all unpaid principal and interest due (including all accrued interest added to principal under the terms of this Note).

(n) Any monthly installment increase or decrease required under the provisions of subparagraphs (d) through (l), inclusive, of this Paragraph 2 shall not exceed 7-1/2% of the monthly installment due during the Loan Year immediately previous to the effective date of the installment adjustment except for the installment adjustment pertaining to the Sixth Loan Year when the monthly payment shall be adjusted without the 7-1/2% limitation.

(o) All payments made on this Note shall be first applied to accrued and unpaid interest and then to the principal, except that if any additional sums have been advanced by Lender under the terms of any Security Instrument (defined below) and have not been repaid, such payment may, at the option of

Lender, be credited first to repay such advance and interest thereon. In the event that any monthly payment made under this Note is less than the amount of interest that has accrued at the Note Rate during the month immediately preceding such monthly payment, such unpaid accrued interest shall be immediately added to the unpaid principal balance of this Note and shall thereafter bear interest at the Note Rate; conversely, if such payment is more than said amount of interest which has accrued at the Note Rate, the excess portion of such payment shall be credited against the then unpaid principal balance of this Note without any prepayment penalty or premium.

(p) Notwithstanding anything to the contrary contained in this Note, if the unpaid principal balance of this Note shall at any time exceed 110% of the original principal sum of this Note (that is \$2,530,000), no further accrual of interest will be permitted hereunder and Borrower shall, commencing on the first day of the next calendar month and continuing thereafter throughout the term of this Note, make monthly payments to Lender in an amount sufficient to pay all interest that has accrued at the Note Rate during the immediately preceding calendar month."

37. (a) This Deed of Trust constitutes a Security Agreement with respect to all personal property in which Beneficiary is granted a security interest hereunder, and Beneficiary shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as well as all other rights and remedies available at law or in equity. Trustor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Trustor, to execute, deliver and, if appropriate, to file with the appropriate filing officer or office (all at Trustor's sole cost and expense) such security agreements, financing statements, continuation statements or other instruments as Beneficiary may request or require in order to impose, perfect or continue the perfection of, the lien or security interest created hereby. Upon the occurrence of any default hereunder, Beneficiary shall have the right to cause any of the Property which is personal property and subject to the security interest of Beneficiary hereunder to be sold at any one or more public or private sales as permitted by applicable law, and Beneficiary shall further have all other rights and remedies, whether at law, in equity, or by statute, as are available to secured creditors under applicable law. Any such disposition may be conducted by an employee or agent of Beneficiary or Trustee. Any person, including both Trustee and Beneficiary, shall be eligible to purchase any part or all of such property at any such disposition.

(b) Expenses of retaking, holding, preparing for sale, selling or the like shall be borne by Trustor and shall include Beneficiary's and Trustee's attorneys' fees and legal expenses. Trustor, upon demand of Beneficiary, shall assemble such personal property and make it available to Beneficiary at such place as shall be required by Beneficiary in Beneficiary's sole

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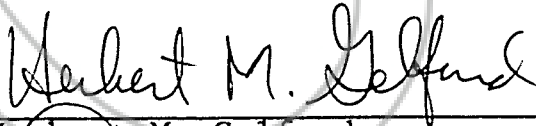
discretion. Beneficiary shall give Trustor at least five (5) days' prior written notice of the time and place of any public sale or other disposition of such personal property or of the time on or after which any private sale or any other intended disposition is to be made, and if such notice is sent to Trustor, as the same is provided for the mailing of notices herein, it is hereby deemed that such notice shall be and is reasonable notice to Trustor.

(c) Portions of the Property are goods which are or are to become fixtures relating to the real property, and Trustor covenants and agrees that the filing of this Deed of Trust in the real estate records of the county where the Property is located shall also operate from the time of filing as a fixture filing in accordance with Section 9313 of the Uniform Commercial Code.

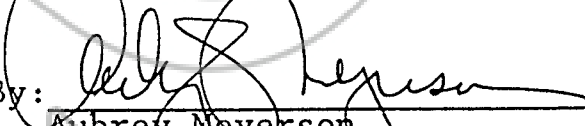
38. The term "Trustor" includes both an original Trustor and any subsequent owner or owners of any of the Property, and the term "Beneficiary" includes the original Beneficiary and also any future owner or holder, including the pledges and participants, of the Note or any interest therein.

38. No waiver of any default or breach by Trustor hereunder shall be implied from any omissions by Beneficiary to take action on account of such default if such default persists or is repeated and no express waiver shall affect any default other than the default specified in the waiver and any such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, terms or condition. The consent or approval by Beneficiary to or of any act or omission by Trustor requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar act.

"TRUSTOR"



Herbert M. Gelfand

By: 

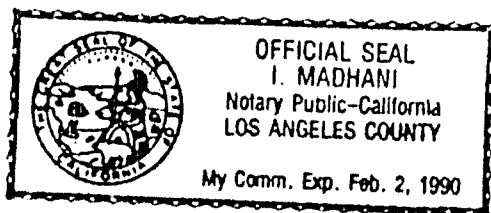
Aubrey Meyerson,
his attorney-in-fact

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On 8/14/86, before me, I. MADHANI
a Notary Public in and for said County and State, personally appeared Aubrey Meyerson, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as attorney-in fact on behalf of Herbert M. Gelfand who acknowledged to me that Herbert M. Gelfand executed this instrument.

WITNESS my hand and official seal.



I. Madhani
Signature

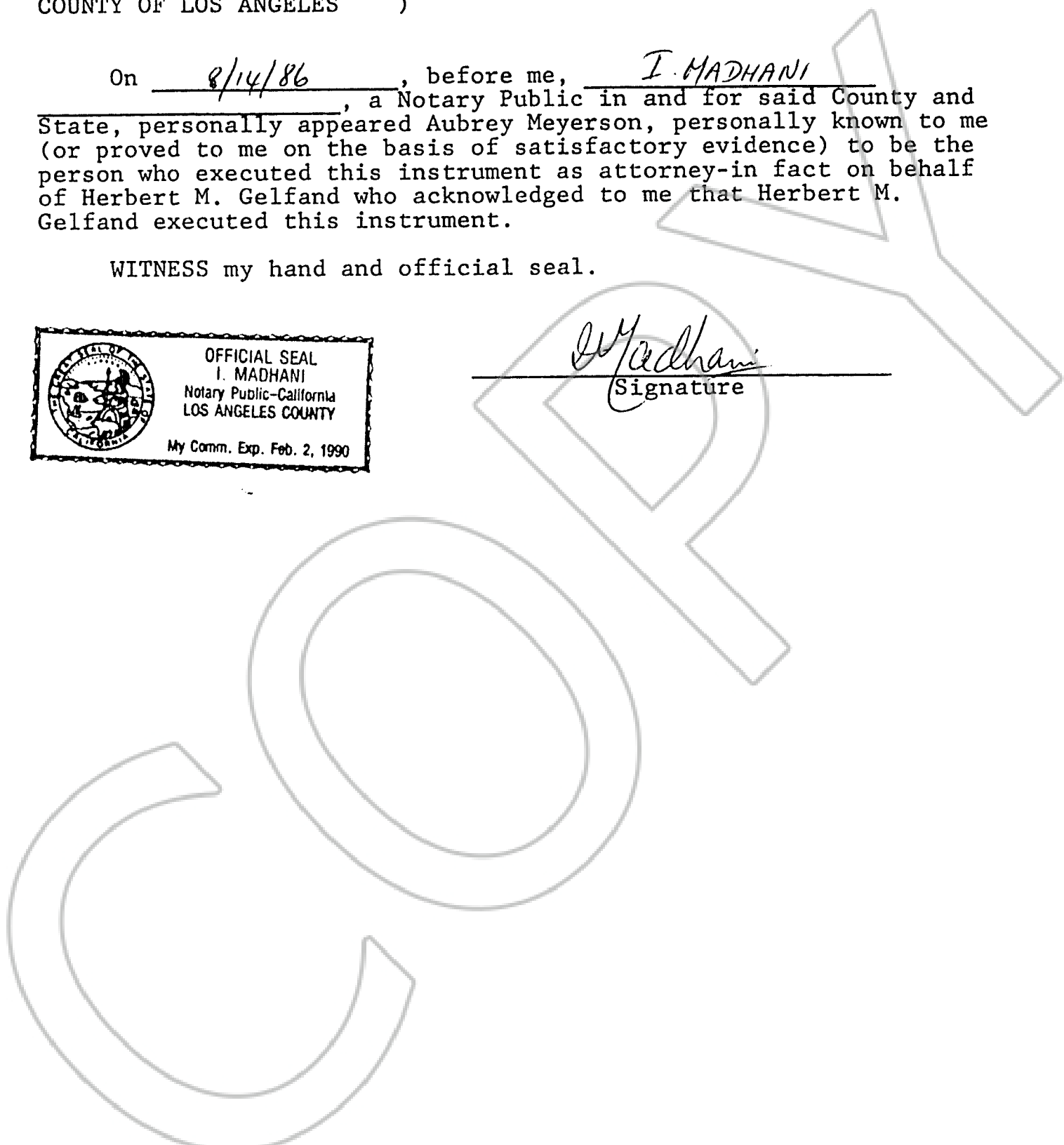


EXHIBIT "A"

All those certain lots, pieces or parcels of land situate in the County of Douglas, State of Nevada, described as follows:

PARCEL NO. 1:

Being a portion of the South one-half of Section 22, Township 13 North, Range 18 East, M.D.B. & M., described as follows:

COMMENCING at the Section corner common to Sections 22, 23, 26 and 27 of said Township and Range; thence South $60^{\circ}13'$ West, a distance of 127.20 feet; thence North 61° West, a distance of 1340.20 feet to the most Easterly corner of the Nevada State Farm Bureau property as described in the deed recorded January 7, 1954, in Book B-1 of Deeds, at Page 14, Douglas County, Nevada, records, being also the Southwesterly corner of the property shown on the map of Oliver Park, as filed on February 2, 1959, in the office of the County Recorder of Douglas County, Nevada; thence North along the Easterly line of said Farm Bureau property, a distance of 300.00 feet to an angle point, and being the Northwesterly corner of Lot 16, in Block 3, as shown on the map of Oliver Park; thence continuing along the Northeasterly and Northerly lines of said Farm Bureau property, and the Southerly line of the property conveyed to Tahoe Village Properties, Inc., by Deed recorded August 19, 1955, in Book B-1 of Deeds, at Page 417, Douglas County, Nevada, records, North $32^{\circ}20'40''$ West, a distance of 362.80 feet; thence continuing along the line common to said properties North $60^{\circ}40'41''$ West, a distance of 648.68 feet, to the Southwesterly corner of the property conveyed to R.D. Keillor, et al, by Deed recorded April 16, 1963, in Book 16 of Official Records, at Page 695, Douglas County, Nevada, records; the True Point of Beginning; thence from the True Point of Beginning, North $60^{\circ}40'53''$ West, a distance of 1744.33 feet; thence North $81^{\circ}12'08''$ West, a distance of 399.40 feet to the Southwesterly corner of the property conveyed to Tahoe Village Properties, Inc. as above referred to; thence North 217.00 feet along the West line of said property; thence North $86^{\circ}55'13''$ East along the Northerly line of said property, a distance of 561.96 feet; thence continuing along said Northerly line, South $61^{\circ}11'11''$ East, a distance of 1747.00 feet, to a point from which the Point of Beginning bears South $28^{\circ}48'49''$ West; thence South $28^{\circ}48'49''$ West, along the Northerly extension of the Westerly line of the property conveyed to R.D. Keillor, et al, as above referred to and the Westerly line thereof, a distance of 365.71 feet to the True Point of Beginning.

A.P.N. 7-090-01

PARCEL NO. 2:

BEGINNING at a point on the Meander line of Lake Tahoe, which point is the Southwest corner of Lot 2, of Section 22, Township 13 North, Range 18 East, M.D.B.&M., thence East 509.52 feet along the quarter Section line to the West one-sixteenth corner; thence South along the one-sixteenth line 217.00 feet; thence North $89^{\circ}11'30''$ West, 457.06 feet to a point on the Meander line, which point is South 14° East 217.00 feet from the Point of Beginning; thence North 14° West 217.00 feet to the Point of Beginning.

A.P.N. 7-090-05

Together with all rights as a riparian owner as set forth in Nevada Revised Statutes 321.595.

COPY

REQUESTED BY
LAWYERS TITLE
IN OFFICIAL RECORDS OF
COUNTY OF NEVADA

'86 AUG 15 P1:14

SUZANNE BLANCHARD
RECORDER

\$ 27.00 PAID *Ju* DEPUTY

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