

VALLEY BANK OF NEVADA  
P. O. Box 20000 - Real Estate  
Reno, NV, 89520-0025

*Case # 48400CH*

DEED OF TRUST, ASSIGNMENT OF RENTS

AND SECURITY AGREEMENT

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (hereinafter called "Deed of Trust") made as of July 20, 19 90, by and between Robert E. Ford and Jeanette O. Ford, Co-Trustees of THE ROBERT E. FORD FAMILY TRUST AGREEMENT U/A/D May 10, 1988 whose address is 1187 Cary Creek Road, Gardnerville, Nevada 89410 (hereinafter referred to as "Trustor"), WESTERN TITLE COMPANY, INC. (hereinafter referred to as "Trustee") and VALLEY BANK OF NEVADA whose address is 401 South Virginia St., Reno, NV 89501 (hereinafter referred to as "Beneficiary").

W I T N E S S E T H:

FOR THE PURPOSE OF SECURING in such order of priority as Beneficiary may determine (1) the payment of a certain promissory note ("the Note") of even date herewith, in the principal amount of FOUR HUNDRED FORTY-FIVE THOUSAND AND NO/100----- (\$\*445,000.00\* U.S.) made by Trustor to the order of Beneficiary, payable at the times, in the manner and with interest as therein set forth, and any extensions, renewals or modifications thereof; (2) the performance of each and every covenant and agreement of Trustor and the satisfaction of all of the terms and conditions applicable to Trustor or within Trustor's control contained herein; in the Commitment Letter dated July 9, 19 90 and accepted by Trustor on July 12, 19 90 and First Amendment to Commitment Letter dated July 16, 19 90 and accepted on July 18, 19 90 (the "Commitment"), in the Note; in the Construction Loan Agreement; in any other security or pledge agreement, supplemental agreement, or assignment; and, in any other instrument or document heretofore or hereafter executed by Trustor in connection with any indebtedness secured hereunder, as the same may be amended, modified or supplemented from time to time; (3) the payment of such additional loans or advances as hereafter may be made to Trustor or its successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof or to protect the security hereof, together with interest thereon as herein provided, Trustor, in consideration of the premises, and for the purposes aforesaid, does hereby IRREVOCABLY GRANT, BARGAIN, SELL, CONVEY, TRANSFER AND ASSIGN UNTO THE TRUSTEE IN TRUST, WITH POWER OF SALE, that certain property situated in the County of Douglas, State of Nevada, more particularly described as follows;

(A) THE LAND. The real property, including any after acquired title thereto, more particularly described in Exhibit "A" attached hereto and incorporated herein and made a part of this document for all purposes (the "Land").

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(B) THE IMPROVEMENTS: TOGETHER WITH (1) all the buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and (2) all fixtures, machinery, appliances, equipment, gaming equipment machines and devices, furniture, inventory, and personal property of every nature whatsoever now or hereafter owned or leased by Trustor or in which Trustor or in which Trustor has any rights or interests and located in or on, or attached to, and used or intended to be used in connection with the operation of the land, buildings structures or the improvements, or in connection with any construction being conducted or which may be conducted thereon, and owned or leased by Trustor or in which Trustor has any interest, and all extensions, additions, accessions, improvements, betterments, renewals, substitutions and replacements to any of the foregoing, and all of the right, title and interest of Trustor in and to any such personal property or fixtures subject to any permitted lien, security interest or claim, which to the fullest extent permitted by law, shall be conclusively deemed fixtures and a part of the real property encumbered hereby (hereinafter called the "Improvements").

(C) EASEMENTS: TOGETHER WITH all easements, rights-of-way, gores or strips of land, streets, ways, alleys, passages, sewer rights, water courses, water rights and powers, and all appurtenances whatsoever, in any way belonging, relating or appertaining to any of the property described in paragraphs (A) and (B) hereof, or which hereinafter shall in any way belong, related or be appurtenant thereto, whether now owned or hereafter acquired by Trustor.

(D) TOGETHER WITH (i) all the estate, right, title and interest of Trustor of, in and to all judgments, insurance proceeds, awards of damages and settlements hereafter made resulting from condemnation proceedings or the taking of the property described in paragraphs (A), (B) and (C) hereof or any part thereof under power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the property described in paragraphs (A), (B) and (C) hereof or any part thereof, or to any rights appurtenant thereto, and all proceeds of any sales or other dispositions of the property described in Paragraphs (A) (B) and (C) hereof or any part thereof (provided that the foregoing shall not be deemed to permit such dispositions except as provided herein); and Beneficiary is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and (if it so elects) to apply the same toward the payment of the indebtedness and other sums secured hereby, notwithstanding the fact that the amount owing thereon may not then be due and payable; and (ii) all accounts, contract rights, general intangibles, actions and insurance proceeds and unearned premiums arising from or relating to the property described in paragraphs (A), (B) and (C) above; and (iii) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the property described in paragraphs (A), (B) and (C).

(E) TOGETHER WITH all of its right, title and interest in or under any and all lease or leases, all extensions, renewals, modifications or replacements thereof and any and all guarantees of the lessee's obligations under said lease or leases (any such lease or leases hereinafter referred to collectively as LEASE or LEASES); and any and all of the rents, issues, royalties, income and profits of the aforesaid property shall hereinafter collectively be referred to as INCOME. LEASES shall include any and all leases on real estate herein described, or any portion thereof, now or hereafter made, executed, or delivered

whether written or oral, shall automatically be deemed included in this Assignment; and

Other benefits to which Trustor may now or hereafter be entitled from the property described in paragraphs (A), (B) and (C) hereof to be applied against the indebtedness and other sums secured hereby; provided, however, that a license is hereby given to Trustor, so long as no Event of Default has occurred hereunder, or under the terms of the Promissory Note, Construction Loan Agreement or the Letter of Commitment (collectively any default under any of the foregoing is an "Event of Default"); to collect and use such rents, income, maintenance fees and other benefits as they become due and payable, but not in advance thereof. Upon the occurrence of any such Event of Default, the license hereby given to Trustor to collect such rents, income, maintenance fees and other benefits from the property described in paragraphs (A), (B) and (C) hereof shall automatically terminate and such permission shall not be reinstated upon a cure of such event of Default without Beneficiary's specific written consent.

Notwithstanding anything to the contrary contained herein, the foregoing provisions hereof shall constitute an absolute, unconditional and present assignment of the rents, income and other benefits from the property described in paragraphs (A), (B) and (C) above to Beneficiary, subject, however, to the conditional permission given to Trustor to collect and use such rents, income and other benefits as hereinabove provided; and the existence or exercise of such right to Trustor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by Trustor, and any such subsequent assignment by Trustor shall not be without the prior written approval of Beneficiary and shall be subject to the rights of the Trustee and Beneficiary hereunder.

OWNER hereby covenants and agrees with VALLEY BANK OF NEVADA that, upon the expiration of such license occasioned by a default of the terms, conditions or provisions of the promissory note, the Deed of Trust securing it, the construction loan agreement, if any, or this Assignment; OWNER; without the prior written consent of VALLEY BANK OF NEVADA will not cancel or permit the cancellation of the LEASES; accept any surrender of the LEASES; reduce the INCOME; modify the LEASES in any way, either orally or in writing; grant any concession in connection with said LEASES either orally or in writing; or consent either to an assignment of any lessee's interest in said LEASES or to any subletting.

OWNER further agrees to provide to VALLEY BANK OF NEVADA upon request within fifteen (15) days a current certified Rent Roll listing all leases, renewals, modifications, contracts, agreements and obligations in detail satisfactory to VALLEY BANK OF NEVADA including all tenants' names, descriptions of units or spaces including square footage, actual monthly rentals, common area charges, lease expiration dates, the number and length of renewal options, the amount of security deposits and legible photostatic copies of all of said leases, renewals, modifications, contracts, agreements, and obligations.

At its option after the occurrence of a default as aforesaid, VALLEY BANK OF NEVADA may enter upon the PREMISES and, in the name of OWNER or in its own name, collect all INCOME accrued, unpaid and in arrears on the date of such default, as well as the INCOME thereafter accruing and becoming payable during

the continuation of said default or any other default. The OWNER agrees that he will facilitate in all reasonable ways VALLEY BANK OF NEVADA's collection of said INCOME and will, within ten (10) days, upon the request of VALLEY BANK OF NEVADA execute and deliver a written notice to each tenant, lessee or obligor directing the tenant, lessee or obligor to pay INCOME to VALLEY BANK OF NEVADA when and as due. OWNER further agrees that each and every tenant, lessee or obligor shall pay INCOME to VALLEY BANK OF NEVADA without any obligation or right to inquire whether a default actually exists. OWNER shall have no right or claim against tenant, lessee or obligor for any INCOME so paid by tenant, lessee or obligor to VALLEY BANK OF NEVADA.

VALLEY BANK OF NEVADA at its option, may take but shall not be obligated to take any of the following steps upon such entry: assume the management, operation and maintenance of the PREMISES; perform all acts necessary and proper; expend sums from the INCOME of the PREMISES in the same manner and to the same extent as OWNER theretofore might; demand and sue for possession of the premises covered by the LEASES; and effect new leases, cancel or surrender existing LEASES, alter or amend the terms of existing LEASES, renew existing LEASES, or make concessions to tenants, lessees or obligors. OWNER hereby releases all claims against VALLEY BANK OF NEVADA arising out of such management, operation and maintenance, excepting the liability of VALLEY BANK OF NEVADA to account as hereinafter set forth. Should VALLEY BANK OF NEVADA incur liability by reason of its entry onto the PREMISES or sustain any other loss or damage under any LEASE, this Assignment, or in the defense of any claims or demands, OWNER, immediately upon demand, shall reimburse VALLEY BANK OF NEVADA for the amount of such loss or damage. VALLEY BANK OF NEVADA may retain any and all INCOME collected and apply it in reimbursement of such loss or damage.

After both payment of all proper charges and expenses, including reasonable attorney's fees incident to the collection of INCOME and reasonable compensation to such managing agent as VALLEY BANK OF NEVADA shall select and employ, an accumulation of the necessary reserves to meet taxes, assessments, water rents, fire and liability insurance premiums and life insurance premiums, if applicable, as such charges become due, VALLEY BANK OF NEVADA shall credit the net income received from the PREMISES under this Assignment to any amounts due and owing from OWNER under the terms of the Deed of Trust and the promissory note secured thereby. The determination of the necessary reserves and the application of net income shall be in the sole discretion of VALLEY BANK OF NEVADA. VALLEY BANK OF NEVADA shall neither be accountable for more monies than it actually receives from the PREMISES nor be liable for any failure to collect INCOME. VALLEY BANK OF NEVADA shall make reasonable efforts to collect INCOME, reserving within its own discretion the right to determine the method of collection, including prosecution, and the right to employ attorneys to effect collection.

If OWNER completely reinstates the secured loan in good standing, complying with all of the terms, covenants and conditions of the Deed of Trust and the promissory note secured thereby, the construction loan agreement, if applicable, and this Assignment, VALLEY BANK OF NEVADA shall within one (1) month after written demand, re-deliver possession of the MORTGAGED PREMISES to OWNER and direct all tenants, lessees or obligors to pay future INCOME to OWNER. OWNER shall remain in possession unless and until another default occurs, at which

time VALLEY BANK OF NEVADA may, at its option, re-take possession of the PREMISES under authority of this Assignment.

(F) TOGETHER WITH all right, title and interest of Trustor in and to any and all leases now or hereafter on or affecting the property described in paragraphs (A), (B), and (C) hereof, together with all security therefor and all monies payable thereunder, and all books and records which contain payments made under the leases and all security therefor, subject, however, to the conditional permission hereinabove given to Trustor to collect the rents, income and other benefits arising under any such lease. Beneficiary shall have the right, at any time and from time to time, to notify any lessee of the rights of Beneficiary as provided by this paragraph.

(G) TOGETHER WITH (i) Trustor's rights to further encumber the property described in paragraphs (A), (B) and (C) above for debt and (ii) all of the Trustor's rights to enter into any lease agreement.

All of the property described in Paragraphs (A), (B), (C), (D), (E), (F) and (G) above, and each item of property therein described, is herein referred to as "THE PROPERTY".

And Trustor, for itself and its successors and assigns, covenants and agrees to and with the Trustee and Beneficiary that at the time of the ensembling and delivery of these presents, Trustor is the true and lawful owner of THE PROPERTY, and has good right, full power and lawful authority to grant, bargain, sell, convey, transfer and assign the same in manner and form as aforesaid; hereby fully and absolutely waiving and releasing all rights and claims it may have in or to said lands, lease tenements, and property as a Homestead Exemption or other exemption, under and by virtue of any law of the State of Nevada now existing or which may hereafter be passed in relation thereto, and that the same are free and clear of all liens and encumbrances whatever (except Approved Prior Encumbrances set forth on Exhibit "B" attached hereto and incorporated herein by reference), and Trustor shall and will warrant and forever defend the above-bargained property in the quiet and peaceable possession of the Trustee, its successors and assigns against all and every person or persons lawfully claiming or to claim the whole or any part thereof. Trustor agrees that any greater title to THE PROPERTY hereafter acquired by Trustor during the term hereof shall be subject hereto.

## ARTICLE ONE

### COVENANTS OF TRUSTOR

In order to induce Beneficiary to advance the loan evidenced by the Note, Trustee covenants and agrees with Beneficiary, and any successor in title as holder of the Note as follows:

1.01 Performance of Note, Deed of Trust, Etc. Trustor shall fully perform, observe and comply with all provisions hereof, of the Commitment of the note and of every other instrument and document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder.

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Trustor will promptly pay to Beneficiary the principal with interest hereon and all other sums required to be paid by Trustor under the Note and pursuant to the provisions of this Deed of Trust and of every other instrument securing the Note or executed in connection therewith when such payment shall become due. All sums payable by Trustor hereunder shall be payable in immediately available funds.

1.02 General representations, covenants and warranties. Trustor represents, covenants and warrants that: (a) Trustor is well and truly seized of a good and marketable title in fee simple to THE PROPERTY, and has good right, full power and lawful authority to mortgage and pledge the same as provided herein and Beneficiary may at all times peaceably and quietly enter upon, hold, occupy and enjoy THE PROPERTY in accordance with the terms hereof; and THE PROPERTY is free and clear of all liens, security interests, charges and encumbrances whatsoever other than as set forth in Exhibit "B"; (b) Trustor will maintain and preserve the lien on this Deed of Trust until the indebtedness evidenced by the Note and other sums secured hereby have been paid in full; (c) Trustor is now able to to meet its debts as they mature, the fair market value of its assets exceeds its liabilities and no bankruptcy or insolvency proceedings are pending or contemplated by or against Trustor; (d) all reports, statements and other data furnished by Trustor to Beneficiary in connection with the loan evidenced by the Note are true, correct and complete in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading; (e) this Deed of Trust and the Note and all other valid and binding obligations enforceable in accordance with their respective terms and the execution and delivery thereof do not contravene any contract or agreement to which Trustor is a party or by which Trustor or any of its respective properties may be bound and do not contravene any law, order, decree, rule or regulation to which Trustor is subject; (f) there are no actions, suits or proceedings pending, or to the knowledge of Trustor threatened against or affecting Trustor or THE PROPERTY: (g) as of the date of this Deed of Trust, all costs arising from construction of any improvements and the purchase of all equipment located on THE PROPERTY has frontage on, and direct access for ingress and egress to street(s); and (i) electric, gas, sewer, water facilities and other necessary utilities are, and at all times hereafter shall be, available in sufficient capacity to service THE PROPERTY SATISFACTORILY, AND ANY EASEMENTS NECESSARY TO THE FURNISHING OF SUCH UTILITY SERVICE BY Trustor have been obtained and duly recorded; (j) Trustor is not in default under the terms of any instrument evidencing or securing any indebtedness of Trustor and there has occurred no event which would if uncured or uncorrected, constitute a default under any such instrument with the giving of notice, passage of time or both; and (l) all proceeds of the indebtedness advanced by Beneficiary and evidenced by the Note have been applied by Trustor exclusively to the payment of sums due with respect to Trustor's acquisition of THE PROPERTY.

1.03 Compliance with laws. Trustor covenants and warrants that THE PROPERTY presently complies with and will continue to comply with all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all

other applicable laws, rules and regulations. If Trustor receives notice from any federal, state or other governmental body that is not in compliance with any such covenant, ordinance, code, law or regulation, Trustor will immediately attempt to cure any violation and will provide Beneficiary with a copy of such notice promptly.

#### 1.04 Taxes and Other Charges.

1.04.1 Taxes and Assessments. Subject to the provisions of paragraph 1.04.3, Trustor shall pay promptly when due all taxes, assessments, rates, dues, charges, fees, levies, fines, impositions, liabilities, obligations and encumbrances of every kind whatsoever now or hereafter imposed, levied or assessed upon or against THE PROPERTY, as well as all income taxes, assessments and other governmental charges levied and imposed by the United States of America or any state, county, municipality or other taxing authority upon or against Trustor or in respect of THE PROPERTY or any part thereof; provided, however, that, unless the non-payment of a tax or assessment may create a forfeiture of THE PROPERTY, Trustor may in good faith, by appropriate proceedings (including without limitation payment of the asserted tax or assessment under protest if such payment must be made in order to contest such tax or assessment), contest the validity, applicability or amount of any asserted tax or assessment and pending such contest Trustor shall not be deemed in default hereunder if on or before the due date of the asserted tax or assessment Trustor establishes an escrow acceptable to Beneficiary in an amount estimated by Beneficiary to be adequate to cover the payment of such tax or assessment with interest, costs and penalties and a reasonable additional sum, to cover possible interest, costs and penalties, and if the amount of such escrow is insufficient to pay any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon, Trustor shall pay such deficiency no later than the date such judgment becomes final.

1.04.2 Mechanic's and Other Liens. Trustor shall not permit or suffer any mechanic's laborer's, materialman's statutory or other lien (other than any lien for taxes not yet due) to be created upon THE PROPERTY.

1.04.3 Tax Escrow. In order to secure the performance and discharge of Trustor's obligations under Paragraph 1.04, but not in lieu of such obligations, Trustor will upon demand, pay over to Beneficiary an amount equal to the next maturing annual ad valorem taxes, assessments and charges (which charges for purposes of this paragraph shall include without limitation water and sewer rents) of the nature described in paragraph 1.04.1 for each month that has elapsed since the last date to which such assessments, taxes and charges were paid and Trustor will, in addition, pay over to Beneficiary together with each installment on the Note sufficient funds (as estimated from time to time by Beneficiary in its sole discretion) to permit Beneficiary to pay when due said assessments, taxes, and charges. Upon demand by Beneficiary, Trustor shall deliver to Beneficiary such additional monies as are required to make up any deficiencies in the amounts necessary to enable Beneficiary to pay such assessments, taxes, and similar charges. Such deposits shall not be, nor be deemed to be, trust funds nor constitute or be deemed to constitute Beneficiary as an agent of Trustor, but may be commingled with the general funds of Beneficiary, and no interest shall be payable in respect thereof. In event of a

default under any of the terms, covenants and conditions in the Note, this Deed of Trust or any other instrument or document securing the note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, to be kept, performed or observed by Trustor, Beneficiary may apply to the reduction of the sums secured hereby, in such manner as Beneficiary shall determine, any amount under this paragraph 1.04.3 and 1.04.4(d) of Article One remaining to Trustor's credit. Any such application of said amount or any portion thereof to any indebtedness secured hereby shall not be construed to cure or waive any default or notice of default hereunder or invalidate any act done pursuant to any such default or notice.

#### 1.04.4 Insurance

(a) Subject to Paragraph 1.04.4(d), Trustor shall at its sole expense obtain for, deliver to, assign and maintain for the benefit of Beneficiary, during the life of this Deed of Trust, insurance policies in such amounts as Beneficiary may require, insuring THE PROPERTY against all insurable hazards, casualties and contingencies (including without limitation, loss of rentals or business interruption), as Beneficiary may require, and shall pay promptly when due any premiums on such insurance policies and on any renewals thereof. The form of such policies and the companies issuing them shall be acceptable to Beneficiary. All such policies and renewals thereof shall be held by Beneficiary and shall contain a non-contributory standard mortgagee or beneficiary endorsement making losses payable to Beneficiary as its interest may appear. At least fifteen (15) days prior to the expiration date of all such policies, renewals thereof satisfactory to Beneficiary shall be delivered to Beneficiary together with receipts evidencing the payment of all premiums on such insurance policies and renewals. In the event of loss, Trustor will give immediate written notice to Beneficiary and Beneficiary may make proof of loss if not made promptly by Trustor. In the event of the foreclosure of this Deed of Trust or any other transfer of title to THE PROPERTY in extinguishment of the indebtedness and other sums secured hereby, all right, title and interest of Trustor in and to all insurance policies and renewals thereof then in force shall pass to the purchaser or grantee. All such policies shall provide that they shall not be cancelled or terminated without at least thirty (30) days' prior written notice to Beneficiary.

(b) Pursuant to its rights granted hereunder in all proceeds from any insurance policies, Beneficiary is hereby authorized and empowered at its option to adjust or compromise any loss under any insurance policies on THE PROPERTY and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Trustor and Beneficiary jointly. After deducting from such insurance proceeds any expenses incurred by Beneficiary in the collection or handling of such funds, Beneficiary may apply the net proceeds, at its option, either towards restoring THE PROPERTY or as a credit on any portion of the indebtedness or other sums secured hereby, whether then matured or to mature in the future, or at the option of Beneficiary such sums either wholly or in part may be paid over to Trustor to be used to repair such improvements or to build new improvements in their place or for any other purpose or object satisfactory to Beneficiary, without affecting the lien of this Deed of Trust for the full amount secured hereby before such payment took place.

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Although Beneficiary intends to use its best efforts to collect such payments in a timely fashion, Beneficiary shall not be responsible for any policy regardless of the cause of such failure.

(c) Trustor at its sole expense shall obtain for, deliver to, and maintain for the benefit of, Beneficiary during the life of this Deed of Trust liability insurance policies relating to THE PROPERTY, in such amounts, with such companies and in such form as may be required by Beneficiary. Beneficiary may require such policies to contain an endorsement, in form satisfactory to Beneficiary, naming Beneficiary as an additional insured thereunder. Trustor shall pay promptly when due any premiums on such insurance policies and renewals thereof.

(d) In order to secure the performance and discharge of Trustor's obligations under paragraph 1.04.4, but not in lieu of such obligations, Trustor will, upon demand, pay over to Beneficiary an amount equal to one-twelfth (1/12th) of the next maturing annual insurance premiums for each month that has elapsed since the last date to which such premiums were paid; and Trustor will, in addition, pay over to Beneficiary together with each installment on the Note sufficient funds (as estimated from time to time by Beneficiary in its sole discretion) to permit Beneficiary to pay said premiums when due. Such deposits shall not be, not be deemed to be, trust funds nor constitute or be deemed to constitute Beneficiary as an agent of Trustor, but may be commingled with the general funds of Beneficiary, and no interest shall be payable in respect thereof. Upon demand by Beneficiary, Trustor shall deliver to Beneficiary such additional monies as are necessary to make up any deficiencies in the amounts necessary to enable Beneficiary to pay such premiums when due.

(e) Beneficiary shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and Trustor hereby expressly acknowledges and agrees that Trustor has full responsibility therefor and all liability, if any, with respect thereto.

#### 1.04.5 Non-Impairment of Beneficiary's Rights.

Nothing contained in either paragraphs 1.04.3 or 1.04.4 shall be deemed to affect any right or remedy of Beneficiary under any provision of this Deed of Trust or under any statute or rule of law to pay any amount required to be paid by paragraphs 1.04.1 and 1.04.4 and to add the amount so paid together with interest at the Default Rate to the indebtedness hereby secured. Although Beneficiary intends to use its best efforts to make such payments in a timely fashion, the arrangements provided for in paragraphs 1.04.3 and 1.04.4(d) are solely for the added protection of Beneficiary and entail no responsibility on Beneficiary's part beyond the allowing of due credit without interest, for sums actually received by it. Upon assignment of this Deed of Trust, any such funds on hand shall be turned over to the assignee and any responsibility of Beneficiary with respect thereto shall terminate.

1.05 Condemnation. Beneficiary shall be entitled to all compensation awards, damages, claims, rights of actions, settlements and proceeds of,

or on account of, any damage or taking through condemnation or arising from a conveyance in lieu of condemnation, and is hereby authorized, at its option, to commence, appear in and prosecute in its own or Trustor's name any action or proceeding relating to any condemnation and to settle or compromise any claim in connection therewith. All such compensation awards, damages, claims, rights of action and proceeds, and any other payments or relief, and the right thereto, are included in THE PROPERTY and Beneficiary, after deducting therefrom all its expenses including attorneys' fees, may release any monies so received by it to Trustor without affecting the lien of this Deed of Trust or may apply the same, in such manner as Beneficiary shall determine, to the reduction of the sums secured hereby. Any balance of such monies then remaining shall be paid to Trustor. Trustor agrees to execute such further assignments of any compensation awards, damages, claims, rights of action, settlements and proceeds as Beneficiary may require. Notwithstanding any such condemnation or conveyance in lieu of condemnation, Trustor shall continue to pay interest, computed at the rate provided in the Note, on the entire unpaid principal amount thereof.

1.06 Care of Property.

(a) Trustor shall preserve and maintain THE PROPERTY in good condition and repair. Trustor shall not permit, commit or suffer any waste, impairment or deterioration of THE PROPERTY or of any part thereof, that in any manner materially impairs Beneficiary's security hereunder and will not take any action which will increase the risk of fire or other hazard to THE PROPERTY or to any part thereof.

(b) Except as otherwise provided in this Deed of Trust, no part of THE PROPERTY shall be removed, demolished or materially altered, without the prior written consent of Beneficiary. Trustor shall have the right, without such consent, to remove and dispose of free from the lien of this Deed of Trust any part of THE PROPERTY as from time to time may become worn out or obsolete, provided that either simultaneously with or prior to such removal, any such property shall be replaced with other property of equal utility and of a value at least equal to that of the replaced property when first acquired and free from any security interest of any other person, and by such removal and replacement Trustor shall be deemed to have subjected such replacement property to the lien of this Deed of Trust.

(c) Beneficiary may enter upon and inspect THE PROPERTY at any reasonable time during the life of this Deed of Trust.

(d) If any part of THE PROPERTY shall be lost, damaged or destroyed by fire, condemnation or any other cause, Trustor will give immediate written notice thereof to Beneficiary and shall promptly restore THE PROPERTY to the equivalent of its original condition regardless of whether or not there shall be any insurance proceeds therefor. If part of THE PROPERTY shall be lost, physically damaged, or destroyed through condemnation, Trustor will promptly restore, repair or alter the remaining property in a manner satisfactory to Beneficiary.

(e) No work required to be performed under this paragraph shall be undertaken until plans and specifications therefor, prepared by an

architect or engineer satisfactory to Beneficiary, have been submitted to and approved in writing by Beneficiary, which approval shall not be unreasonably withheld.

1.07 Transfer of Property. Trustor shall not sell, contract to sell, convey, transfer, lease, alienate or further encumber any interest in all or any part of THE PROPERTY either voluntarily or involuntarily, nor shall a voluntary sale, pledge or other transfer of the controlling interest in Trustor be effected, without the prior written consent of Beneficiary having been first obtained to the purchase, transfer, lease or pledge, to the purchaser, transferee, lessee or pledgee and to the form and substance of any instrument evidencing any such purchase, transfer, lease or pledge. Any such sale, conveyance, alienation, transfer, pledge, lease or encumbrance made without Beneficiary's prior written consent shall be void. Trustor shall not, without the prior written consent of Beneficiary, further assign the rents from THE PROPERTY to anyone other than the Beneficiary, and any such assignment without the prior express written consent of Beneficiary shall be null and void. Trustor agrees that in the event the ownership of THE PROPERTY or any part thereof becomes vested in a person other than Trustor, Beneficiary may, without notice to Trustor, deal in any way with such successor or successors in interest with reference to this Deed of Trust and the Note and other sums hereby secured without in any way vitiating or discharging Trustor's liability hereunder or upon the Note and other sums hereby secured. No sale of THE PROPERTY and no forbearance to any person with respect to the Deed of Trust and no extension to any person of the time for payment of the Note and other sums hereby secured given by Beneficiary shall operate to release, discharge, modify, change or affect the original liability of Trustor either in whole or in part.

1.08 Further Assurances. At any time and from time to time, upon Beneficiary's request, Trustor shall make, execute and deliver, or cause to be made, executed and delivered, to Beneficiary and where appropriate shall cause to be recorded or filed, and from time to time thereafter to be re-recorded and refiled at such time and in such offices and places as shall be deemed desirable by Beneficiary, any and all such further deeds of trust, instruments of further assurance, certificates and other documents as Beneficiary may consider necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve the obligations of Trustor under the Note and this Deed of Trust, and the lien of this Deed of Trust as a lien upon all of THE PROPERTY, whether now owned or hereafter acquired by Trustor, and unto all and every person or persons deriving any estate, right, title or interest under this Deed or Trust or the power of sale herein contained. Upon any failure by Trustor to do so, Beneficiary may make, execute, record, file, re-record and refile any and all such deeds of trust, instruments, certificates and documents for and in the name of Trustor, and Trustor hereby irrevocably appoints Beneficiary the agent and attorney-in-fact of Trustor to do so.

1.09 Security Agreement and Financing Statements. Trustor (as Debtor) hereby grants to Beneficiary (as Creditor and Secured Party) a security interest in all fixtures and articles of personal property owned by debtor including (a) stored building materials; (b) all electrical equipment and wiring; (c) all plumbing, heating, lighting, ventilating, refrigerating, air conditioning, firefighting and sprinkler equipment and fixtures,

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(d) all bathroom fixtures; (e) all floor coverings and carpeting; (f) all other goods and equipment (except for trade fixtures utilized by tenants in the operation of tenants' business that are not used in the operation of the real estate), all of which are presently located or hereafter acquired for use in or with the property of Trustor together with all additions to and replacements or substitutes of the same type of substitutes to be acquired, installed and used by the debtor (Trustor) of every nature whatsoever constituting part of THE PROPERTY.

Trustor shall execute any and all such documents, including without limitation, Financing Statements pursuant to the Uniform Commercial Code of the State of Nevada, as Beneficiary may request, to preserve and maintain the priority of the lien created hereby on property which may be deemed personal property or fixtures, and shall pay to Beneficiary on demand any expenses incurred by Beneficiary in connection with the preparation, execution and filing of any such documents. Trustor hereby authorizes and empowers Beneficiary to execute and file, on Trustor's behalf, all financing statements and refilings and continuations thereof as Beneficiary deems necessary or advisable to create, preserve and protect said lien. This Deed of Trust shall be deemed a security agreement as defined in said Uniform Commercial Code and the remedies for any violation of the covenants, terms and conditions of the agreements herein contained shall be cumulative and (i) as prescribed herein, or (ii) by general law, or (iii) as to such part of the security which is also reflected in said Financing Statement by the specific statutory consequences now or hereafter enacted and specified in the Uniform Commercial Code, all at Beneficiary's sole election.

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 anywise derogating from or impairing the express declaration and intention of the parties hereto, hereinabove stated, that everything used in connection with the production of income from THE PROPERTY and/or adapted for use therein and/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 encumbered by this Deed of Trust irrespective of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Beneficiary or (iii) any such item is referred to or reflected in any such Financing Statement so filed at any time. Similarly, the mention in any such Financing Statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for less of value, or (3) Trustor's interest as lessor in any present or future lease or rights to income growing out of the use and/or occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall never be construed as in anywise 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 mention in the Financing Statement is declared to be for the protection of Beneficiary in the event any court or judge shall at any time hold with respect to the matters set forth in the foregoing clauses (1), (2) and (3) that notice of Beneficiary's priority of interest to be effective

against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government, must be filed in the Uniform Commercial Code records.

1.09.1 Fixture Filing Provisions. If the security agreement described above covers goods which are or are to become fixtures, then this deed of trust shall be effective as a financing statement filed as a fixture filing from the date of the recording hereof. In connection therewith, the addresses of the Trustor as debtor and Beneficiary as secured party are as set forth in Article Four, paragraph 4.02(a) hereof. The foregoing address of Beneficiary is also the address from which information concerning the security interest may be obtained in any interested party.

1.10 Assignment of Rents. The assignment contained under the section of this Deed of Trust entitled "THE LAND" in paragraph (E) shall be fully operative without any further action on the part of either party and specifically Beneficiary shall be entitled upon the occurrence of an Event of Default hereunder to all rents, income and other benefits from the property described in paragraphs (A), (B), (C) and (D) hereof whether or not Beneficiary takes possession of such property. Trustor hereby further grants to Beneficiary the right (i) to enter upon and take possession of THE LAND for the purpose of collecting the said rents, income and other benefits, (ii) to dispossess by the usual summary proceedings any tenant defaulting in the payment thereof to Beneficiary, (iii) to let THE LAND or any part thereof, and (iv) to apply said rents, income, maintenance fees, and other benefits, after payment of all necessary charges and expenses, on account of the indebtedness and other sums secured hereby. Such assignment and grant shall continue in effect until the indebtedness and other sums secured hereby are paid, the execution of this Deed of Trust constituting and evidencing the irrevocable consent of Trustor to the entry upon and taking possession of THE LAND by Beneficiary pursuant to such grant, whether or not foreclosure has been instituted. Neither the exercise or any rights under this paragraph by Beneficiary nor the application or any such rents, income or other benefits to the indebtedness and other sums secured hereby, shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant hereto or to any such notice, but shall be cumulative of all other rights and remedies.

OWNER hereby covenants and warrants to VALLEY BANK OF NEVADA that at the time this Assignment is filed for record, he is the absolute OWNER of the LEASES with full right and title to assign the INCOME due or to become due thereunder; that the LEASES are valid and in full force and effect; that neither he nor any previous owner has executed a prior assignment or pledge either of the rentals or INCOME of the PREMISES or of the landlord's interest in any LEASE of the whole or any part of the PREMISES; that there are no existing defaults under the provisions of the LEASES on the part of any party; and that no INCOME payable under the LEASES has been anticipated, prepaid, discounted, released, waived, compromised or discharged except as expressly permitted by said LEASES. OWNER also hereby covenants and agrees not to collect the INCOME for the said MORTGAGED PREMISES in advance, other than as required by the terms of any LEASE, contract, obligation, rental agreement or royalty agreement, and further agrees not to do any other act which would destroy or impair the benefits to VALLEY BANK OF NEVADA of this Assignment.

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Prior to actual entry and taking possession of the premises by VALLEY BANK OF NEVADA this Assignment shall not operate to place responsibility either for the control, care, management, or repair of the PREMISES upon VALLEY BANK OF NEVADA for the performance of any of the terms and provisions of any LEASE, contract, agreement or obligation.

VALLEY BANK OF NEVADA shall have the right to assign its right, title and interest under this Assignment both to any subsequent holder of the subject mortgage and to any person acquiring title to the PREMISES through foreclosure or otherwise.

OWNER hereby irrevocably appoints VALLEY BANK OF NEVADA its successors and assigns, as its agent and attorney-in-fact to execute and deliver during the term of this Assignment any other instruments as VALLEY BANK OF NEVADA may deem necessary to make this Assignment and any further assignment effective.

This Assignment shall remain in full force and effect as long as the mortgage debt to VALLEY BANK OF NEVADA remains unpaid in whole or in part. It is understood and agreed that upon a full and complete release of the aforesaid mortgage deed, this Assignment shall be void and of no further effect. This Assignment shall continue in full force and effect, notwithstanding any variation, modification or extension of the terms of the Deed of Trust or the promissory note secured thereby, except for those releases stated above.

The provisions of this Assignment shall bind OWNER and his or its legal representatives, successors or assigns, and VALLEY BANK OF NEVADA its successors or assigns.

Failure of VALLEY BANK OF NEVADA to avail itself of any of the terms, covenants and conditions of this Assignment shall not constitute a waiver thereof. The rights and remedies of VALLEY BANK OF NEVADA under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which VALLEY BANK OF NEVADA shall have under the Deed of Trust, the promissory note, and any construction loan agreement.

It is understood and agreed that neither the assignment of rents and profits to Beneficiary nor the exercise by Beneficiary of any of its rights or remedies under Article III hereof shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to THE LAND or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for THE LAND by any court at the request of Beneficiary or by agreement with Trustor, or the entering into possession of THE LAND or any part thereof by such receiver, be deemed to make Beneficiary a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to THE LAND use, occupancy, enjoyment or operation of all or any portion thereof.

Trustor shall apply the rents and profits to the payment of all necessary and reasonable operating costs and expenses of THE LAND, debt service on the indebtedness secured hereby, and a reasonable reserve for future expenses, repairs and replacements for THE LAND, before using the rents and profits for Trustor's personal use or any other purpose not for the direct benefit of THE LAND.

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1.11 After Acquired Property. To the extent permitted by and subject to applicable law, the lien of this Deed of Trust will automatically attach without further act, to all after acquired property located in or on, or attached to, or used or intended to be used in connection with, or with the operation of, THE LAND of any part thereof.

1.12 Leases Affecting Encumbered Property. Trustor represents that there is no default under any leases of any nature presently in effect relating to THE LAND. As any such lease shall expire or terminate or as any new lease shall be made, Trustor shall so notify Beneficiary in order that at all times Beneficiary shall have a current list of all leases affecting the property described in paragraphs (A), (B) and (C) hereof. The assignment contained in paragraph (F) hereof shall not be deemed to impose upon Beneficiary any of the obligations or duties of Trustor provided in any such lease (including, without limitation, any liability under the covenant of quiet enjoyment contained in any lease in the event that any tenant shall have been joined as a party defendant in any action to foreclose this Deed of Trust and shall have been barred and foreclosed hereby of all right, title and interest and equity of redemption in THE LAND or any part thereof), and Trustor shall comply with and observe its obligations as landlord under all leases affecting THE LAND or any part thereof. Trustor, if required by Beneficiary, shall furnish promptly to Beneficiary original or certified copies of all such leases now existing or hereafter created. Trustor shall not, without the express written consent of Beneficiary, amend, modify, extend, terminate or cancel, accept the surrender of, subordinate, accelerate the payment of rent as to, or change the terms of any renewal option of any such lease now existing or hereafter created, or permit or suffer an assignment or sublease. Trustor shall not accept payment of rent more than one (1) month in advance without the prior written consent of Beneficiary; or take any action under or with respect to any leases which would decrease either the obligations of the lessee thereunder or the rights or remedies of the lessor, or in any other manner impair Beneficiary's rights and interests in any such leases and the rents and profits from THE LAND.

With respect to the assignment contained in paragraph (F) hereof, Trustor shall, from time to time upon request of Beneficiary, specifically assign to Beneficiary, specifically assign to Beneficiary as additional security hereunder, by an instrument in writing in such form as may be approved by Beneficiary, all rights, title and interest of Trustor in and to any and all leases now or hereafter affecting THE LAND, together with all security therefor and all monies payable thereunder, subject to the conditional permission hereinabove given to Trustor to collect the rentals under any such lease. Trustor shall also execute and deliver to Beneficiary any notification, Financing Statement or other document reasonably required by Beneficiary to perfect the foregoing assignment as to any such lease. The provisions of this paragraph 1.12 shall be subject to the provisions of said paragraph (F).

Trustor shall not execute any lease or other occupancy agreement (collectively, the "Leases") of any part of THE LAND other than on a form approved by Beneficiary, and shall at all times fully perform the obligations of the lessor under all such Leases.

Each of the Leases shall if required by Beneficiary, make provision for the attornment of the lessee thereunder to any person succeeding to the interest

of Trustor as the result of any foreclosure or transfer in lieu of foreclosure hereunder, said provision to be in form and substance approved by Beneficiary.

If any part of any automobile parking areas included within THE LAND is taken by condemnation or before such areas are otherwise reduced, Trustor shall provide parking facilities in kind, size and location to comply with all Leases and before making any contract for such substitute parking facilities, Trustor shall furnish to Beneficiary satisfactory assurance of completion thereof, free of liens and in conformity with all governmental zoning, land use and environmental regulations.

1.13 Expenses. Trustor will pay when due and payable all appraisal fees, recording fees, taxes, brokerage fees and commissions, abstract fees, title policy fees, escrow fees, attorneys' fees, fees for inspecting architect(s) and engineer(s) and all other costs and expenses of every character which have been incurred or which may hereafter be incurred by Beneficiary, its agents and counsel or any takeout lender in connection with the issuance of its commitment, the preparation and execution of loan documents, the funding of its loan, and enforcement of loan documents; and Trustor will, upon demand by Beneficiary, reimburse Beneficiary, its agents and counsel and or any take out lender for all such expenses which have been incurred or which shall be incurred by any of them; and will indemnify and hold harmless Beneficiary from and against, and reimburse it for, all claims, demands, liabilities, losses, damages, judgments, penalties, costs and expenses (including, without limitation, attorneys' fees) which may be imposed upon, asserted against, or incurred or paid by them by reason of, on account of or in connection with any bodily injury or death or property damage occurring in or upon or in the vicinity of THE LAND through any cause whatsoever or asserted against them on account of any act performed or omitted to be performed hereunder or on account of any transaction arising out of or in any way connected with THE LAND, or with this Deed of Trust or any of the indebtedness evidenced by the Note.

1.14 Beneficiary's Performance of Defaults. If Trustor defaults in the payment of any assessment or tax, assessment, encumbrance or other imposition, in its obligation to furnish insurance hereunder, or in the performance or observance of any other covenant, condition or term of this Deed of Trust, the Commitment, the Note or any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, Beneficiary may, to preserve its interest in THE LAND, perform or observe the same, and all payments made (whether such payments are regular or accelerated payments) and costs and expenses incurred or paid by Beneficiary in connection therewith shall become due and payable immediately. The amounts so incurred or paid by Beneficiary, together with interest thereon at the Default Rate from the date incurred until paid by Trustor, shall be added to the indebtedness and secured by the lien of this Deed of Trust. Beneficiary is hereby empowered to enter and to authorize others to enter upon THE LAND or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to Trustor or any person in possession holding under Trustor.

1.15 Estoppel Affidavits. Trustor, within ten (10) days after written request from the Beneficiary, shall furnish a written statement, duly

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acknowledged, setting forth the unpaid principal of and interest on the Note, and any other unpaid sums secured hereby, and whether or not any offsets or defenses exist against such principal and interest or other sums and covering such other matters with respect to any such indebtedness as Beneficiary may require.

1.16 Use of Property. Loan proceeds to be used for the construction of a 9,901 sq. ft. shopping center at 1302 Langley Drive, Gardnerville, Nevada

1.17 Use of Beneficiary's Name. Trustor shall not use Beneficiary's name or the name of any person, firm or corporation controlling, controlled by or under common control with Beneficiary in connection with any of Trustor's activities, except as such use may be required by applicable law or regulation of any governmental body, or by any financing institution with which Trustor may be doing business.

1.18 Books and Records. Trustor shall keep and maintain at all times complete, true and accurate books of account and records reflecting the results of the operation of THE LAND. Trustor shall furnish to Beneficiary: (a) with 90 days after the end of Trustor's fiscal year and within 30 days after the end of Trustor's fiscal quarter, a statement of income and expenses with respect to THE LAND, in form as required by Beneficiary, (b) within 90 days after the end of Trustor's fiscal year, statements of financial condition of Trustor in form as required by Beneficiary, (c) within 90 days after the end of such fiscal year, a rent schedule of THE LAND, as of the end of such fiscal year, certified by Trustor, showing the name of each tenant and the space occupied, the lease expiration date, the rent, additional rent and common area charges due and payable, the last date to which rent was paid, the lease expiration date, the amount of security deposit, the number and length of renewal options and whether or not such tenant was then in default under any of the terms of his lease and showing all tenant space which is not occupied.

Trustor shall also furnish such interim unaudited financial statements and other information as the Beneficiary may reasonably require within a reasonable time after request by Beneficiary, Beneficiary and its designated agents shall have the right to inspect Trustor's books and records with respect to THE LAND at all reasonable times.

Should Trustor fail to comply with the requirements set forth above, it shall constitute an Event of Default and Beneficiary may (i) pursue those remedies set forth in Article Three hereof, and/or (ii) direct an independent certified public accountant to audit Trustor's books and records, and the cost of such audit shall be paid by Trustor.

1.19 Approved Prior Encumbrances. Trustor covenants and agrees to comply with and faithfully discharge all of its obligations, duties, and burdens arising under any Approved Prior Encumbrances set forth on Exhibit "B" hereto. Trustor further agrees to notify Beneficiary of any actions or events which may affect the value of Beneficiary's security hereunder. Trustor agrees to exercise, if permitted under any of the aforementioned agreements, any right to cure defaults thereunder, whether or not the default is that of Trustor; if such curing is not provided for, Trustor agrees to use diligent and good faith

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efforts to obtain such rights for and on behalf of Trustor and Beneficiary. Trustor agrees that Beneficiary for and on behalf of Trustor shall be entitled to exercise any and all of the rights granted under this paragraph, and Trustor agrees to promptly notify Beneficiary of any default under any of the agreements described above, so that Beneficiary may, should it so desire, exercise the rights set forth in this Deed of Trust.

## ARTICLE TWO

### DEFAULTS

2.01 Event of Default. The term Event of Default, wherever used in this Deed of Trust, shall mean any one or more of the following events:

(a) Failure by Trustor to pay (i) any periodic installment of interest or principal which shall become due and payable under the Note; or (ii) the outstanding principal balance on the Note, together with interest accrued thereon, at maturity, upon acceleration, or upon prepayment of the Note; or (iii) any taxes and assessments or insurance premiums when due hereunder; or (iv) any other sums to be paid by Trustor hereunder or under any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, when due hereunder or thereunder.

(b) Failure by Trustor to duly keep, perform and observe any other covenant, condition or agreement in the Note, the Commitment, this Deed of Trust, or any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder or the occurrence of any other default under any such instrument or document.

(c) If any material inaccuracy shall exist in any of the financial statements or in any other financial information furnished by or to be furnished by Trustor to Beneficiary pursuant to the provisions of this Deed of Trust or furnished or to be furnished to Beneficiary to induce Beneficiary to make the loan evidenced by the Note.

(d) Breach of any material warranty or untruth of any material representation of Trustor contained in the Note, the Commitment, this Deed of Trust or any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder.

(e) If (i) a petition is filed by or against Trustor or any guarantor, co-maker or endorser of the Note seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency, or (ii) Trustor or any guarantor, co-maker or endorser of the Note seeks, consents to, acquiesces in or is subject to the appointment or any trustee, receiver, assignee, custodian, master or liquidator of itself or any of its property or of any of the rent, revenues, issues, earnings, profits or income thereof, or (iii) Trustor or any guarantor, co-maker or endorser of the Note makes any general

assignment for the benefit of creditors, or (iv) Trustor or any guarantor, co-maker or endorser of the Note is "insolvent", as hereafter defined; or (v) Trustor or any guarantor, co-maker or endorser of the Note suspends the transaction of its usual business. For purposes of this paragraph, a person or entity shall be deemed to be insolvent, if he or it is unable to pay its debts as they become due and/or if the fair market value of his or its assets do not exceed his or its aggregate liabilities.

(f) If all or any material part of THE PROPERTY shall be damaged or taken through condemnation (which term when used herein shall include any damage or taking by any governmental authority or any other authority authorized by the laws of the State of Nevada or the United States of America to so damage or take, and any transfer by private sale in lieu thereof), either temporarily for a period in excess of thirty (30) days, or permanently.

(g) The entry by any court of last resort of a decision that an undertaking by Trustor is herein provided to pay taxes, assessments, levies, liabilities, obligations and encumbrances is legally inoperative or cannot be enforced, or in the event of the passage of any law hanging in any way or respect the laws now in force for the taxation of deeds of trust or mortgages or debts secured thereby for any purpose, or the manner of collection of any such taxes, so as to affect adversely this Deed of Trust or the indebtedness or other sums secured hereby.

(h) Failure by Trustor to comply with each and every obligation contained in an Approved Prior Encumbrance.

(i) The entry of any judgement against Trustor or any guarantor, co-maker or endorser of the Note or the issuance of a writ or order of attachment or garnishment against any property or assets of Trustor or any guarantor, co-maker or endorser of the Note.

(j) The dissolution, merger, consolidation or transfer of any part of THE LAND of Trustor, any guarantor, co-maker or endorser of the Note.

### ARTICLE THREE

#### REMEDIES

3.01 Acceleration of Maturity. If an Event of Default shall have occurred, Beneficiary may declare the outstanding principal amount of the Note and the interest accrued thereon, and all other sums secured hereby, to be due and payable immediately, and upon such declaration such principal and interest and other sums shall immediately become due and payable without demand or notice.

3.02 Beneficiary's Power of Enforcement.

(a) Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the timely and complete performance of any term, covenant, condition or agreement in the Deed of Trust, in the Commitment, in the Note, or in any instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, all sums secured hereby shall immediately become due, in the event of a default by Trustor hereunder, Beneficiary may, at its option and in its sole and absolute discretion, deliver to the Trustee written declaration of default and demand for sale and of written Notice of Breach and Election to sell to cause said property to be sold to satisfy the obligations hereof, which Notice the Trustee shall cause to be filed for record. Beneficiary also may deposit with the Trustee, the Note and all documents evidencing expenditures secured hereby.

(b) After the lapse of such time as may then be required by law following the recordation of said Notice of Breach and Election to Sell, and notice of sale having been given as then required by law, the Trustee without demand on Trustor, shall sell said property at the time and place fixed by it in said notice, 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 the time of sale. The Trustee may, for any cause it deems expedient, postpone the sale of all or any portion of said property until it shall be completed and, in every case, notice of postponement shall be given by public announcement thereof at the time and place last appointed for the sale and from time to time thereafter the Trustee may postpone such sale by public announcement at the time fixed by the preceding postponement. The Trustee shall execute and deliver to the purchase its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale.

After deducting all costs, fees and expenses of the Trustee and of this Trust, including the cost of any evidence of title procured in connection with such sale, the Trustee shall apply the proceeds of sale to the payment of: (1) all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate (2) all other sums then secured hereby; and (3) the remainder, if any, to the person or persons legally entitled thereto.

(c) If an Event of Default shall have occurred, Beneficiary may, either with or without entry or taking possession as hereinafter provided or otherwise, and without regard to whether or not the indebtedness and other sums secured hereby shall be due and without prejudice to the right of Beneficiary thereafter to bring an action or proceeding to foreclose or any other action for any default existing at the time such earlier action was commenced, proceed by any appropriate action or proceeding: (A) to enforce payment of the Note or the performance of any term hereof or any other right: (B) to foreclose this Deed of Trust in the manner provided by law for the foreclosure of mortgages in real property and to sell, as an entirety or in separate lots or parcels, THE LAND pursuant to the laws of the State of Nevada or under the judgment or decree of a court or courts of competent jurisdiction and Beneficiary shall be entitled to recover in any such proceeding all costs and expenses incident thereto,

including reasonable attorneys' fees in such amount as shall be awarded by the court; and (C) to pursue any other remedy available to it at law or in equity. Beneficiary shall take action either by such proceedings or by the exercise of its powers with respect to entry or taking possession, or both, as Beneficiary may determine.

3.03 Beneficiary's Right to Enter and Take Possession, Operate and Apply Income.

(a) If an Event of Default shall have occurred, (i) Trustor upon demand of Beneficiary, shall forthwith surrender to Beneficiary the actual possession and, to the extent permitted by law, Beneficiary itself, or such officers or agents as it may appoint, may enter, and take possession of all of THE LAND or any part thereof, and may exclude Trustor and its agents and employees wholly therefrom and may have joint access with Trustor to the books, papers and accounts of Trustor; and (ii) Trustor will pay monthly in advance to Beneficiary on Beneficiary's entry into possession, or to any receiver appointed to collect the rents, income and other benefits of THE LAND the fair and reasonable rental value for the use and occupation of such part of THE LAND AS MAY BE IN POSSESSION OF Trustor and upon default in any such payment will vacate and surrender possession of such part of THE LAND TO Beneficiary or to such receiver and, in default thereof, Trustor may be evicted by summary proceedings or otherwise.

(b) If Trustor shall for any reason fail to surrender or deliver THE LAND or any part thereof after Beneficiary's demand, Beneficiary may obtain a judgment or decree conferring on Beneficiary or the Trustee the right to immediate possession or requiring Trustor to deliver immediate possession of all or part of THE LAND to Beneficiary or the Trustee and Trustor hereby specifically consents to the entry of such judgment or decree. Trustor shall pay to Beneficiary of the Trustee, upon demand, all costs and expenses of obtaining such judgment or decree and reasonable compensation to Beneficiary or the Trustee, their attorneys and agents, and all such costs, expenses and compensation shall, until paid, be secured by the lien of this Deed of Trust.

(c) Upon every such entering upon or taking of possession, the Beneficiary or the Trustee may hold, store, use, operate, manage and control THE LAND and conduct the business thereof, and, from time to time in its sole and absolute discretion:

(i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property.

(ii) insure or keep THE LAND insured;

(iii) manage and operate THE LAND and exercise all the rights and powers of Trustor in its name or otherwise with respect to the same;

(iv) Enter into agreements with others to exercise the powers herein granted the Beneficiary or the Trustee, all as Beneficiary or the Trustee

from time to time may determine; and Beneficiary or the Trustee may collect and receive all the rents, income and other benefits thereof, including those past due as well as those accruing thereafter; and shall apply the monies so received by the Beneficiary or the Trustee in such priority as Beneficiary may determine to (1) the payment of rent or any other tenant charges under the Lease, (2) the payment of interest and principal due and payable on the Note, (3) the deposits for taxes and assessments and insurance premiums due, (4) the cost of insurance, taxes, assessments and other proper charges upon THE LAND or any part thereof; (5) the compensation, expenses and disbursements of the agents, attorneys and other representatives of Beneficiary or the Trustee and (6) any other charges or costs required to be paid by Trustor under the terms hereof.

Beneficiary or the Trustee shall surrender possession of THE LAND to Trustor only when all that is due upon such interest and principal, tax and insurance deposits, and all amounts under any of the terms of this Deed of Trust, shall have been paid and all defaults fully cured. The same right of taking possession, however, shall exist if any subsequent Event of Default shall occur and be continuing.

3.04 Leases. Beneficiary is authorized to foreclose this Deed of Trust subject to the rights of any tenants of THE LAND and the failure to make any such tenants parties defendant to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted by Beneficiary to collect the sums secured hereby or to collect any deficiency remaining unpaid after the foreclosure sale of THE LAND executed subsequent to the date hereof, or any part thereof, shall be subordinate and inferior to the lien of this Deed of Trust, except that from time to time Beneficiary may execute and record among the land records of the jurisdiction where this Deed of Trust is recorded, subordination statements with respect to such of said leases so designated by Beneficiary will be made superior to the lien of this Deed of Trust. From and after the recording of such subordination statements, the leases therein referred to shall be superior to the lien of this Deed of Trust and shall not be affected by any foreclosure hereof. All such leases and tenancies shall contain a provision to the effect that the tenant recognizes the right of Beneficiary to effect such subordination of this Deed of Trust and consents thereto.

When requested by Beneficiary from time to time, and within such time as Beneficiary may reasonably require, Trustor shall execute, deliver, and record, and shall cause any lessee, tenant, or occupant (hereinafter referred to as tenant) of Trustor designated by Beneficiary to execute, deliver and record separate lease assignments covering any or all of the leases that may affect any part or all of THE LAND. Such separate lease assignments shall be in such form and contain such provisions as Beneficiary may in its discretion require and, without limiting the generality of the foregoing, may require any such tenant to subordinate the tenant's rights to the lien of this Deed of Trust. In no event shall Beneficiary be required to give non-disturbance or similar commitments to any of such tenants. Whether or not separate lease assignments are required by Beneficiary, Trustor hereby authorizes and directs the lessees, tenants, and occupants of THE LAND THAT, UPON WRITTEN NOTICE FROM Beneficiary, all payments required under said leases, or in any way respecting same, shall be made directly to Beneficiary as they become due. Trustor hereby relieves said lessees, tenants and guests from any liability to Trustor by reason

of said payments being made to Beneficiary. Nevertheless, until Beneficiary notifies in writing said lessees, tenants and guests to make such payments to Beneficiary, Trustor shall be entitled to collect all such rents and/or payments. Beneficiary is hereby authorized to give such notification in the event of any breach or default by Trustor under ARTICLE TWO hereof.

3.05 Purchase by Beneficiary. Upon any such foreclosure sale, Beneficiary may bid for and purchase THE LAND and, upon compliance with the terms of sale, may hold, retain and possess and dispose of such property in its own absolute right without further accountability.

3.06 Application of Indebtedness Towards Purchase Price. Upon any such foreclosure sale, Beneficiary may, if permitted by law, and after allowing for costs and expenses of the sale, compensation and other charges in paying the purchase price, apply any portion of or all of the indebtedness and other sums due to Beneficiary under the Note, this Deed of Trust or any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, in lieu of cash, to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon.

3.07 Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. Trustor agrees to the full extent permitted by law that in case of a default on its part hereunder, neither Trustor nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust or the absolute sale of THE LAND or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereof, and Trustor, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully so do, the benefit of all such laws, and any and all right to have the assets comprising THE LAND marshalled upon any foreclosure of the lien hereof and agrees that the Trustee or any court having jurisdiction to foreclose such lien may sell THE LAND in part or as an entirety.

3.08 Receiver. If an Event of Default shall have occurred, Beneficiary, to the extent permitted by law and without regard to the value, adequacy or occupancy of the security for the indebtedness and other sums secured hereby, shall be entitled as a matter of right, if it so elects, to the appointment of a receiver to enter upon and take possession of THE LAND and to collect all rents, income and other benefits thereof and apply the same as the court may direct, and such receiver may be appointed by any court of competent jurisdiction by ex parte application and without notice of hearing, such notice and hearing being hereby expressly waived. The expenses, including receiver's fees, attorneys' fees, costs and agent's compensation, incurred pursuant to the powers herein contained shall be secured by this Deed of Trust. The right to enter and take possession of and to manage and operate THE LAND and to collect all rents, income and other benefits thereof, whether by a receiver or otherwise, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Beneficiary shall be liable to account only for such rents, income and other

benefits actually received by Beneficiary, whether received pursuant to this paragraph or paragraph 3.03. Notwithstanding the appointment of any receiver or other custodian, Beneficiary shall be entitled as pledgee to the possession and control of any cash, deposits, and instruments at the time held by, or payable or deliverable under the terms of this Deed of Trust to Beneficiary.

3.09 Suits to Protect the Property. Beneficiary shall have the power and authority, but shall have no obligation, to institute and maintain any suits and proceedings as beneficiary may deem advisable (a) to prevent any impairment of THE LAND by any acts which may be unlawful or any violation of this Deed of Trust; (b) to preserve or protect its interest in THE LAND and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order might impair the security hereunder or be otherwise prejudicial to Beneficiary's interest.

3.10 Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding affecting Trustor or any guarantor, co-maker or endorser of any of Trustor's obligation, its creditors or its property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim or other documents as may be necessary or advisable in order to have its claims allowed in such proceedings for the entire amount due and payable by Trustor under the Note, this Deed of Trust and any other instrument or document securing the Note, or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, at the date of the institution of such proceedings, and for any additional amounts which may become due and payable by Trustor after such date.

3.11 Trustor to Pay on Any Default in Payment;  
Application of Monies by Beneficiary.

(a) If default shall be made in the payment of any amount due under the Note, this Deed of Trust or any other instrument or document securing the Note, or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, then upon Beneficiary's demand, Trustor will pay to Beneficiary the whole amount due and payable under the Note and all other sums secured hereby; and if Trustor shall fail to pay the same forthwith upon such demand, Beneficiary shall be entitled to sue for and to recover judgment against Trustor for the whole amount so due and unpaid together with costs and expenses, including without limitation the reasonable compensation, expenses and disbursements of Beneficiary's agents, attorneys and other representatives, either before, after or during the pendency of any proceedings for the enforcement of this Deed of Trust; and the right of Beneficiary to recover such judgment shall not be affected by any taking possession or foreclosure sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the terms of this Deed of Trust, or the foreclosure of the lien hereof.

(b) In case of a foreclosure sale of all or any part of THE PROPERTY and of the application of the proceeds of sale to the payment of the sums secured hereby, Beneficiary shall be entitled to enforce payment from

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Trustor of all amounts then remaining due and unpaid and to recover judgment against Trustor for any portion thereof remaining unpaid, with interest.

(c) Trustor hereby agrees, to the extent permitted by law, that no recovery of any such judgment by Beneficiary and no attachment or levy of any execution upon any of THE LAND or any other property shall in any way affect the lien of this Deed of Trust upon THE LAND or any part thereof or any lien, rights, powers or remedies of Beneficiary hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before.

(d) Any monies collected or received by Beneficiary under this paragraph 3.11 shall be applied to the payment of compensation, expenses and disbursements of the agents, attorneys and other representatives of Beneficiary, and the balance remaining shall be applied to the payment of the amounts due and unpaid under the Note, this Deed of Trust or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder.

(e) The provisions of this paragraph shall not be deemed to limit or otherwise modify the provisions of any guaranty of the indebtedness evidenced by the Note.

3.12 Delay or Omission No Waiver. No delay or omission of Trustee or Beneficiary or any holder of the Note to exercise any right, power or remedy upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to Trustee or Beneficiary may be exercised from time to time and as often as may be deemed expedient by Trustee or Beneficiary.

3.13 No Waiver of One Default to Affect Another. No waiver of any Event of Default hereunder shall extend to or affect any subsequent or any other Event of Default then existing, or impair any rights, powers or remedies consequent thereon. If Beneficiary (a) grants forbearance of any extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted in the Note, this Deed of Trust or any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder; (d) releases any part of THE LAND from the lien of this Deed of Trust or any other instrument securing the Note; (e) consents to the filing of any map, plat or replat of the Land; (f) consents to the granting of any easement on the Land; or (g) makes or consents to any agreement changing the terms of this Deed of Trust or subordinating the lien or any charge hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under the Note, this Deed of Trust or otherwise of Trustor, or any subsequent purchaser of THE LAND or any part thereof or any maker, co-signer, surety or guarantor. No such act or omission shall preclude Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in case of any Event of Default then existing or of any subsequent Event of Default, nor except as otherwise expressly provided in an instrument or instruments executed by Beneficiary, shall the lien of this Deed of Trust be altered thereby, except to the extent of releases as described in subparagraph (d) above of this paragraph 3.13. In the event of the

sale or transfer by operation of law or otherwise of all or any part of THE LAND Beneficiary without notice to any person, firm or corporation, is hereby authorized and empowered to deal with any such vendee or transferee with reference to THE LAND or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

3.14 Discontinuance of Proceedings; Position of Parties Restored. If Beneficiary shall have proceeded to enforce any right or remedy under this Deed of Trust by foreclosure, entry or otherwise and such proceedings shall have been discontinued or abandoned for any reason, or such proceedings, shall have resulted in a final determination adverse to Beneficiary, then and in every such case Trustor and Beneficiary shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Beneficiary shall continue as if no such proceedings had been taken.

3.15 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Trustee or Beneficiary by the Note, this Deed of Trust or any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder is exclusive or any other right, power of remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or under the Note or any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, or now or hereafter existing at law, in equity or by statute.

3.16 Interest After Event of Default. If an Event of Default shall have occurred, all sums outstanding and unpaid under the Note and this Deed of Trust shall, at Beneficiary's option, bear interest at the Default Rate set forth in this Deed of Trust. In such event, any deferred interest provision, as contained in the Note, shall be inoperative, and interest at the Default Rate shall be currently fully payable.

3.17 Foreclosure; Expense of Litigation. If foreclosure be made by the Trustee, attorneys fees for services in the supervision of said foreclosure proceeding shall be allowed by the Trustee as part of the foreclosure costs. In the event of foreclosure of the lien hereof, there shall be allowed and included as additional indebtedness all expenditures and expenses which may be paid or incurred by or on behalf of Beneficiary for attorneys' fees, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after foreclosure sale or entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Beneficiary may deem reasonably advisable either to prosecute such suit or to evidence to a bidder at any sale which may be had pursuant to such decree the true condition of the title to or the value of THE LAND. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of said premises and the maintenance of the lien of this Deed of Trust, including the fees of any attorney employed by Beneficiary in any litigation or

proceeding affecting this Deed of Trust, the Note or THE LAND including probate and bankruptcy proceedings, or in the preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Trustor, with interest thereon at the Default Rate, and shall be secured by this Deed of Trust.

3.18 Deficiency Judgments. If after foreclosure of this Deed of Trust or Trustee's sale hereunder, there shall remain any deficiency with respect to any amounts payable under the Note or hereunder or any amounts secured hereby, and Beneficiary shall institute any proceedings to recover such deficiency or deficiencies, all such amounts shall continue to bear interest at the Default Rate before and after the entry of any judgment. In addition, Beneficiary and Trustee shall be entitled to recovery of their costs in connection with such proceedings, including their reasonable attorney's fees. This provision shall survive any foreclosure or sale of THE LAND and/or the extinguishment of the lien hereof.

#### ARTICLE FOUR

##### MISCELLANEOUS PROVISIONS

4.01 Heirs; Successors and Assigns Included in Parties. Whenever one of the parties hereto is named or referred to herein, the heirs, successors and assigns of such party shall be included and all covenants, agreements, terms, provisions and conditions contained in this Deed of Trust, by or on behalf of Trustor, Trustee or Beneficiary shall bind and inure to the benefit of their respective heirs, successors and assigns, whether so expressed or not. In the event Trustor is composed of more than one party, the obligations, covenants, agreements, and warranties contained herein as well as the obligations arising therefrom are and shall be the joint and several obligations of each such party.

##### 4.02 Addresses for Notices, Etc.

(a) Any notice, report, demand or other instrument authorized or required to be given or furnished under this Deed of Trust to Trustor or Beneficiary shall be deemed given or furnished (i) when addressed to the party intended to receive the same, at the address of such party set forth below, and delivered at such address or (ii) three days after the same is deposited in the United States mail as first class certified mail, return receipt requested, postage paid, whether or not the same is actually received by such party, except that service of any notice of default or notice of sale provided for herein or required by law shall, if mailed, be deemed effective on the date of mailing.

BENEFICIARY: Valley Bank of Nevada  
P. O. Box 20000 - Real Estate  
401 S. Virginia St.  
Reno, NV 89520-0025

TRUSTOR: Robert E. Ford and Jeanette O. Ford,  
Co-Trustees of THE ROBERT E. FORD  
FAMILY TRUST AGREEMENT U/A/D May 10, 1988  
1187 Cary Creek Road, Gardnerville, Nevada 89410

(b) Either party may change the address to which any such notice, report, demand or other instrument is to be delivered or mailed, by furnishing written notice of such change to the other party, but no such notice of change shall be effective unless and until received by such other party.

4.03 Headings. The headings of the articles, sections, paragraphs and subdivisions of this Deed of Trust are for convenience of reference only, are not to be considered a part hereof, and shall not limit or expand or otherwise affect any of the terms hereof.

4.04 Invalid Provisions to Affect No Others. In the event that any of the covenants, agreements, terms or provisions contained in the Note, or in this Deed of Trust, or in the Commitment, or in any other instrument or document securing the Note or otherwise heretofore or hereafter executed in connection with the indebtedness secured hereunder, shall be invalid, illegal or unenforceable in any respect, the validity of the remaining covenants, agreements, terms or provisions contained herein or in the Note or in the Commitment or in any other such instrument or document shall be in no way affected, prejudiced or disturbed thereby.

4.05 Changes, Etc. Neither this Deed of Trust nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement hereafter made by Trustor and Beneficiary relating to this Deed of Trust shall be superior to the rights of the holder of any intervening lien or encumbrance. Whenever a power of attorney is conferred upon Beneficiary hereunder, it is understood and agreed that such power is conferred with full power of substitution and Beneficiary may elect in its sole discretion to exercise such power itself or to delegate such power, or any part thereof, to one or more sub-agents.

4.06 Governing Law. This Deed of Trust is made by Trustor and accepted by Beneficiary in the State of Nevada, under the laws of such state and shall be construed, interpreted, enforced and governed by and in accordance with the laws of such state.

4.07 Required Notices. Trustor shall notify Beneficiary promptly of the occurrence of any of the following: (i) receipt of notice from any governmental authority relating to THE LAND; (ii) receipt of any notice from any tenant leasing all or any portion of THE LAND; (iii) any change in the occupancy of THE LAND; (iv) receipt of any notice from the holder of any other lien or security interest in THE LAND; or (v) commencement of any judicial or administrative proceedings by or against or otherwise affecting Trustor, THE LAND or any entity controlled by or under common control with Trustor or any other action by any creditor thereof as a result of any default under the terms of any loan.

4.08 Statute of Limitations. To the extent permitted by law, Trustor hereby waives the right to plead the statute of limitations as a defense to any and all obligations secured by this Deed of Trust.

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4.09 Substitution of Trustee. Beneficiary, or any successor in ownership of any indebtedness secured hereby 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 by Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where THE LAND is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee 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.

4.10 Management. Trustor covenants that at all times prior to the payment in full of the indebtedness evidenced by the Note and other sums secured hereby, THE LAND shall be managed by Trustor or by a management company which shall have been approved in writing by Beneficiary and pursuant to a management agreement which shall have been approved in writing by Beneficiary prior to the execution thereof.

4.11 Default Rate. The Default Rate shall be two percent (2%) greater than the Interest Rate as set forth in the Note.

4.12 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 the 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 or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, the Trustee may destroy the Note and this Deed of Trust (unless directed in such request to retain them).

4.13 Attorneys Fees. Without limiting any other provision contained herein, Trustor agrees to pay all costs of Beneficiary or Trustee incurred in connection with the enforcement of this Deed of Trust or the taking of this Deed of Trust as security for the repayment of the Note, including without limitation, all attorneys' fees whether or not suit is commenced, and including specifically fees incurred in connection with any appellate, bankruptcy, deficiency or any other litigation proceedings. All of which sums shall be secured hereby.

4.14 Schedule 104.9313. Pursuant NRS.104.9313, notice is hereby given that the amount advanced under the promissory note or notes secured hereby are

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advanced for construction of improvements upon the premises ("Land").

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust, Assignment of Rents and Security Agreement the day and year first above written.

[Signature]  
TRUSTEE

Robert E. Ford, Co-Trustee of THE ROBERT E. FORD FAMILY TRUST AGREEMENT U/A/D May 10, 1988

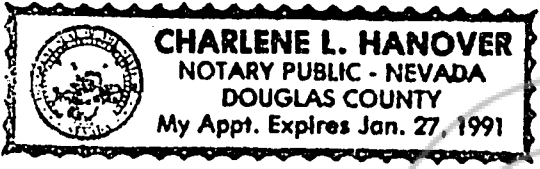
[Signature]  
Co-Trustee

Jeanette O. Ford, Co-Trustee of THE ROBERT E. FORD FAMILY TRUST AGREEMENT U/A/D May 10, 1988

STATE OF NEVADA )  
COUNTY OF Douglas ) SS

On August 3, 1990 personally appeared before me, a notary public, Robert E. Ford & Jeanette O. Ford Co-Trustees, personally known to me to be the person(s) whose name(s) is/are subscribed to the above instrument who acknowledged that they executed the instrument.

[Signature]  
Notary Public



STATE OF NEVADA )  
 ) SS.  
COUNTY OF )

On \_\_\_\_\_ personally appeared before me, a notary public \_\_\_\_\_, personally known (or proved) to me to be the person(s) whose name(s) is/are subscribed to the above instrument who acknowledged that he executed the instrument.

\_\_\_\_\_  
NOTARY PUBLIC

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BOOK 890 PAGE 1416

THE ROBERT E. FORD FAMILY TRUST

DEED OF TRUST  
July 20, 1990

EXHIBIT "A"

DESCRIPTION

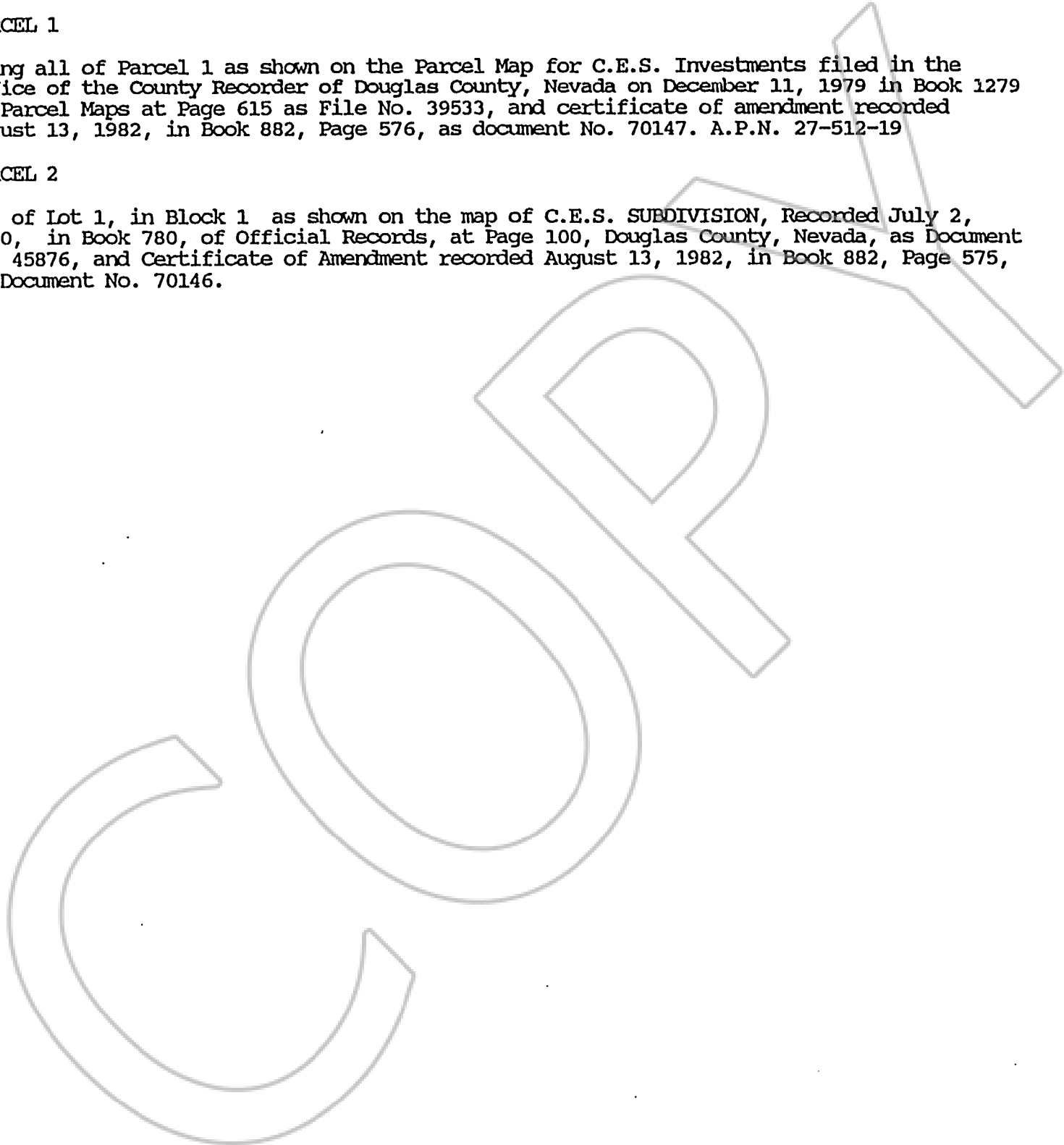
All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

PARCEL 1

Being all of Parcel 1 as shown on the Parcel Map for C.E.S. Investments filed in the office of the County Recorder of Douglas County, Nevada on December 11, 1979 in Book 1279 of Parcel Maps at Page 615 as File No. 39533, and certificate of amendment recorded August 13, 1982, in Book 882, Page 576, as document No. 70147. A.P.N. 27-512-19

PARCEL 2

All of Lot 1, in Block 1 as shown on the map of C.E.S. SUBDIVISION, Recorded July 2, 1980, in Book 780, of Official Records, at Page 100, Douglas County, Nevada, as Document no. 45876, and Certificate of Amendment recorded August 13, 1982, in Book 882, Page 575, as Document No. 70146.



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EXHIBIT "B"

APPROVED PRIOR ENCUMBRANCES

Exceptions to Preliminary Title Report dated June 15, 1990 issued by Western Title Company, Inc. Order #M48400CH

Items: #1 pay current, #2 pay current, #3 pay current, #4 pay current, #5 with a 103.1 endorsement, #6 with a 103.1 2ndorsement, #7 with a 103.1 endorsement, #8 .

COPY

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

'90 AUG 10 A11:37

SUZANNE BEAUDREAU  
RECORDER

**232056**

\$ 36<sup>00</sup> PAID: *KA* DEPUTY  
BOOK **890** PAGE **1418**