

Recording Requested by

and When Recorded Mail to:

**FIRST INTERSTATE BANK**

**OF NEVADA, N.A.**

Corporate Real Estate, #856RN

P.O. Box 110077

Reno, Nevada 89520-0010

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DEED OF TRUST WITH ASSIGNMENT OF RENTS AND FIXTURE FILING

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS AND FIXTURE FILING ("Deed of Trust") is made as of July 13, 1995, by and between BARTON MEMORIAL NEVADA MEDICAL CLINIC, INC., a Nevada non-profit corporation, as Trustor (hereinafter referred to as "Trustor"), the address of which is 1107 Highway 395, Gardnerville, Nevada 89410, WESTERN TITLE COMPANY, INC., a Nevada corporation, as Trustee (hereinafter referred to as "Trustee"), and FIRST INTERSTATE BANK OF NEVADA, N.A., as Beneficiary (hereinafter referred to as "Beneficiary"). This Deed of Trust is subordinate to that certain Deed of Trust with Assignment of Rents and Fixture Filing of even date herewith executed by Trustor in favor of Director of The State of Nevada Department of Business and Industry.

WITNESSETH:

That Trustor grants the following described real property, which is situated in the County of Douglas, State of Nevada, to Trustee in trust, with power of sale for the benefit of Beneficiary, to have and to hold upon the trusts, covenants and agreements hereinafter set forth:

See Exhibit "A" attached hereto and incorporated by this reference

TOGETHER WITH: (a) All buildings, structures and all other improvements that are, or that may be hereafter, erected or placed thereon or therein, (b) all interests of Trustor in and to all inventory, equipment, fixtures and other goods now or in the future located thereon or therein or otherwise affixed or attached to or installed in said real property, including furniture, furnishings, machinery, appliances, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment, and building materials and supplies, and all accessories, additions, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, (c) all water rights and rights to the use of water that are now or that may be hereafter used in connection with the said real property or any part thereof and any

improvements or appurtenances thereto, (d) any and all other rights pertaining or appurtenant, including, without limitation, all development rights and mineral rights and easements and right-of-way now owned or hereafter acquired which are used in connection with any portion of the said real property or as a means of ingress to or egress from said real property, and the interests of Trustor herein, and (e) subject to the present assignment of rents which is hereinafter made to Beneficiary: (i) the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, and the rents, issues, income revenues, royalties and profits thereof (ii) Trustor's interest as Lessor in and to all leases of said real property, or any part thereof, now existing or hereafter made, including all modifications, extensions and renewals thereof, provided that any purchaser at foreclosure of the real property granted hereunder shall be entitled, at his election, to terminate or enforce any lease of the said real property, or any part thereof, which is hereinafter entered into, modified, extended or renewed, (iii) all the estate, right, title, property, possession, interest or other claim or demand, in law or in equity, which Trustor now has or may hereafter acquire, in or to the said real property, or any part thereof, with appurtenances, (iv) Trustor's interest in and to all contracts, contract rights, accounts, general intangibles, deposit accounts, instruments and documents now or in the future relating to or arising in connection with said real property, including permits, approvals and other government authorizations, plans and specifications, agreements with contractors, subcontractors, suppliers, managers and supervisors, architects and engineers, warranties, indemnities and insurance policies, take-out, refinancing and other loan commitments, claims, awards and settlements relating to or arising from any insurance or loss of, damage to, trespass on, or taking, condemnation or public use of any said real property, license agreements, purchase and sale agreements and options, sale proceeds, escrow proceeds, deposits, rights to payment, trademarks, trade names, goodwill and other types of intangible personal property of any kind or nature, and (v) any and all other rights pertaining to or appertaining to the said real property, and the interests of Trustor therein. The real property together with the rights and interests of Trustor described hereinabove shall hereinafter collectively be referred to as the "Property".

FOR THE PURPOSE OF SECURING:

A. Payment of the principal sum of TWO MILLION FOUR HUNDRED THOUSAND AND NO/100 DOLLARS (\$2,400,000.00), together with interest thereon, according to the terms of a promissory note, dated July 14, 1995, made by Trustor payable to the order of the Beneficiary, according to the tenor and effect of said promissory note and all renewals, extensions, modifications, amendments and substitutions of, or for, said promissory note or notes (hereinafter collectively referred to as the "Note").

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B. The expenses and costs incurred or paid by Beneficiary in the preservation and enforcement of the rights and remedies of Beneficiary and the duties and liabilities of Trustor hereunder, including, but not by way of limitation, attorneys' fees, court costs, witness fees, expert witness fees, collection costs, and costs and expenses paid by Beneficiary in performing for Trustor's account any obligation of said Trustor under this instrument or under any obligation secured hereby.

C. Payment of additional sums and interest thereon which may hereafter be loaned to Trustor when evidenced by a promissory note or notes which recite that the same is secured by this Deed of Trust.

D. Performance of each and every term, provision, covenant and condition contained in any loan agreement, credit agreement or any other document or instrument executed by Trustor in favor of Beneficiary relating to the loan evidenced by the Note hereby secured (the Note together with any such agreement, document or instrument shall hereinafter collectively be referred to as the "Loan Documents").

E. All "Future Advances" as that term is defined in NRS § 106.300 made by Beneficiary or any successor in interest to Beneficiary, to Trustor. This Deed of Trust shall be governed by NRS § § 106.300 to 106.400, inclusive.

AND IT IS FURTHER PROVIDED THAT:

1. **Compliance with laws.** Trustor shall not commit, suffer or permit any act to be done, or condition to exist, on the Property which violates or is prohibited by any law, statute, code, act, ordinance, order, judgment, decree, injunction, rule, regulation, permit, license, authorization, direction or requirement of any government or subdivision thereof, whether it be federal, state, county or municipal, which is applicable to the Property, or any part thereof, now or at any time hereafter. The requirements set forth by this paragraph 1 are hereinafter collectively referred to as the "Legal Requirements".

2. **Repair and Maintenance.** Trustor agrees to properly care for and keep the Property in first class condition, order and repair; to care for, protect and repair all buildings and improvements situate thereon; not to remove or demolish any buildings or other improvements situate thereon; not to remove, materially alter or demolish any buildings or improvements damaged or destroyed thereon; to complete in a good workmanlike manner any building or other improvement which may be constructed thereon; and to pay, when due, all claims for labor performed and for materials furnished therefore; and otherwise to protect and preserve the same; to comply with all Legal Requirements having application to any alterations or improvements made thereon; not to



commit or permit any waste or deterioration of said buildings and improvements or of said Property, as amended, the Resource Conservation and Recovery Act, as amended, or any other Legal Requirement related to hazardous substances; and to do any other act or acts all in a timely and proper manner, which, from the character or use of the Property may be reasonably necessary to maintain the Property in a first-class condition, the specific enumerations herein not excluding the general.

3. **Environmental Compliance.** (a) As used herein, the term "Hazardous Substances" shall mean any or all of the following: (i) any and all hazardous substances, hazardous materials, toxic substances or solid waste as defined in the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Resource Conservation Act of 1976, as amended, and the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, or any other Legal Requirement related to hazardous substances and the regulations promulgated thereunder, (ii) any substance or materials listed as hazardous or toxic in the United States Department of Transportation Table, by the Environmental Protection Agency or any successor agency or under any Federal, state or local laws or regulations, (iii) any asbestos, poly-chlorinated biphenyls, urea formaldehyde foam, explosives or radioactive waste, or (iv) any other chemical, material or substance which is not classified as hazardous or toxic but exposure to which is prohibited, limited or regulated by any Federal, state, local or other governmental authority having jurisdiction over the Property.

(b) Trustor shall comply with any and all Legal Requirements regarding the presence or removal of Hazardous Substances on the Property, shall pay immediately, when due, the costs of removal from the Property of any such Hazardous Substances which are required to be removed pursuant to any Legal Requirement and shall keep the Property free of any lien which may arise pursuant to such Legal Requirements. The Trustor shall not, and shall not permit any person or entity to release, discharge, or dispose of any Hazardous Substances on the Property except in compliance with all Legal Requirements and, if the same shall exist, Trustor shall immediately remove or cause to be removed from the Property such Hazardous Substances to the extent required to be removed pursuant to any Legal Requirement.

4. **Taxes.** (a) Trustor agrees to pay, at least ten (10) days before default and/or delinquency (i) all taxes and assessments, of any kind or nature, which are assessed against or affect the Property or any part thereof ("Impositions") and (ii) all obligations which are represented, evidenced or secured by liens, encumbrances, charges and/or claims on said Property, or any part thereof, which appear to have priority over the lien of this Deed of Trust ("Senior Encumbrances").

(b) In the event that Trustor fails to make any payment required by Subparagraph 4(a) above, within the time periods required therein, Beneficiary may pay the same without demand or notice (in which case Beneficiary shall be the sole judge of the legality, validity and/or priority of the obligation so paid and of the amount required to be paid).

5. **Appraisals.** Upon the occurrence of an Event of Default (defined below), and while such Event of Default remains uncured, the Trustor hereby agrees to provide Beneficiary, at least annually, at Trustor's expense, and within sixty (60) days of Beneficiary's request therefor, an appraisal of the Property which: (i) is in a form and substance acceptable to Beneficiary in the sole and absolute exercise of its discretion; and (ii) is completed by an appraiser acceptable to Beneficiary in the sole and absolute exercise of its discretion. The Trustor hereby agrees that Beneficiary may enter onto the Property upon ten (10) days written notice to Trustor to perform its own appraisal of the Property and that Beneficiary will have access to all buildings and/or improvements on the Property so that it can complete that appraisal.

6. **Insurance.** Trustor agrees to keep all buildings and/or improvements, which are ever located on the Property, insured by policies of insurance providing coverage against loss by fire and/or hazard, which policy(ies) shall have extended coverage endorsements, shall include "course of construction builders all risk" provisions, and shall be issued by company(ies) authorized to issue such policy(ies) in the State of Nevada. The terms of all such policies, and the insurance companies that issue such policies, must be acceptable to Beneficiary in the sole and absolute exercise of its discretion. Said insurance shall provide for at least 30 days advance written notice to Beneficiary prior to cancellation and provide coverage in such sum or sums as shall equal the total indebtedness and other obligations secured by this Deed of Trust and all obligations having priority over this Deed of Trust, or the full replacement value of such buildings and/or improvements, whichever is less (such policies shall not contain a co-insurance provision whereby Trustor becomes a co-insurer in the event of loss). Said insurance shall be payable to Beneficiary to the amount of the unsatisfied obligations to Beneficiary hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary, as further security, and in default hereof, Beneficiary may procure such insurance, and expend such sum or sums therefor as Beneficiary shall deem necessary. So long as no Event of Default (as defined in paragraph 13 below) has occurred and is continuing, Trustor may settle, compromise or adjust any insurance or other claim with the prior written consent of Beneficiary. Upon the occurrence and during the continuance of an Event of Default, Beneficiary shall have the sole right to settle, compromise or adjust any insurance or other claim in such manner as Beneficiary may determine, and for this purpose, Beneficiary may,

in its own name or in the name of Trustor, take such action as Beneficiary deems appropriate. Any amount collected by Trustor with respect to an insurance or other claim shall be delivered immediately to Beneficiary. The amount collected by Trustor or Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon the indebtedness secured hereby and in such order as Beneficiary may determine, or at the option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. **Impound Accounts.** Upon the occurrence of an Event of Default, and while such Event of Default remains uncured, Trustor shall pay to Beneficiary, on the day of each calendar month when installment payments are due under the Note secured hereby, an amount, to be estimated by Beneficiary, which will be sufficient to provide for payment, at least thirty (30) days prior to the applicable due date(s), of one or more (as required by Beneficiary) of the following: (i) the Impositions which are required to be paid under paragraph 4 above, (ii) the obligations which are represented, evidenced or secured by Senior Encumbrances and which are required to be paid under paragraph 4 above; and/or (iii) the premiums necessary to maintain the insurance coverage required by paragraph 6 above. Amounts held by Beneficiary hereunder shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Beneficiary, and no interest shall be payable in respect thereof. Upon demand of the Beneficiary, Trustor agrees to deliver to Beneficiary such additional monies as are necessary to make up any deficiencies in the amounts necessary to enable Beneficiary to pay such Impositions, obligations which are represented, evidenced or secured by Senior Encumbrances and/or insurance premiums. Upon occurrence of an Event of Default as set forth by paragraph 14 below, the Beneficiary may apply to reduction of the sums secured hereby, in such manner as Beneficiary shall determine, any amount remaining to the Beneficiary's credit hereunder.

8. **Assignment of Rents and Condemnation Proceeds.** (a) Trustor hereby irrevocably and absolutely assigns and transfers to Beneficiary, all rents, issues, income, revenues, royalties and profits derived from the Property, or any business activity conducted thereon, and each and every part thereof, including all present and future leases and rental agreements, reserving unto Trustor a license to collect such rents, issues, income, revenue, royalties and profits prior to written notice to Trustor of any Event of Default, as defined by paragraph 14 below. Subsequent to such an Event of Default, and written notice to Trustor thereof, any rents, issues, profits and income, including those past due, unpaid or undetermined, shall be collected by Beneficiary or its agent, and shall be applied, less costs and expenses of operation and collection, including reasonable attorneys' fees, to any



indebtedness and/or obligation secured hereby, and in such order as Beneficiary shall determine. Rights assigned to Beneficiary under this paragraph 8 may be enforced by Beneficiary without regard to the adequacy of the security hereof or the solvency of Trustor by any one or more of the following methods: (i) appointment of a receiver, (ii) Beneficiary's taking possession of the Property; (iii) Beneficiary's collecting any monies payable under leases or rental agreements directly from the parties obligated for payment; (iv) injunctions; and (v) any other method permitted by law. The collection of such rents, issues and profits and income, and the application thereof as aforesaid, shall not cure or constitute a waiver of any default or notice of default hereunder or invalidate any act done pursuant to such notice. Trustor and Beneficiary intend that this assignment shall be a present, absolute and unconditional assignment, not an assignment for additional security only, and shall, immediately upon the execution hereof, subject to the license granted above, give Beneficiary, and its agent, the right to collect the rents, issues, profits and income and to apply them as aforesaid. Nothing contained herein, nor any collection of rents, issues, profits and income by Beneficiary, or its agent, or a receiver, shall be construed to make Beneficiary a "Mortgagee-in-Possession" of the Property so long as Beneficiary has not itself entered into actual possession of the Property or shall be construed to be an assumption of liability by Beneficiary under, or a subordination of, the lien of this Deed of Trust, to any tenancy, lease or option. Trustee agrees to provide Beneficiary with updated leases within thirty (30) days of any request by Beneficiary.

(b) Any award of damages in connection with any condemnation for public use of, or injury to the Property, or any part thereof, is hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received by Beneficiary in the same manner and with the same effect as herein provided for disposition of proceeds of insurance.

9. **Performance by Trustee or Beneficiary.** (a) Should the Trustor fail to make any payment or perform any act which Trustor is obligated to make or perform hereby, then the Trustee, or Beneficiary, at the election of either of them, but without any obligation to do so, without demand or notice to the Trustor, or any successor in interest of the Trustor and without releasing Trustor from any obligation hereunder, may make such payment or perform such act and incur any liability, or expend whatever amounts, in its absolute discretion, it may deem necessary therefor. All sums incurred or expended by the Trustee or Beneficiary, under the terms hereof, shall become immediately due and payable by the Trustor to the Trustee or Beneficiary when so incurred or expended, and shall bear interest until paid at an annual percentage rate equal to the Default Rate which is set forth by paragraph 14 below. In no event shall payment by Trustee or

Beneficiary be construed as a waiver of the default occasioned by Trustor's failure to make such payment or payments.

(b) If, during the existence of the trust created hereby, there is commenced or pending any suit or action affecting the Property, or any part thereof, or the title thereto, or if any adverse claim for or against the Property, or any part thereof, is made or asserted, the Trustee or Beneficiary may appear or intervene in the suit or action and retain counsel therein and defend same, or otherwise take such action therein as they may be advised, and may settle or compromise same or the adverse claim; and in the behalf and for any of the purposes may pay and expend such sums of money as the Trustee or Beneficiary may deem to be necessary. All such sums incurred or expended by Trustee or Beneficiary under the provisions of this paragraph shall become immediately due and payable by the Trustor to the Trustee or Beneficiary when so incurred or expended and shall bear interest until paid an annual percentage rate equal to the Default Rate which is set forth by paragraph 14 below.

(c) Trustor agrees to pay and discharge all costs, fees and expenses of incurred in connection with any default by Trustor or the preservation of the trust created hereby, including without limitation (i) reconveyance and foreclosure fees of Trustee, (ii) costs and expenses of Beneficiary or Trustee or any receiver appointed under this Deed of Trust in connection with the operation, maintenance, management, protection, preservation, collection, sale or other liquidation of the trust created hereby or foreclosure of this Deed of Trust, (iii) advances made by Beneficiary to complete or partially construct all or any part of any construction which may have commenced on the Property or otherwise to protect the security of this Deed of Trust, (iv) costs of evidence of title, and (v) the reasonable fees and disbursements of Trustee's and Beneficiary's legal counsel and other out-of-pocket expenses; together with interest on all such amounts until paid at the Default Rate.

10. **Modifications.** At any time, and from time to time, without liability therefor and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the Note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Property, Trustee may (a) reconvey any part of the Property; (b) consent in writing to the making of any map or plat thereof; (c) join in granting any easement thereon, or (d) join in any extension agreement or subordination agreement in connection herewith. The Beneficiary may without notice to or consent of Trustor extend the time of payment of any indebtedness secured hereby to any successor in interest of the Trustor without discharging the Trustor from liability thereon.



11. **Reconveyance.** Upon receipt of written request from Beneficiary reciting that all sums secured hereby have been paid and upon surrender of this Deed of Trust and the Note secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall reconvey, without warranty all portions of the Property which are then encumbered hereby. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto".

12. **Substitution of Trustee.** The Beneficiary or its assigns may, from time to time, appoint another trustee, or trustees, to execute the trust created by this Deed of Trust or other conveyance in trust. Upon the recording in the appropriate county of such certified copy or executed and acknowledged instrument, the new trustee or trustees shall be vested with all the title, interest, powers, duties and trusts in the Property which are vested in or conferred upon the original trustee. If there be more than one trustee, either may act alone and execute the trusts upon the request of the Beneficiary, and all his acts thereunder shall be deemed to be the acts of all trustees, and the recital in any conveyance executed by such sole trustee of such request shall be conclusive evidence thereof, and of the authority of such sole trustee to act in accordance therewith.

13. **Due on Sale, etc.** (a) There shall be no "Transfer of Interest" (as defined by subparagraph 13(b) below) with respect to the Property, without the prior written consent of Beneficiary having first been obtained, and in the event of such a "Transfer of Interest", then, at the option of Beneficiary, any indebtedness or obligation which is secured hereby shall immediately become due and payable, without demand or notice, irrespective of the maturity dates which may be expressed in any Loan Documents evidencing such indebtedness or obligation.

(b) A "Transfer of Interest" shall be deemed to have occurred with respect to the Property (i) if Trustor shall enter into an agreement to, sell, transfer, encumber, convey or in any manner alienate any interest in the Property or shall be divested of title to the Property in any manner or way, whether voluntarily or involuntarily, and/or (ii) if Trustor, or any of them, is other than a natural person, and any beneficial interest in Trustor, or any one of them, is sold, transferred, conveyed, hypothecated or encumbered. However, the terms of this subparagraph (b) notwithstanding, the Trustor's lease of the Property to Barton Memorial Hospital, a California non-profit corporation ("BMH") shall not be a "Transfer of Interest".

14. **Default.** (a) The occurrence of any of the following shall constitute an "Event of Default" hereunder: (i) failure by

Trustor to pay when due any amount which Trustor is required to pay under any Loan Documents secured by this Deed of Trust, (ii) failure by Trustor or BMH to satisfy or perform any obligation secured by this Deed of Trust, other than the payment of money, or failure by Trustor or BMH to comply with, satisfy or perform any term, provision, covenant or condition, other than the payment of money as contained in the Loan Documents which default continues for a period of more than thirty (30) days after written notice from Beneficiary or such lesser period, if any, as may be provided for in the relevant Loan Document, (iii) Trustor's written notice under the terms of NRS § 106.380 that this Deed of Trust no longer secures future advances, and/or (iv) the commencement by Trustor or BMH of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its respective debts under the United States Bankruptcy Code or any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official, for any substantial part of its property or the consent by Trustor to any such relief or to the appointment or taking possession by any such official in any involuntary case or other proceeding commenced against Trustor, BMH or the admission by Trustor or BMH, in writing, of the inability to pay its debts as they come due.

(b) The term "Default Rate" shall have the meaning therefore set forth in the Note.

**15. Power of Sale.** Upon the occurrence of an Event of Default, as defined by paragraph 14 above, and recording of the notice of default and election to sell, as required by Chapter 107 of the Nevada Revised Statutes, then the Trustee, its successors or assigns, on demand by Beneficiary shall sell the Property, in whole or in part, in order to accomplish the objectives of these trusts, in the manner following, namely: (a) The Trustee shall first give notice of the time and place of such sale, in the manner provided by the laws of the State for the sale of real property under execution, and may from time to time postpone such sale by such advertisement as it may deem reasonable, or without further advertisement, by proclamation made to the persons assembled at the time and place previously appointed and advertised for such sale, and on the day of sale so advertised, or to which such sale may have been postponed, the Trustee may sell the property as so advertised, at public auction, at the time and place specified in the notice, either in the county in which the Property, or any part thereof, to be sold, is situated, or at the principal office of the Trustee, in its discretion, to the highest cash bidder. The beneficiary, obligee, creditor, or the holder or holders of the Loan Documents secured hereby may bid and purchase at such sale. The Beneficiary may, after recording the notice of breach and election, waive or withdraw the same or any proceedings thereunder, and shall thereupon be restored to his former position

and have and enjoy the same rights as though such notice had not been recorded.

(b) The Trustee, upon such sale, shall make (without warranty), execute and, after due payment made, deliver to purchaser or purchasers, his or their heirs or assigns, a deed or deeds of the Property so sold which shall convey to the purchaser all the title of the Trustor in the Property and shall apply the proceeds of the sale thereof in payment, firstly, of the expenses of such sale, together with the reasonable expenses of this trust, including counsel fees, in a reasonable amount, which shall become due upon any default made by Trustor in any of the payments aforesaid; and also such sums, if any, as Trustee of Beneficiary shall have paid, for procuring a search of the title to the Property, of any part thereof, subsequent to the execution of the Deed of Trust; and in payment, secondly, to of the obligations or debts secured hereby, and interest thereon then remaining unpaid, and the amount of all other moneys with interest thereon herein agreed or provided to be paid by Trustor in such order as Beneficiary may elect in its sole discretion; and the balance or surplus of such proceeds of sale it shall pay to Trustor, its successor or assigns.

(c) In the event of a sale of the Property conveyed or transferred in trust, or any part thereof, and the execution of a deed or deeds therefor under such trust, the recital therein of default, and of recording the notice of breach and election to sell, and of the elapsing of the 3-month period, and of the giving of notice of sale, and of a demand by Beneficiary that such sale should be made, shall be conclusive proof of such default, recording, election, elapsing of time, and of the due giving of such notice, and that the sale was regularly and validly made on due and proper demand by Beneficiary; and any such deed or deeds with such recitals therein shall be effectual and conclusive against Trustor, its successors and assigns, and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligation to see to the proper application of the purchase money, according to the trusts aforesaid. With respect to any of the Property which is personal property, Beneficiary shall have, in the jurisdiction in which enforcement of this Deed of Trust is sought, or in any other applicable jurisdiction, all remedies of a secured party under the Uniform Commercial Code and may require Trustor, on demand, to assemble all such personal property and make the same available to Beneficiary at such places as Beneficiary may select that are reasonably convenient for both parties, whether at the premises of Trustor or elsewhere.

16. **Deficiency.** Trustor agrees to pay any deficiency arising from any cause after applications of the proceeds of the sale held



in accordance with the provisions paragraph 15 above, subject to the provisions of NRS § 40.451 et seq.

17. **Remedies Cumulative and Limitation of Waiver.** The rights and remedies of Beneficiary upon the occurrence of one or more defaults by Trustor (whether such rights and remedies are conferred by statute, by rule of law, by this Deed of Trust, or otherwise) may be exercised by Beneficiary, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order. The exercise by Beneficiary, or Trustee at the express direction of Beneficiary, of any one or more of such rights and remedies shall not be construed to be an election of remedies nor a waiver of any other rights and remedies Beneficiary might have unless, and limited to the extent that, Beneficiary shall so elect or so waive by an instrument in writing delivered to Trustee. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment, when due, of all other sums so secured or to declare default, as herein provided, for failure to so pay.

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

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

20. **Miscellaneous.**

(a) This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. It is expressly agreed that the trust created hereby is irrevocable by Trustor.

(b) In the event that Trustor consists of more than one person or entity, the obligations of Trustor hereunder shall be joint and several.

(c) In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

(d) Trustor hereby appoints Beneficiary the attorney-in-fact of Trustor to prepare, sign, file and record one or more financing statements; any documents of title or registration, or like papers, and to take any other action deemed necessary, useful or desirable by Beneficiary to perfect and preserve Beneficiary's security interest against the rights or interests of third persons.

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

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

(g) Time is of the essence of each provision of this Deed of Trust.

(h) To the extent not inconsistent herewith, the provisions of NRS § 107.030 are incorporated herein by reference.

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

Beneficiary: First Interstate Bank of Nevada, N.A.  
1 East First Street  
Suite 704  
Reno, Nevada 89501

Trustor: Barton Memorial Nevada Medical Clinic, Inc.  
1107 Highway 395  
Gardnerville, Nevada 89410

Trustee: Western Title Company, Inc.  
1626 Highway 395  
Minden, Nevada 89423  
Attention: Ms. Connie Aceves

Guarantor: Barton Memorial Hospital  
2170 South Avenue  
South Lake Tahoe, California 95731

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

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

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



25. **Fixture Filing.** This Deed of Trust covers goods which are or are to become fixtures related to the Property, and constitutes a "fixture filing" with respect thereto, executed by Trustor as "debtor" and Beneficiary as "secured party".

26. **Arbitration.**

(a) Binding Arbitration. Upon the demand of Trustor or Beneficiary (collectively the "parties"), whether made before the institution of any judicial proceeding or not more than sixty (60) days after service of a complaint, third party complaint, cross-claim or counterclaim or any answer thereto or any amendment to any of the above, any Dispute (as defined below) shall be resolved by binding arbitration in accordance with the terms of this arbitration clause. A "Dispute" shall include any action, dispute, claim, or controversy of any kind, whether founded in contract, tort, statutory or common law, equity, or otherwise, now existing or hereafter occurring between the parties arising out of, pertaining to or in connection with this Deed of Trust or any related agreements, documents, or instruments (the "Documents"). **The parties understand that by this Deed of Trust they have decided that the Disputes may be submitted to arbitration rather than being decided through litigation in court and that once decided by an arbitrator the claims involved cannot be brought, filed or pursued in court.**

(b) Governing Rules. Arbitrations conducted pursuant to this Deed of Trust, including selection of arbitrators, shall be administered by the American Arbitration Association ("Administrator") pursuant to the Commercial Arbitration rules of the Administrator. Arbitrations conducted pursuant to the terms hereof shall be governed by the provisions of the Federal Arbitration Act (Title 9 of the United States Code), and to the extent the foregoing are inapplicable, unenforceable or invalid, the laws of the State of Nevada. Judgment upon any award rendered hereunder may be entered in any court having jurisdiction; provided, however, that nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or similar governing state law. Any party who fails to submit to binding arbitration following a lawful demand by the opposing party shall bear all costs and expenses, including reasonable attorney's fees, incurred by the opposing party in compelling arbitration of any Dispute.

(c) No Waiver, Preservation of Remedies, Multiple Parties. No provision of, nor the exercise of any rights under, this arbitration clause shall limit the right of any party to: (1) foreclose against any real or personal property collateral or other security; (2) exercise self-help remedies (including repossession and setoff rights); or (3) obtain provisional or ancillary remedies such as injunctive relief, sequestration, attachment, replevin, garnishment, or the appointment of a receiver from a court having

jurisdiction. Such rights can be exercised at any time except to the extent such action is contrary to a final award or decision in any arbitration proceeding. The institution and maintenance of an action as described above shall not constitute a waiver of the right of any party, including the plaintiff, to submit the Dispute to arbitration, nor render inapplicable the compulsory arbitration provisions hereof. Any claim or Dispute related to exercise of any self-help, auxiliary or other exercise of rights under this section (c) shall be a Dispute hereunder.

(d) Arbitrator Powers and Qualifications; Awards.

Arbitrators shall resolve all Disputes in accordance with the applicable substantive law. Arbitrators may make an award of attorneys' fees and expenses if permitted by law or the agreement of the parties. All statutes of limitation applicable to any Dispute shall apply to any proceeding in accordance with this arbitration clause. Any arbitrator selected to act as the only arbitrator in a Dispute shall be required to be a practicing attorney with not less than ten (10) years practice in commercial law in the State of Nevada. With respect to a Dispute in which the claims or amounts in controversy do not exceed FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00), a single arbitrator shall be chosen and shall resolve the Dispute. In such case the arbitrator shall have authority to render an award up to but not to exceed FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) including all damages of any kind whatsoever, costs, fees and expenses. Submission to a single arbitrator shall be a waiver of all parties' claims to recover more than FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00). A Dispute involving claims or amounts in controversy exceeding FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) shall be decided by a majority vote of a panel of three (3) arbitrators ("Arbitration Panel"). An Arbitration Panel shall be composed of one arbitrator who would be qualified to sit as a single arbitrator in a Dispute decided by one (1) arbitrator, one who has at least ten (10) years experience in commercial lending and one who has at least ten (10) years experience in the Trustor's industry. Arbitrator(s) may, in the exercise of their discretion, at the written request of a party in any Dispute: (1) consolidate in a single proceeding any multiple party claims that are substantially identical and all claims arising out of a single loan or series of loans including claims by or against Trustor(s) any guarantors, sureties and or owners of collateral if different from the Trustor; and (2) administer multiple arbitration claims as class actions in accordance with Rule 23 of the Federal Rules of Civil Procedure. If the Arbitration is conducted pursuant to the terms of an agreement between the Beneficiary and the Trustor related to the indebtedness guaranteed, then the Arbitration Panel shall be the one selected by the Trustor and Beneficiary pursuant to their agreement to decide the Dispute between them. The arbitrator(s) shall be empowered to resolve any dispute regarding the terms of this Deed of Trust or the arbitrability of any Dispute or any claim that all or any part (including this provision) is

void or voidable but shall have no power to change or alter the terms of this Deed of Trust. The award of the arbitrator(s) shall be in writing and shall specify the factual and legal basis for the award. Single Arbitrators and Arbitration Panels shall be required to make specific, written findings of fact and conclusions of law.

(e) Miscellaneous. To the maximum extent practicable, the Administrator, the arbitrator(s) and the parties shall take any action necessary to require that an arbitration proceeding hereunder be concluded within 180 days of the filing of the Dispute with the Administrator. The arbitrator(s) shall be empowered to impose sanctions for any party's failure to proceed within the times established herein. Arbitration proceedings hereunder shall be conducted in Nevada at a location determined by the Administrator. In any such proceeding a party shall state as a counterclaim any claim which arises out of the transaction or occurrence or is in any way related to the Documents which does not require the presence of a third party which could not be joined as a party in the proceeding. The provisions of this arbitration clause shall survive any termination, amendment, or expiration of the Documents and repayment in full of sums owed to Beneficiary by Trustor unless the parties otherwise expressly agree in writing. Each party agrees to keep all Disputes and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or as required by applicable law or regulation.

IN WITNESS WHEREOF, Trustor has executed this instrument on the day and year first above written.

TRUSTOR:

BARTON MEMORIAL NEVADA MEDICAL CLINIC, INC., a Nevada non-profit corporation

By: Margaret Lera  
MARGARET LERA

Its: CFO  
CHIEF FINANCIAL OFFICER

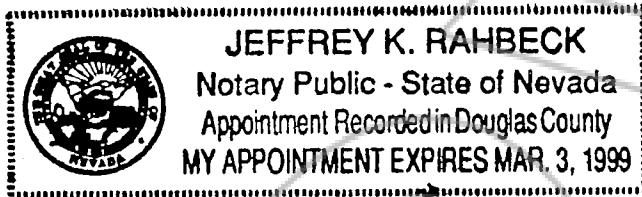


STATE OF Nevada }  
COUNTY OF Douglas } SS

This instrument was acknowledged before me on July 13th  
1995 (date) by Margaret Lena, acting as  
CFO of Barton Memorial Nevada Medical Clinic, Inc., a  
Nevada non-profit corporation.

Jeffrey K. Rahbeck  
(signature of notarial officer)

My commission expires: 3-3-99



**LEGAL DESCRIPTION**

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

Being a portion of Sections 3 and 10, Township 12 North, Range 20 East, M.D.B. & M. being further described as follows:

Parcel 4 as set forth on Parcel Map for JACOBSEN FAMILY TRUST, filed for record in the Office of the County recorder of Douglas County, State of Nevada, Recorded May 13, 1991, in Book 591, Page 1851, as Document No. 250593.

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REQUESTED BY  
**WESTERN TITLE COMPANY, INC.**

IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

'95 JUL 14 P12:10

LINDA SLATER  
RECORDER

\$41.00 PAID *KO* DEPUTY

**366118**

**BK 0795 PG 1723**