

DEED OF TRUST

This Deed of Trust made this 3rd day of February, 1995, between CAPRI RESORTS, INC., a Nevada corporation, STERLING FINANCIAL CORPORATION, a New Jersey corporation, and GEORGE T. LEVERETT, III, hereinafter referred to as Grantor and LEISURE TIME ESCROW, or any substitute Trustee thereafter, hereinafter referred to as "Trustee", and CARL A. MORRISON, CHARLES I. MCCLURE, and GURCHARAN S. LAU, hereinafter referred to as "Beneficiary".

W I T N E S S E T H:

WHEREAS, Grantor is obligated to Beneficiary in accordance with the terms and conditions pursuant to the second revised first Amended Plan and Order Confirming Plan in Case No. BK-N-93-31295, Chapter 11, Capri Resorts, Inc. in the United States Bankruptcy Court, District of Nevada, Reno, NV hereinafter referred to as "Plan and Order" and pursuant to the Pledge Agreement dated the same date hereinabove between Grantor and Beneficiary,

NOW, THEREFORE, Grantor for the purpose of securing the performance of all their obligations under said Plan and Order in accordance with the terms thereof grants unto Trustee all of the certain real property situated, lying and being in the County of Douglas, State of Nevada, more particularly described as follows:

See Exhibit A attached hereto:

TOGETHER WITH, all and singular, the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

THIS DEED OF TRUST will be and is security for all obligations of Grantor to Beneficiary by virtue of the the Plan and Order, and shall be security for any and all renewals of the aforementioned obligations of Grantor to Beneficiary, however evidenced. Grantor expressly covenants and agrees that at all times during the term hereof, they will keep and maintain the above described real property in good condition and will not, during the term hereof, undertake any activity with respect to said real property which would in any way tend to impair or diminish the value thereof, other than sales of intervals as contemplated by the Plan and Order.

Trustee is authorized to grant partial releases without payment to Beneficiary for sales of intervals at Kingsbury Crossing when a portion of the sales price is paid to GEICO Financial Services, Inc. to obtain a partial release from the lien of its deed of trust or any other prior liens or security interest as is provided in the Plan and Order above referenced. GEICO Financial Services is granted an irrevocable power of attorney with an interest, authorizing it to (1) request reconveyance of intervals on behalf of the beneficiary from the lien of this deed of trust until the debt secured by the GEICO deed of trust has been paid in full, and (2) to change the Trustee designated herein.

The escrowholder for the sale of timeshare intervals in Kingsbury Crossing is further authorized to pay Kingsbury Homeowners Association the amount of \$369.00 per interval sold by grantor. This Deed of Trust is expressly subject to the Kingsbury Owners Associations' payment of \$369.00 per interval sold, for a total amount of \$307,377.00.

Grantor and Kingsbury Owners Association recognize that interval payments provided to the Kingsbury Owners Association herein is based upon a compromise and that although the Kingsbury Owners Association are accepting a \$369.00 per interval payment and this Deed of Trust subject to the same, it is acknowledged that except for these interval payments provided to the Kingsbury Owners Association herein, all other Bankruptcy claims of the Kingsbury Owners Association are subordinate to this Deed of Trust.

Trustee is authorized to grant partial reconveyances so long as the United States Bankruptcy Court for the District of Nevada has not determined that a material default has occurred under the Plan and Order. Trustee is further authorized to grant partial releases so long as the United States Bankruptcy Court for the District of Nevada, Reno, NV has not determined that the Debtor and Grantor herein is not in substantial compliance with the Plan of Reorganization. Any Promissory Notes or security agreements secured by this Deed of Trust are hereby modified pursuant to the terms and conditions of the above referenced Plan and Order.

The Grantor shall keep the Beneficiaries informed as to the current status of the payments of indebtedness to GEICO and grantor shall provide beneficiaries with copies of all letters of default and loan status upon the request of the Beneficiaries. The Grantor further shall keep the Beneficiaries informed as to the current status of the Grantor status as to payment of maintenance fees, homeowners dues and any other assessment collectible for or on behalf of the Kingsbury Owners Association and that the same shall be disclosed to the

Beneficiaries upon request.

Following covenants and being covenants No. 1, 3, 4 (10%), 5, 6, 7 (reasonable), 8 and 9 of Section 107.030 of Nevada revised Statutes, are hereby made a part of this Deed of Trust. GEICO Financial Services may modify its secured note and Deed of Trust in any way it sees fit without the consent of the Beneficiaries herein and without prejudice to its first lien position or right of payment under its note subject to the Plan and Order and approval of the United States Bankruptcy Court, District of Reno, Reno, NV.

Nothing herein shall modify the provisions of the Plan, including but not limited to the provisions in the Plan to the effect that all sales under the Plan shall be free and clear of all liens and encumbrances, including this deed of trust. Further, no violation of any provision of this deed of trust by the Grantor shall constitute a default hereunder unless the Bankruptcy Court has theretofore entered an order revoking the Plan, dismissing Capri's bankruptcy case, or finding that the Capri is not in substantial compliance with the Plan.

IN WITNESS WHEREOF, Grantor has executed these presents the day and year first above written.

GRANTOR:

CAPRI RESORTS, INC.
A Nevada corporation

BY: George T. Leverett III
GEORGE T. LEVERETT, III
Its President

STERLING FINANCIAL CORPORATION
A New Jersey corporation

BY: George T. Leverett III
GEORGE T. LEVERETT, III
Its President
George T. Leverett III
GEORGE T. LEVERETT, III

STATE OF Nevada SS
COUNTY OF Washoe

On this 14th day of July, 1994, personally appeared before me, a Notary Public, George T. Leverett III, of Capri Resorts, Inc., a Nevada corporation, who acknowledged that he executed the foregoing instrument on behalf of said corporation.



JANET E. TRAUT
Notary Public - State of Nevada
Appointment Recorded in Washoe County
MY APPOINTMENT EXPIRES FEB. 7, 1998

Janet E. Traut
NOTARY PUBLIC

STATE OF Nevada SS
COUNTY OF Washoe

On this 14th day of July, 1994, personally appeared before me, a Notary Public, GEORGE T. LEVERETT, III, who acknowledged that he executed the foregoing instrument.



JANET E. TRAUT
Notary Public - State of Nevada
Appointment Recorded in Washoe County
MY APPOINTMENT EXPIRES FEB. 7, 1998

Janet E. Traut
NOTARY PUBLIC

GRANTOR:

STERLING FINANCIAL CORPORATION
A New Jersey Corporation

By: George T. Leverett
George T. Leverett, III

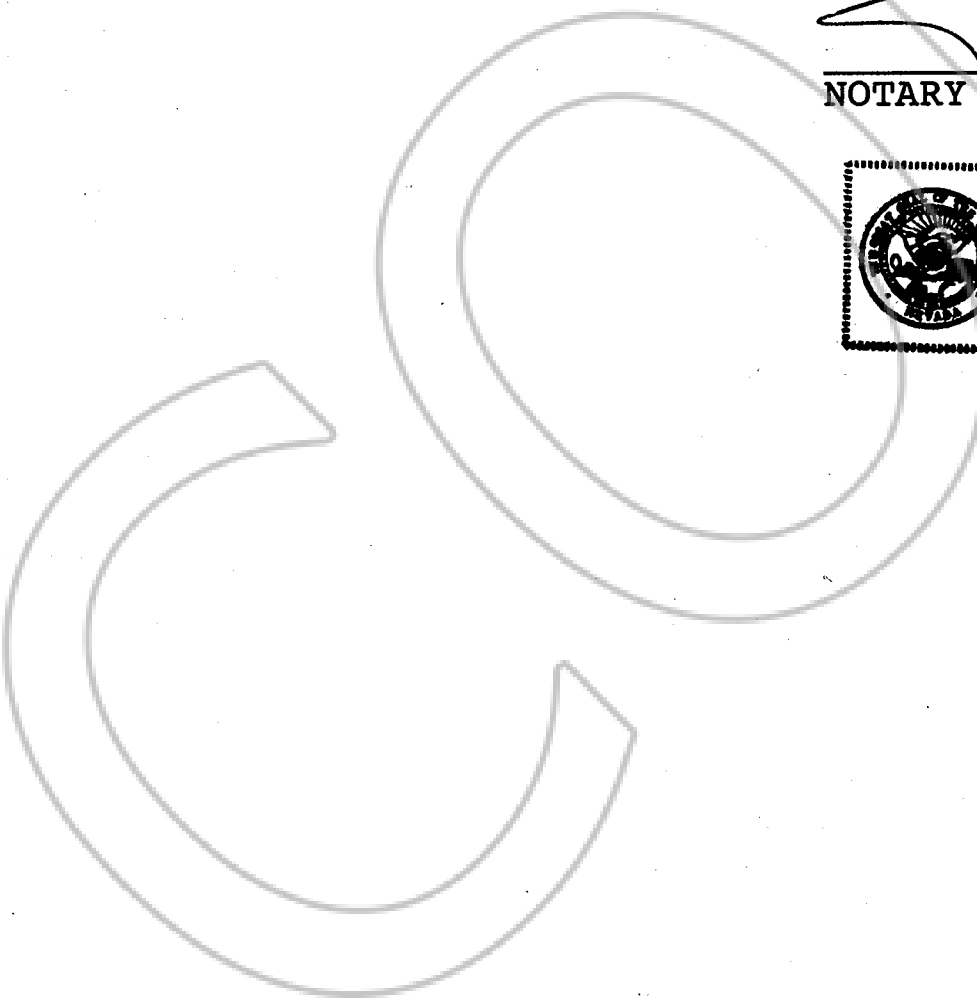
Its President

STATE OF Nevada)
) ss.
COUNTY OF Washoe)

On this 17th day of February, 1995, personally appeared before me, a Notary Public, George T. Leverett, III, of Sterling Financial Corporation, a New Jersey Corporation, who acknowledged that he executed the forgoing Deed of Trust dated July 14, 1994 on behalf of said corporation.

Terrill R. Dory
NOTARY PUBLIC

 **TERRILL R. DORY**
Notary Public - State of Nevada
Appointment Recorded in Washoe County
MY APPOINTMENT EXPIRES DEC. 5, 1996



Property Description

Exhibit A

All right title and interest of the Grantor now appearing of public record in the following described property:

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows: All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, being a portion of the North 1/2 of the Northwest 1/4 of Section 26, Township 13 North, Range 18 East, M.D.B. & M., described as follows:

Parcel 3, as shown on that Amended Parcel Map for JOHN E. MICHELSEN and WALTER COX, recorded February 3, 1981, in book 281 of Official Records at page 172, Douglas County, Nevada, as Document No. 53178, said map being an amended map of PARCELS 3 and 4 as shown on that certain map for John E. Michelsen and Walter Cox, recorded February 10, 1978, in Book 278, of Official Records at page 591, Douglas County, Nevada, as Document No. 17578.

When Recorded Mail to:
Del Hardy, Esq.
96 Winter Street
Reno, NV 89503 ✓

REQUESTED BY
Del Hardy
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'95 FEB 27 AM 12:22

LINDA GLATER
RECORDER

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