

WHEN RECORDED, MAIL TO: FALLON NATIONAL BANK  
200 S. MAINE STREET  
FALLON, NEVADA 89406

#43938 NCA

DEED OF TRUST AND SECURITY AGREEMENT WITH  
ASSIGNMENT OF RENTS

THIS DEED OF TRUST AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS ("Deed of Trust"), is made this 16th day of SEPTEMBER, 1988, by KAREN ANN BECKER, AN UNMARRIED WOMAN, CHARLES F. JONES, A MARRIED MAN, AND MARY P. JONES, A MARRIED WOMAN, ALL AS TENANTS IN COMMON as trustor and debtor ("Trustor"), whose address is: 1324 VICTORIA, GARDENVILLE, NEV. 89410 to WESTERN TITLE COMPANY, INC. P.O. BOX 385, HINDEN, NEVADA 89423 as trustee ("Trustee") for the use and benefit of FALLON NATIONAL BANK, as beneficiary and secured party ("Beneficiary"), whose address is: 200 S. MAINE STREET, FALLON, NEVADA 89406

1. Grant and Assignment. For good and valuable consideration, Trustor hereby irrevocably and unconditionally grants, transfers and assigns to Trustee, in trust, with power of sale and right of reentry and possession, all that certain real property ("Land") located in DOUGLAS County, NEVADA, as more particularly described in Exhibit "A" attached hereto and incorporated herein, together with all right, title and interest of Trustor in all buildings and improvements now located or hereafter to be constructed thereon (collectively "Improvements");

TOGETHER with all right, title and interest of Trustor in the appurtenances, hereditaments, privileges, reversions, remainders, profits, easements, franchises and tenements thereof, including all minerals, oil, gas and other hydrocarbon substances thereon or therein, air rights, water rights, and any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements;

TOGETHER with all right, title and interest of Trustor in all equipment, machinery, fixtures, chattels, furniture, furnishings and other articles of tangible personal property, and any additions to, substitutions for, changes in or replacements of the whole or any part thereof now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Land and Improvements or any portion thereof, including all

building materials and equipment now or hereafter delivered to the Land and Improvements and intended to be installed in or about the same, and all inventory, accounts, accounts receivable, utility deposits, water rights and any rights to receive water, contract rights, development and use rights, governmental approvals, permits, licenses, applications, architectural and engineering plans, specifications and drawings, architectural, engineering and construction contracts, chattel paper, instruments, documents, notes, drafts and letters of credit arising from or related to the Land and Improvements and any business conducted thereon by Trustor and any other intangible personal property and rights relating to the Land and Improvements or any part thereof or to the operation thereof or used in connection therewith, including, without limitation, tradenames and trademarks (collectively "Personal Property", including the items in the next paragraph).

TOGETHER with all of Trustor's right, title and interest to all proceeds (including claims or demands thereto) from the conversion, voluntary or involuntary, of any of the Land, Improvements or Personal Property into cash or liquidated claims, including, without limitation, proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments in lieu thereof made by any public body or decree by any court of competent jurisdiction for taking or for degradation of the value in any condemnation or eminent domain proceeding, and all causes of action and the proceeds thereof of all types for any damage or injury to the Land, Improvements or Personal Property or any part thereof, including, without limitation, causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, and all proceeds from the sale of the Land and/or Improvements.

IN ADDITION, Trustor absolutely and irrevocably assigns to Beneficiary all right, title and interest of Trustor in and to (i) all leases, rental agreements and other contracts and agreements relating to use and possession (collectively "Leases") of any of the Land or Improvements, and (ii) the rents, issues, profits and proceeds therefrom together with all guarantees thereof and all deposits (to the full extent permitted by law) and other security therefor (collectively "Rents"). (The Land, Improvements, Personal Property and all other right, title and interest of Trustor described above are hereinafter collectively referred to as "Property".)

2. Obligations Secured. Trustor makes this Deed of Trust for the purpose of securing:

a. Payment of all indebtedness and other obligations evidenced by that certain promissory note ("Note"), of even date herewith, in the principal sum of \$ 59,200.00 made

by Trustor to the order of Beneficiary;

b. Payment and performance of all obligations of Trustor under this Deed of Trust, including payment of all sums expended or advanced by Beneficiary hereunder, together with interest thereon, in the preservation, enforcement and realization of the rights of Beneficiary hereunder or under any of the other obligations secured hereby including, but not limited to, attorney's fees, court costs, other litigation expenses, and foreclosure expenses;

c. Payment and performance of all obligations of Trustor to Beneficiary under the Loan Agreement of even date hereof between Trustor as "Borrower" and Beneficiary as "Lender" ("Loan Agreement"), and any other loan documents executed in connection with the Loan Agreement;

d. Payment and performance of all future advances and other obligations that the then record owner of all or part of the Property may agree to pay or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when such obligation is evidenced by a writing which states that it is secured by this Deed of Trust;

e. All modifications, extensions and renewals (if any) of one or more of the obligations secured hereby, including without limitation (i) modifications of the required principal payment dates or interest payment dates, deferring or accelerating payment dates wholly or partly, and (ii) modifications, extensions or renewals at a different rate of interest, whether or not, in the case of a note or other contract, the modification, extension or renewal is evidenced by a new or additional promissory note or other contract; and

f. Performance of each and every obligation of Trustor as lessor or lessee under any and all leases executed in connection with the Property.

The obligations secured by this Deed of Trust are herein collectively called the "Secured Obligations". All persons who may have or acquire an interest in the Property shall be deemed to have notice of, and shall be bound by, the terms of the Note, this Deed of Trust, the Loan Agreement and any other instruments or documents made or entered into in connection herewith (collectively "Documents") and each of the Secured Obligations.

### 3. Leases and Rents.

a. Neither the assignment of the Leases and Rents set forth above nor any other provision of any of the Documents shall impose upon Beneficiary any duty to produce Rents from the

Property or cause Beneficiary to be (a) a "mortgagee in possession" for any purpose, (b) responsible for performing any of the obligations of the lessor under any Lease or (c) responsible or liable for any waste by any lessees or any other parties, for any dangerous or defective condition of the Property, for any negligence in the management, upkeep, repair or control of the Property or for any other act or omission by any other person. The foregoing assignment is an absolute assignment and not an assignment for security only and Beneficiary's right to the Rents is not contingent upon its possession of the Property.

b. Trustor hereby directs each tenant of the Property, or any portion thereof, to pay such Rents to Beneficiary, or Beneficiary's agent, and irrevocably appoints Beneficiary as its true and lawful attorney-in-fact, at the option of Beneficiary, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, in the name of Trustor or Beneficiary, for all such Leases and Rents and apply the same to the Secured Obligations; provided, however, Beneficiary confers upon Trustor the authority to collect and retain the Rents as they become due and payable, subject, however, to the right of Beneficiary to revoke said authority at any time and without taking possession of all or any part of the Property. Trustor shall not accept any deposit or prepayment of rental or lease payment in excess of one (1) month in advance. Beneficiary at any time may require that all deposits and prepayments be delivered to Beneficiary. Trustor covenants and agrees that Trustor shall not (i) amend, modify or change any term, covenant or condition of any Lease in existence on the date of this Deed of Trust without the prior written consent of Beneficiary or (ii) enter into any Lease of the Property, or any interest therein, or any portion thereof, from and after the date of this Deed of Trust without the prior written consent of Beneficiary. Trustor agrees that commencing with an event of Default, as hereinafter defined, each tenant of the Property, or any portion thereof, shall make such Rents payable to and pay such Rents to Beneficiary, or Beneficiary's agent, upon Beneficiary's written demand to each tenant therefor, without any liability on the part of such tenant to inquire further as to the existence of a Default by Trustor, provided, however, in the event of Trustor's cure of any such Default as herein provided, Trustor shall again be entitled to recover and collect such Rents as provided above prior to the event of Default.

c. Trustor shall (i) fulfill or perform each and every condition and covenant of each Lease to be fulfilled or performed by the lessor thereunder, (ii) give prompt notice to Beneficiary of any notice of default by the lessor or the lessee thereunder received by Trustor together with a complete copy of any such notice, and (iii) enforce, short of termination thereof,

the performance or observance of each and every covenant and condition thereof by the lessee thereunder to be performed or observed.

d. Trustor shall furnish to Beneficiary, within thirty (30) days after a request by Beneficiary, a written statement containing the names of all lessees of the Property, the terms of their respective Leases, the spaces occupied and the rentals payable and received thereunder and a copy of each Lease.

e. All Leases shall provide for the subordination, in form and substance satisfactory to Beneficiary, of such Leases to this Deed of Trust and all extensions, renewals and modifications thereof. In addition each Lease shall provide that, in the event of the enforcement by Trustee or Beneficiary of the remedies provided at law or by this Deed of Trust, each lessee under a Lease shall, if requested by Beneficiary as a result of such enforcement, automatically become the lessee of Beneficiary, without any change in the terms or other provisions of the respective Lease; provided, Beneficiary shall not be (i) bound by any payment of rent or other sum more than one (1) month in advance, except payments in the nature of security, (ii) bound by any amendment or modification to the respective Lease made without the consent of Beneficiary, (iii) liable for damages or any act or omission of any prior lessor or (iv) subject to any offsets or defenses which such lessee might have against any prior lessor.

4. Representation and Warranties. Trustor acknowledges, represents and warrants that Trustor lawfully holds, owns and possesses the Property in fee simple subject to no lien, claim, security interest or encumbrance except those disclosed to Beneficiary in writing by either Trustor or Trustee prior to the date hereof.

5. Taxes and Assessments.

a. Trustor shall pay prior to delinquency all taxes, assessments, levies and charges of any kind or nature whatsoever imposed by any governmental or quasi-public authority or utility company which are (or, if not paid, may become) a lien upon or cause a loss in value of any interest in any of the Property, including assessments on appurtenant water stock. Trustor shall also pay prior to delinquency all taxes, assessments, levies and charges imposed by any governmental authority upon Beneficiary by reason of its interest in any Secured Obligation or in any of the Property or by reason of any payment made to Beneficiary hereunder or pursuant to any Secured Obligation. Trustor shall furnish Beneficiary, within ten (10) days after the date such payments are due and payable, official receipts of the appropriate authority or other proof satisfactory to Beneficiary evidencing the payment thereof.

b. "Costs", as used in this section, means taxes, bond installments, assessments, levies, insurance premiums and other expenses which Trustor agrees to pay under this Deed of Trust. At Beneficiary's option, and upon its demand, each time a payment of principal or interest is due under the Note, Trustor shall pay to Beneficiary an additional amount ("Payment") estimated by Beneficiary to be equal to the total of the amount next due for all Costs, divided by, for each item of costs the number of payments required under the Note before that item of Costs will become due, less one. Beneficiary shall use the amounts in the account, or at Beneficiary's sole option, Beneficiary may release those amounts to Trustor, for payment of the Costs. Beneficiary shall maintain an account showing all Payments received and all Costs paid by Beneficiary and shall give Trustor reports on the account as required by law, but not less than annually. If the amounts paid to Beneficiary hereunder are insufficient to discharge the obligations of Trustor to pay such premium or premiums, taxes and assessments as the same become due, Trustor shall pay to Beneficiary upon demand such additional sums as Beneficiary may require to discharge Trustor's obligations to pay the premium or premiums, taxes and assessments. Beneficiary, at its sole option, may refund any amount in the account which exceeds the amount due or may continue to hold the excess and reduce proportionately the Payments for the next year. Trustor grants Beneficiary a security interest in the account to secure payment and performance of the Secured Obligations. Upon the occurrence of any Default and to the extent permitted by law, Beneficiary, at its sole option, may apply all or any part of the account to payment or performance of any Secured Obligation. Trustor shall restore all amounts so applied as a condition of curing the Default in addition to fulfillment of any other conditions. The existence of the account shall not limit Beneficiary's rights under any other provision of this Deed of Trust or any other agreement or statute or rule of law. Trustor shall not receive interest on the account except to the extent and in the amount required by law. The relationship between Beneficiary and Trustor with respect to the account shall be one of debtor and creditor, and Beneficiary shall not be a trustee, special depository or any other fiduciary acting for the benefit of Trustor.

6. Insurance. As more fully provided in the Loan Agreement, during the continuance of this trust, Trustor covenants to keep all Improvements insured against loss by fire, or other hazard, with extended coverage endorsement, in such sum 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, at replacement cost, whichever is less (such policies shall not contain a co-insurance provision whereby Trustor in the event of loss becomes a co-insurer).

7. Insurance and Condemnation Proceeds. All awards of damages and all other compensation payable directly or indirectly by reason of a condemnation for public or private use affecting any interest in any of the Property and all proceeds of any insurance policies payable by reason of loss of or damage to any part of the Property shall be paid to Beneficiary. Except as otherwise set forth herein, Beneficiary may apply any such sum to the payment of the Secured Obligations. Any such application of proceeds to the Secured Obligations shall not extend or postpone the due date of installments under the Note or change the amount of such installments. Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided hereunder; and Beneficiary may deduct and retain from the proceeds of any insurance the amount of all expenses incurred by Beneficiary in connection with any settlement or adjustment. Beneficiary may, in the absolute discretion of Beneficiary, release to Trustor all or any part of the entire amount so collected upon any conditions Beneficiary may choose. Application of all or any portion of said funds, or the release thereof, shall not cure or waive any Default or notice thereof or invalidate any acts done pursuant to such notice.

8. Liens, Encumbrances and Charges. Trustor shall immediately discharge any lien, claim or encumbrance which has not been approved by Beneficiary in writing and which has or may attain priority over this Deed of Trust. Trustor shall pay at or prior to maturity all obligations secured by or reducible to liens or encumbrances which shall now or hereafter encumber or appear to encumber all or any interest in any of the Property, whether senior or subordinate hereto.

9. Maintenance and Preservation of the Subject Property. Trustor covenants:

a. To keep the Property in good condition and repair;

b. Not to remove or demolish any of the Property without Beneficiary's prior written consent;

c. Not to make any capital improvements in or to any of the Property, other than repairs and maintenance which preserve the value of the Property, without Beneficiary's prior written consent;

d. To complete or restore promptly and in good and workmanlike manner any of the Property which may be damaged or destroyed or which may be affected by any condemnation or eminent domain proceeding;

e. Not to suffer violation of any, and to comply with all, (i) laws, ordinances, regulations and standards; (ii)

covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character; and (iii) requirements of insurance companies for insurability, which laws, covenants or requirements affect any of the Property or pertain to acts committed or conditions existing thereon;

f. Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without Beneficiary's prior written consent;

g. Not to alter the use of all or any part of the Property without the prior written consent of Beneficiary;

h. Not to commit or permit waste of the Property or to conduct or permit any nuisance thereon or abandon the same;

i. To do all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value;

j. To make no further assignment of Rents or Leases without Beneficiary's prior written consent; and

k. To pay when due all installments owing upon conditional sales or like agreements with respect to any Personal Property.

10. Defense and Notice of Losses, Claims and Actions.

Trustor shall protect, preserve and defend the Property and title to and right of possession of the Property, the security and priority hereof and the rights and powers of Beneficiary hereunder at Trustor's sole expense against all adverse claims. Trustor shall give Beneficiary prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding, of the occurrence of any damage to any of the Property, of any condemnation offer or action and of any Default.

11. Inspection. Beneficiary, its agents and employees may enter the Property at any reasonable time for the purpose of inspecting the Property and ascertaining Trustor's compliance with the terms of this Deed of Trust and each of the other Documents.

12. Compensation; Exculpation; Indemnification.

a. Trustor shall pay to Beneficiary reasonable compensation for services rendered by Beneficiary or its agents which relate to this Deed of Trust, including, without limitation, preparation of any statement of any Secured Obligation. Beneficiary shall not directly or indirectly be liable to Trustor or any other person as a consequence of (i) the



exercise of the rights, remedies or powers granted to Beneficiary under this Deed of Trust, (ii) the failure or refusal of Beneficiary to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust, or (iii) any loss sustained by Trustor or any third party resulting from Beneficiary's failure to lease the Property after a Default or from any other act or omission of Beneficiary in managing the Property after a Default unless the loss is caused by the willful misconduct and bad faith of Beneficiary.

b. Trustor shall indemnify Beneficiary against, and shall hold it harmless from, all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorney's fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other expenses which Beneficiary may suffer or incur, (i) by reason of this Deed of Trust or any of the other Documents, (ii) in performance of any act required or permitted hereunder, under any of the other Documents or by law, (iii) as a result of any failure of Trustor to perform any of Trustor's obligations or (iv) by reason of any alleged obligation or undertaking on Beneficiary's part to perform or discharge any of the representations, warranties, conditions, covenants, or other obligations contained in any other document related to any of the Property.

13. Estoppel Certificate. Trustor shall, at any time and from time to time upon not less than ten (10) days prior written notice from Beneficiary, execute, acknowledge and deliver to Beneficiary a statement, (i) certifying that this Deed of Trust and the other Secured Obligations are unmodified and in full force and effect, or, if modified, stating the nature thereof and certifying that each Secured Obligation, as so modified, is in full force and effect and the date to which principal, interest and other sums secured hereby have been paid, and (ii) acknowledging that there are no uncured Defaults under this Deed of Trust or any other Secured Obligation or specifying such Defaults if any are claimed. Any such certificate may be conclusively relied upon by Beneficiary and any prospective purchaser or assignee of any Secured Obligation. Trustor's failure to deliver such certificate within such time shall be conclusive upon Trustor that, (i) the Secured Obligations are in full force and effect, without modification, except as may be represented by Beneficiary, and (ii) there are no uncured Defaults thereunder.

14. Further Assurances. Trustor shall promptly make, execute, acknowledge and deliver, in form and substance satisfactory to Beneficiary, all additional instruments, agreements and other documents, and Trustor shall do all other acts, as may at any time hereafter be requested by Beneficiary to effectuate and carry out the purposes of this Deed of Trust and

each of the Secured Obligations.

15. Expenses and Fees. All reasonable expenses, costs and other liabilities, including attorney's fees, which Beneficiary or Trustee may incur, (i) in enforcing, defending, construing or administering this Deed of Trust (or its priority) or any of the other Documents, (ii) for any inspection, evaluation, appraisal, survey or other service in connection with any of the Property, (iii) for any title examination or title insurance policy relating to the title to any of the Property, or (iv) in the exercise by Beneficiary of any rights or remedies granted by this Deed of Trust or any of the other Documents, shall be paid by Trustor upon demand by Beneficiary, together with interest thereon, from the date of expenditure until payment in full, at the rate then in effect under the Note.

16. Beneficiary's Powers. Beneficiary may commence, appear in, defend or prosecute any assigned claim or action; and Beneficiary may adjust, compromise, settle and collect all claims and awards assigned to Beneficiary, but shall not be responsible for any failure to collect any claim or award regardless of the cause of the failure. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Property not then or theretofore released as security for the full amount of the Secured Obligations, Beneficiary may, from time to time and without notice, (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or conveyed, at any time and at Beneficiary's option, any parcel, portion or all of the Property, (v) take or release any other or additional security for any Secured Obligation or (vi) compromise or make other arrangements with debtors in relation thereto.

17. Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and without affecting the effect of this Deed of Trust upon the remainder of the Property, Trustee may, (i) reconvey any part of the Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

18. Security Agreement; Fixture Filing.

a. Trustor hereby grants, assigns and transfers to Beneficiary a security interest in and to the Personal Property; and this Deed of Trust shall constitute a security agreement pursuant to the Nevada Uniform Commercial Code with respect to Personal Property located in Nevada (the Nevada Uniform

Commercial Code is referred to as the "UCC"). For purposes of treating this Deed of Trust as a security agreement, Trustor shall be deemed to be the "Debtor" and Beneficiary the "Secured Party".

b. Trustor maintains a place of business in the State of Nevada at the address set forth in this Deed of Trust; and Trustor will immediately notify Beneficiary in writing of any change in its place of business.

c. At the request of Beneficiary, Trustor shall join Beneficiary in executing one or more financing statements and continuations and amendments thereof pursuant to the UCC in form satisfactory to Beneficiary; and Trustor will pay the cost of filing the same in all public offices wherever filing is deemed by Beneficiary to be necessary or desirable. In the event Trustor fails to execute such documents, Trustor hereby authorizes Beneficiary to file such financing statements, and continuations and amendments thereto, and irrevocably constitutes and appoints Beneficiary, or any officer of Beneficiary, as its true and lawful attorney-in-fact to execute the same on behalf of Trustor.

d. In addition to Beneficiary's rights under the UCC, Beneficiary may, but shall not be obligated to, at any time without notice and at the expense of Trustor, (i) give notice to any person of Beneficiary's rights hereunder and enforce such rights; (ii) insure, protect, defend and preserve the Personal Property and any rights or interest of Beneficiary therein; (iii) inspect the Personal Property; and (iv) endorse, collect and receive any right to payment of money owing to Trustor under or from the Personal Property. Beneficiary shall have no duty or obligation to make or give any presentments, demand for performance, notices of nonperformance, notices of protest or notices of dishonor in connection with any of the Personal Property.

e. Upon the occurrence of a Default, Beneficiary shall have with respect to the Personal Property, in addition to all of its rights and remedies as stated in this Deed of Trust, all rights and remedies of a secured party under the UCC as well as all other rights and remedies available at law or in equity.

f. PARTS OF THE PERSONAL PROPERTY ARE, OR ARE TO BECOME, FIXTURES ON THE PROPERTY.

g. Beneficiary has no responsibility for, and does not assume any of, Trustor's obligations or duties under any agreement or obligation which is part of the Personal Property or any obligation relating to the acquisition, preparation, custody, use, enforcement or operation of any of the Property.

h. Trustor and Beneficiary agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing this Deed of Trust and the intention of the parties that everything used in connection with the production of income from the Property or adapted for use therein or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as, part of the real estate subject to the lien hereof, irrespective of whether (i) any such item is physically attached to improvements located on such real property or (ii) any such item is referred to or reflected in any financing statement so filed at any time. Similarly, the mention in any such financing statement of (A) the Property or (B) any award in eminent domain proceedings for taking or for loss of value or for any cause of action or proceeds thereof in connection with any damage or injury to the Property or any part thereof shall never be construed as in any way altering any of the rights of Beneficiary as determined by this instrument or impugning the priority of Beneficiary's lien granted hereby or by any other recorded document, but such mentioned in such financing statement is declared to be for the protection of Beneficiary in the event any court shall at any time hold with respect to matters (A) and (B) above that notice of Beneficiary's priority of interest, to be effective against a particular class of persons, including, without limitation, the Federal government and any subdivision or entity of the Federal government, must be filed in the personal property records or other commercial code records.

i. Trustor shall not permit any of the Personal Property to be removed from the Improvements without the prior written consent of Beneficiary unless (i) the replacements for such items of Personal Property are of equivalent value and quality and (ii) Trustor has good and clear title to such replacements free and clear of any and all liens, encumbrances, security interests, ownership interests, claims of title (contingent or otherwise) or charges of any kind or the rights of any such conditional sellers, vendors or any other third parties have been expressly subordinated, at no cost to Beneficiary, to the lien and security interest granted hereby in a manner satisfactory to Beneficiary.

j. Trustor acknowledges that at the time the security interest created hereby attaches the Personal Property Collateral consists of inventory, fixtures, equipment, general intangibles, accounts and chattel papers.

k. Trustor hereby acknowledges that the sale of the Collateral by Trustee after default of Trustor pursuant to the provisions of this Agreement and Chapter 107 of the Nevada Revised Statutes (as the same may be amended from time to time)

or pursuant to a court order rendered in a judicial foreclosure proceeding, shall be deemed to constitute a "commercially reasonable" sale within the meaning of Article 9 of Chapter 104 of the Nevada Revised Statutes, as to the Personal Property Collateral.

Notwithstanding any provision to the contrary set forth herein, Beneficiary may, at its sole discretion, choose such other means for sale of the Personal Property Collateral, or a portion or portions thereof, which Beneficiary deems to be reasonable, so long as such sale complies with the provisions of Article 9 of Chapter 104 of the Nevada Revised Statutes. In such event Beneficiary shall, in its sole discretion, determine which of the Collateral is personal property and therefore subject to the provisions of such Article 9.

19. Default. Each of the following events is a "Default" hereunder:

a. The occurrence of a default under the Note or the failure to pay or perform any other Secured Obligation as and when first due;

b. The failure by Trustor to perform or comply with any other obligation, covenant or condition contained in this Deed of Trust or any of the other Documents including the Loan Agreement;

c. The occurrence of a default, "Default" or "Event of Default" under any of the other Documents.

d. The occurrence of any transfer prohibited by this Deed of Trust.

20. Remedies. Upon the occurrence of a Default, Beneficiary may at any time, at its option and in its sole discretion, declare all Secured Obligations to be due and payable and the same shall thereupon become immediately due and payable, including any prepayment charge or fee payable under the terms of any Secured Obligation; provided, upon the occurrence of any event which causes the automatic acceleration of any Secured Obligation in accordance with the terms of any Document, all Secured Obligations shall be automatically immediately due and payable. Beneficiary may also do any or all of the following, although it shall have no obligation to do any of the following:

a. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of Beneficiary's security, enter upon and take possession of the Property, or any part thereof, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability

of the Property, or to increase the income therefrom or to protect the security hereof and, with or without taking possession of any of the Property, sue for or otherwise collect all rents and profits, including those past due and unpaid, and apply the same, less costs and expenses, upon the Secured Obligations, all in such order as Beneficiary may determine. The collection of rents and profits and the application thereof shall not cure or waive any Default or notice thereof or invalidate any act done in response thereto or pursuant to such notice. If Beneficiary elects to seek the appointment of a receiver for the Property, or any portion thereof, Trustor hereby expressly consents to the appointment of such receiver and authorizes the appointment of Beneficiary as such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

b. Bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants hereof.

c. Exercise any or all of the remedies available to a secured party under the UCC, including, but not limited to:

(i) either personally or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Trustor and all others claiming under Trustor and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Trustor in respect to the Personal Property; and in the event Beneficiary demands or attempts to take possession of the Personal Property in the exercise of any of its rights hereunder, Trustor promises and agrees promptly to turn over and deliver complete possession thereof to Beneficiary;

(ii) without notice to or demand upon Trustor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Personal Property, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior or superior to the security interest granted hereunder, and in exercising any such powers or authority, to pay all expenses incurred in connection therewith;

(iii) require Trustor to assemble the Personal Property or any portion thereof at a place designated by Beneficiary and promptly to deliver such Personal Property to Beneficiary or an agent or representative designated by it. Beneficiary, its agent and representatives, shall have the right to enter upon any or all of the Trustor's premises and property to exercise the Beneficiary's rights hereunder; and

(iv) sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Beneficiary may determine; and Beneficiary may be a purchaser at any such sale. Beneficiary shall not be deemed to have accepted any property other than cash in satisfaction of any Secured Obligation unless Beneficiary shall make an express written election of said remedy under UCC § 9505 or other applicable law.

d. Elect to sell by power of sale the Property which is Land and Improvements or which Beneficiary has elected under the UCC to treat as Land and Improvements and, upon such election, such notice of default and election to sell shall be given as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, at the time and place specified in the notice of sale, Trustee shall sell such Property, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. If the Property consists of several lots, parcels or interests, Beneficiary may designate the order in which the same shall be offered for sale or sold. Should Beneficiary desire that more than one such sale or other disposition be conducted, Beneficiary may, at its option, cause the same to be conducted simultaneously, or successively on the same day, or at such different days or times and in such order as Beneficiary may deem to be in its best interest. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the Property so sold, but without any covenants or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession.

e. Exercise each of its other rights and remedies under this Deed of Trust and each of the other Documents.

f. Except as otherwise required by law, apply the proceeds of any foreclosure or disposition hereunder to payment of the following: (i) the expense of such foreclosure or disposition, (ii) the cost of any search or other evidence of title procured in connection therewith and revenue stamps on any deed or conveyance, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest in the amount provided herein, (iv) all other sums secured hereby, and (v) the remainder, if any, to the person or persons legally entitled.

g. Upon any sale or sales made under or by virtue of this section, whether made under the power of sale or by

virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Property or any part thereof. In lieu of paying cash for the Property, Beneficiary may make settlement for the purchase price by crediting the Secured Obligations, or any portion thereof, against the sales price of the Property.

21. Subrogation. Beneficiary shall be subrogated to any mechanic's or vendor's lien, superior titles, mortgages, deeds of trust, liens, encumbrances, rights, equities and charges of all kinds heretofore or hereafter existing on the Property, notwithstanding their release of record, to the extent that the same are paid or discharged from the proceeds of the loan evidenced by the Note, or are otherwise paid by Beneficiary.

22. Releases, Extensions, Modifications and Additional Security. Without notice to or the consent, approval or agreement of Trustor, any subsequent owner of any part of the Property, any maker, surety, guarantor, or endorser of this Deed of Trust or any Secured Obligation, or any holder of a lien or other claim on all or any part of the Property, whether senior or subordinate hereto, Beneficiary may, from time to time, do one or more of the following: release any person's liability for the payment of any Secured Obligation, take any action or make any agreement extending the maturity or otherwise altering the terms or increasing the amount of any Secured Obligation, or accept additional security or release all or any portion of the Property and other security for any Secured Obligation. No such release of liability, taking of additional security, release of security, change in terms or conditions of any Secured Obligation, or other action shall release or reduce the personal liability of Trustor (if any), subsequent purchasers of all or any part of the Property, or makers, sureties, guarantors or endorsers of the Deed of Trust or any Secured Obligation, under any covenant of this Deed of Trust or any Secured Obligation, or release or impair the priority of the lien of this Deed of Trust upon any of the Property.

23 No Waiver. Any failure by Beneficiary to insist upon the strict performance by Trustor of any of the terms and provisions of any of the Documents shall not be deemed to be a waiver of any of the terms and provisions of any of the Documents; and Beneficiary, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Trustor of any and all of the terms and provisions of each of the Documents. The acceptance by Beneficiary of any sum after any Default shall not constitute a waiver of the right to require prompt performance of all of the covenants and conditions contained in any of the Documents. The acceptance by Beneficiary of any sum less than the sum then due shall be deemed an acceptance on account only and shall not constitute a waiver of the obligation of Trustor to pay the entire sum then due.



Trustor's failure to pay said entire sum due shall be and continue to be a Default notwithstanding such acceptance of such lesser amount on account. Beneficiary shall be entitled to exercise all rights conferred upon it following a Default notwithstanding such acceptance.

24. Stamps. If at any time the United States of America, any state thereof or any governmental subdivision of such state shall require revenue stamps to be affixed to the Note or any of the other Documents, or the payment of any other tax paid on or in connection therewith, Trustor shall pay the same with any interest or penalties imposed in connection therewith if Trustor is permitted by law to pay such amount and, if not so permitted, then the Secured Obligations shall immediately be due and payable.

25. Cumulative. The rights of Beneficiary arising under this Deed of Trust and the other Documents shall be separate, distinct and cumulative, and none of them shall be in exclusion of the others. No act of Beneficiary shall be construed as an election to proceed under any one provision to the exclusion of any other provision, notwithstanding anything herein or otherwise to the contrary. Any specific enumeration of powers of Beneficiary, or of acts to be done or not to be done by Trustor, shall be deemed to exclude or limit the general.

26. Statement of Condition. Beneficiary shall furnish any statement required by law regarding the obligations secured hereby or regarding the amounts held in any trust or reserve fund hereunder. For any such statement, Beneficiary may charge a reasonable fee, not to exceed the maximum amount permitted by law at the time of the request therefor.

27. Reconveyance. 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 upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any such reconveyance of any matters or facts shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Such request and reconveyance shall operate as a re-assignment of the rents, issues and profits herein assigned to Beneficiary.

28. Substitution. Beneficiary may substitute Trustee hereunder in any manner now or hereafter provided by law or, in lieu thereof, Beneficiary may from time to time, by an 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 in which the Land and

Improvements are situated, shall be conclusive proof of proper substitution of such successor Trustee, who shall thereupon and without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties.

29. Law. Trustor acknowledges and agrees that this Deed of Trust and the other Documents, including provisions with respect to the making of any disbursements, the creation of any monetary obligations and the rights accruing and compensation payable to Beneficiary in connection therewith, shall be governed by and construed in accordance with the laws of the State of Nevada; provided, however, in all instances, Federal Law shall apply to the extent that Beneficiary may have greater rights thereunder.

30. Severable. If any provision of this Deed of Trust or its application to any person or circumstance is held invalid, the other provisions hereof or the application of the provision to other persons or circumstances shall not be affected.

31. Successors and Assigns. Each of the covenants and obligations of Trustor set forth in this Deed of Trust and each of the other Documents shall run with the land and shall bind Trustor, the heirs, personal representatives, successors and assigns of Trustor and all subsequent encumbrancers and tenants of the Property and shall inure to the benefit of Beneficiary and its respective successors and assigns.

32. Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

33. Notice. Except as otherwise provided by law, any notice, request, demand, consent, approval or other communication ("Notice") provided or permitted under this Deed of Trust, or any other instrument contemplated hereby, shall be in writing, signed by the party giving such Notice, and shall be given by personal delivery to the other party or by United States certified or registered mail, postage prepaid, return receipt requested, addressed to the party for whom it is intended at its address as set forth below. Unless otherwise specified, Notice shall be deemed given when received, but if delivery is not accepted, on the earlier of the date delivery is refused or the third day after same is deposited in any official United States Postal Depository. Any party from time to time, by Notice to the other parties given as above set forth, may change its address for purposes of receipt of any such communication.

Beneficiary: FALLON NATIONAL BANK  
200 S. MAINE STREET  
FALLON, NEVADA 89406

Trustor: KAREN ANN BECKER  
1324 VICTORIA DR.  
GARDNERVILLE, NEV. 89410

CHARLES F. & MARY P. JONES  
5712 SHEFFIELD  
RIVERSIDE, CA. 92505

Trustee: WESTERN TITLE COMPANY, INC.  
P.O. BOX 385  
MINDEN, NEVADA 89423

34. No Third Party Beneficiaries. This Deed of Trust is made and entered into for the sole protection and benefit of the parties hereto, and no other person or entity shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with this Deed of Trust or any of the other Documents.

35. No Offset. Under no circumstances shall Trustor fail or delay to perform (or resist the enforcement of) any of its obligations in connection with any of the Documents because of any alleged offsetting claim or cause of action against Beneficiary (or any indebtedness or obligation of Beneficiary) which has not been confirmed in a final judgment of a court of competent jurisdiction (sustained on appeal, if any) against Beneficiary, and Trustor hereby waives any such rights of setoff (or offset) which it might otherwise have with respect to any such claims or causes of action against Beneficiary (or any such obligations or indebtedness of Beneficiary), unless and until such right of setoff is confirmed and liquidated by such final judgment. Trustor further waives any right that it might otherwise have to require a marshalling of any security of Beneficiary or to direct the order in which Beneficiary pursues its rights or remedies with respect to any of its security.

36. Amendments. This Deed of Trust contains (or incorporates) the entire agreement of the parties hereto with respect to the matters discussed herein, and this Deed of Trust may only be modified or amended by a written instrument executed by each of the parties hereto.

37. Survival of Warranties. All representations, warranties, covenants and agreements of Trustor hereunder shall survive the delivery of this Deed of Trust and shall continue in

full force and effect until the full and final payment and performance of all of the Secured Obligations.

38. Time. Time is of the essence of each provision of this Deed of Trust.

39. Continuation of Payments. Notwithstanding any taking by eminent domain or other governmental action causing injury to, or decrease in value of, the Property and creating a right to compensation therefor, Trustor shall continue to make the required payments of principal and interest on the Note. If, prior to the receipt by Beneficiary of such award or compensation, the Property shall have been sold in any action or proceeding to foreclose this Deed of Trust, Beneficiary shall have the right to receive said award or compensation to the extent of any deficiency found to be due upon such sale, with interest thereon, whether or not a deficiency judgment on this Deed of Trust shall have been sought or recovered, together with reasonable counsel fees and the costs and disbursements incurred by Beneficiary in connection with the collection of such award or compensation.

40. Specific Performance. At any time, Beneficiary may commence and maintain an action in any court of competent jurisdiction for specific performance of any of the covenants and agreements contained herein, and may obtain the aid and direction of the court in the performance of any of the covenants and agreements contained herein, and may obtain orders or decrees directing the execution of the same and, in case of any sale hereunder, directing, confirming or approving its or Trustee's acts and granting it such relief as may be warranted in the circumstances.

41. Transfers. In the event that Trustor, or any successor in interest to Trustor in the Property hereby encumbered, shall sell, transfer, encumber, mortgage, assign or convey, or contract to sell, transfer, encumber, mortgage, assign or convey, such real property, or any portion thereof, or any interest therein, at the option of Beneficiary, the obligation secured by this Deed of Trust shall forthwith become due and payable although the time of maturity as expressed therein shall not have arrived. If this Deed of Trust or any Note secured hereby contains any provision conferring on Beneficiary the right to demand any penalty, fee or sum of money for prepayment of any indebtedness secured hereby, Trustor agrees to pay the maximum amount of such penalty, fee or sum of money which Beneficiary would have been entitled to demand pursuant to such provision. If Beneficiary has accelerated the debt in accordance with any of the provisions herein, Beneficiary shall nevertheless be entitled to any prepayment penalty which may be provided in this Deed of Trust or in the Note which this Deed of Trust secures. Consent to one such transaction shall not be deemed to be a waiver of the

right to require consent to future or successive transactions.

IN WITNESS WHEREOF, this Deed of Trust has been duly executed and acknowledged by Trustor as of the day and year first above written.

✓ Karen Ann Becker  
KAREN ANN BECKER

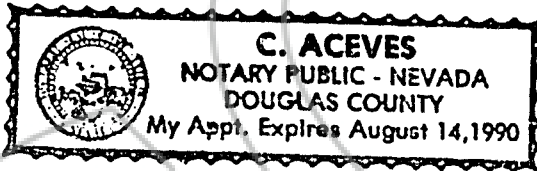
✓ Charles F. Jones  
CHARLES F. JONES

✓ Mary P. Jones  
MARY P. JONES

STATE OF NEVADA )  
  )  
County of Douglas )

On September 29, 1988, personally appeared before me, a Notary Public, KAREN ANN BECKER who acknowledged that they executed the foregoing instrument.

C. Aceves  
Public Notary



~~\*\*DEED OF TRUST AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS, CHARLES F. JONES AND MARY P. JONES\*\*\*\*~~

State of CALIFORNIA  
County of RIVERSIDE } SS.

On this the 23rd day of SEPTEMBER 19 88, before me,

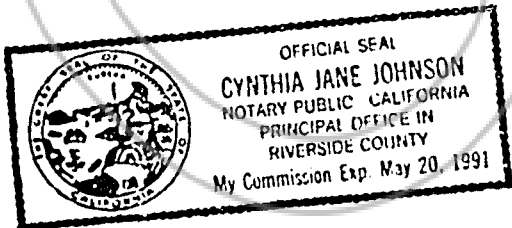
CYNTHIA JANE JOHNSON

the undersigned Notary Public, personally appeared

~~\*\*CHARLES F. JONES AND MARY P. JONES\*\*\*\*\*~~

personally known to me  
 proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ARE subscribed to the within instrument, and acknowledged that THEY executed it. WITNESS my hand and official seal.

Cynthia Jane Johnson  
Notary's Signature



187556

EXHIBIT "A"

DESCRIPTION

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

Lot 528, as shown on the map of GARDNERVILLE RANCHOS UNIT NO. 7, filed for record in the Office of the County Recorder of Douglas County, Nevada, on March 27, 1974, in Book 374, Page 676, as File No. 72456.

A.P.N. 29-302-17

COPY

REQUEST BY  
**WESTERN TITLE COMPANY, INC.**  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

'88 SEP 30 P12:42

SUZANNE BEAUDREAU  
RECORDER  
26<sup>00</sup> PAID BH DEPUTY

187556

BOOK 988 PAGE 4669