

## DEED OF TRUST

This Deed of Trust, dated December 30, 1986, between KELLY W. CONNOLLY and LISA L. CONNOLLY, husband and wife as joint tenants, herein called Trustor; DOUGLAS COUNTY TITLE COMPANY, a Nevada corporation, herein called Trustee; and JAMES L. BREEDEN and NANCY L. BREEDEN, husband and wife as joint tenants, herein called Beneficiary:

### W I T N E S S E T H:

That Trustor irrevocably grants, transfers and assigns to Trustee in trust, with power of sale, that certain lot, piece, or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

The West 1/2 of the Northeast 1/4 of the Northeast 1/4 of the Southwest 1/4 of Section 17, Township 12 North, Range 21 East, M.D.B.&M.

In the event the herein-described property or any part thereof, or any interest therein, is sold, agreed to be sold, conveyed or alienated by the Trustor, or by the operation of law or otherwise, all obligations secured by this instrument, irrespective of the maturity dates expressed therein, at the option of the Beneficiary hereof, and without demand or notice, shall immediately become due and payable.

TOGETHER WITH the rents, issues and profits thereof, reserving the right to collect and use the same except during continuance of some default hereunder and during continuance of such default authorizing Beneficiary to collect and enforce the same by any lawful means in the name of any party hereto.

For the purpose of securing: (1) Performance of each agreement of Trustor incorporated by reference or contained herein; (2) Payment of the indebtedness evidenced by one Promissory Note of even date herewith, and any extension or renewal thereof, in the principal sum of SIXTY SIX THOUSAND SIX HUNDRED TWENTY FIVE and no/100 DOLLARS (\$66,625.00), executed by Trustor in favor of Beneficiary or order; (3) Payment of such additional sums as may hereafter be advanced for the account of Trustor or assigns by Beneficiary, with interest thereon.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, Trustor agrees:

1. To properly care for and keep said property in good condition and repair; not to remove or demolish any building thereon; 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, thereby preventing any mechanic's liens from being filed against said property; to comply with all laws, ordinances, and regulations requiring any alterations or improvements to be 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 law; to cultivate, irrigate, fertilize, fumigate, prune and/or do any other act or acts, all in a timely and proper manner, which, from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. The Trustor agrees to pay and discharge all costs, fees and expenses of these trusts, including cost of evidence of title and Trustee's fees in connection with sale, whether completed or not, which amounts shall become due upon delivery to Trustee of Declaration of Default and Demand for Sale, as hereinafter provided.

3. During the continuance of this trust, Trustor covenants to keep all buildings that may now or at any time be on, or constructed on, said property in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada. Said insurance shall be in such sum or sums as shall equal the total indebtedness secured by this Deed of Trust and all obligations having priority over this Deed of Trust, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of the unsatisfied obligation to Beneficiary hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary or to the collection agent of Beneficiary, as further security, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums as Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon the indebtedness secured hereby and in such order as Beneficiary may determine, or, at the option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Trustor. Such application or release shall not cure or waive 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 the Trust there be commenced or pending any suit or action affecting said conveyed premises, or any part thereof, or the title thereto, or if any adverse claim for or against said premises, 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 any property or any part thereof is hereby assigned and shall be paid to Beneficiary, who may apply or release such monies received by him in the same manner and with the same affect as herein provided for disposition of proceeds of insurance.

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6. Trustee shall be under no obligation to notify any party hereto of any pending sale hereunder or of action or proceeding of any kind in which Trustor, Beneficiary and/or Trustee shall be named as defendant, unless brought by Trustee.

7. Acceptance by Beneficiary of any sum in payment of any indebtedness secured hereby, after the date when the same is due, shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums so secured or to declare default as herein provided for failure so to pay.

8. Trustee may, at any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the notes 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; 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 said note to Trustee for cancellation and retention, 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". Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed of Trust (unless directed in such request to retain them).

10. Should default be made by Trustor in payment of any indebtedness secured hereby and/or in performance of any agreement herein contained or incorporated by reference all sums secured hereby immediately due and payable by delivery to Trustee of a written declaration of default and demand for sale, and of written notice of default and election to cause said property to be sold (which notice Trustee shall cause to be filed for record) and shall surrender to Trustee this Deed, the notes and all documents evidencing any expenditure secured hereby.

11. After three (3) months shall have elapsed following recordation of any such notice of default, Trustee shall sell said property at such time and at such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of such sale as then required by law. Trustor does further agree that the property secured by this Deed of Trust may be sold in such order as the Trustee may designate or may be sold simultaneously. Place of sale may be either in the county in which the property to be sold, or any part thereof, is situated, or at an office of the Trustee located in the State of Nevada.

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(a) Trustee may postpone sale of all, or any portion of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time previously appointed.

(b) At the time of sale so fixed, Trustee may sell the property so advertised or any part thereof, either as a whole or in separate parcels at its sole discretion at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to such purchaser a deed conveying the property so sold, but without covenant or warranty, expressed or implied. Trustor hereby agrees to surrender immediately and without demand, possession of said property to such purchaser.

12. Trustee shall apply the proceeds of any such sale to payment of: expenses of sale and all charges and expenses of Trustee and of these Trusts, including cost of evidence of title and Trustee's fee in connection with sale; counsel fees; all sums expended under the terms hereof, not then repaid, with accrued interest at TEN percent (10.00%) per annum; all other sums then secured hereby, and the remainder, if any, to the person of persons legally entitled thereto. Trustor agrees to apply any deficiency arising from any cause after the application of the proceeds of the sale held in accordance with the provisions of the covenants herein and of those adopted herein by reference by paragraph 17.

13. Beneficiary or assigns may, at any time, by instrument in writing, appoint a successor or successors to the Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary, and recorded in the Office of the County Recorder of the county or counties wherein said property is situated, shall be conclusive proof of the proper substitution of such successor or Trustee, who shall have all the estate, powers, duties and trusts in the premises vested in or conferred on the original Trustee. If there be more than one Trustee, either may act alone and execute the Trusts upon the request of the Beneficiary and his acts shall be deemed to be the acts of all Trustees, and the recital in any conveyance executed by such sole Trustee of such requests shall be conclusive evidence thereof, and of the authority of such sole Trustee to act.

14. 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.

15. Trustee accepts these Trusts 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 he deems, at his sole discretion, it to be in the best interest of the Trustee by giving written notice to the Trustor and Beneficiary herein, their successors or assigns.

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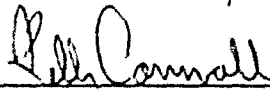
16. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural, and the term Beneficiary shall include any future holder, including pledges, or the note secured hereby.

17. The following covenants, covenants numbered 1, 3, 4 (interest 10.00%), 5, 6, and 8 of NRS 107.030, when not inconsistent with other covenants and provisions herein contained, are hereby adopted and made a part of this Deed of Trust.

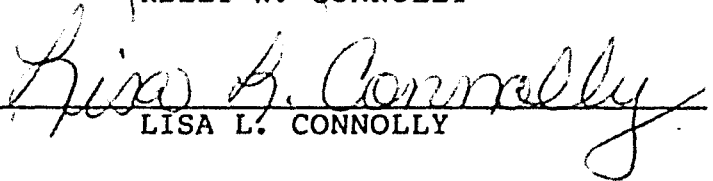
18. The indebtedness evidenced by the promissory note is intended to finance the construction of improvements on a portion of the property which secures this Deed of Trust. Trustor/- Borrower agrees to comply with the covenants and conditions of the Construction Loan Agreement, which is hereby incorporated by reference in and made a part of this Deed of Trust. All advances made by Beneficiary/Lender pursuant to the Construction Loan Agreement shall be indebtedness of Trustor/Borrower secured by this Deed of Trust. In case of breach by Trustor/ Borrower of the covenants and conditions of the Construction Loan Agreement, Beneficiary/Lender at Lender's option, with or without entry upon any of the property, (a) may invoke any of the rights or remedies provided in the Construction Loan Agreement; (b) may accelerate the sums secured by this Deed of Trust and invoke those remedies provided in this Deed of Trust; or (c) may do both. Prior to completion of the improvements, sums disbursed by the Beneficiary/Lender to protect the security of this Deed of Trust up to the principal amount of the promissory note shall be treated as disbursements pursuant to the Construction Loan Agreement, and such sums disbursed by Beneficiary/Lender in excess of the principal amount of the promissory note shall be additional indebtedness of Trustor/Borrower secured by this Deed of Trust. All such sums shall bear interest from the date of disbursement at the rate stated in the promissory note.

19. Trustor/Borrower waives all right of homestead exemption in any of the property secured by this Deed of Trust.

20. The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at P.O. Box 10346 Minden, Nev 89423.



KELLY W. CONNOLLY



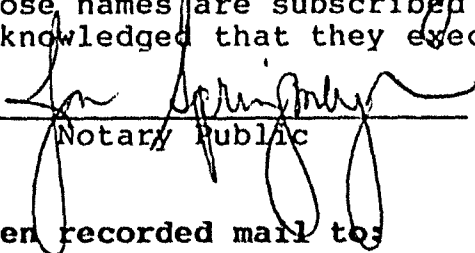
LISA L. CONNOLLY

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STATE OF NEVADA )  
 : ss.  
CARSON CITY )

On December 30, 1986, before me, the undersigned, a Notary Public, personally appeared Kelly W. Connolly and Lisa L. Connolly, known to me to be the persons whose names are subscribed to the within instrument and who acknowledged that they executed the same.

  
Notary Public

When recorded mail to:

✓ James & Nancy Breeden  
P.O. Box 1714  
Gardnerville, Nv 89410



COPIES

REQUESTED BY  
Lisa Connolly  
IN OFFICIAL RECORDS OF  
COUNTY OF NEVADA

'86 DEC 31 P12:11

SUZANNE BRADREAU  
RECORDER  
\$ 10<sup>00</sup> PAID Bl DEPUTY  
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