

WHEN RECORDED RETURN TO:

ALLIED BANK F.S.B.  
2227 Capricorn Way  
Building E, Suite 200  
Santa Rosa, CA 95407

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# DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on APRIL 23, 1996. The grantor is TIMOTHY SCOTT GHAN, AND BEVERLY S. GHAN, HUSBAND AND WIFE

("Borrower"). The trustee is FIRST AMERICAN TITLE INSURANCE CO., A CALIFORNIA CORPORATION ("Trustee"). The beneficiary is ALLIED BANK, A FEDERAL SAVINGS BANK, which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is 2227 CAPRICORN WAY, BLDG E, STE 100, SANTA ROSA, CA 95407 ("Lender").

Borrower owes Lender the principal sum of TWO HUNDRED SEVENTY-FOUR THOUSAND AND NO/100 Dollars (U.S. \$ 274,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on MAY 01, 2026

This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in DOUGLAS County, Nevada:

ATTACHED HERETO AS EXHIBIT "A" AND BY THIS REFERENCE MADE PART HEREOF.

which has the address of 1510 SALTBUSSH COURT, GARDNERVILLE, Nevada 89410. ("Property Address"); [Street] [City] [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**5. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

**8. Mortgage Insurance.** If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

**9. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**10. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

**11. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**12. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**13. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

**14. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**15. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

**16. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

**17. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of : (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

**19. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

**20. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**21. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option, and without further demand, may invoke the power of sale, including the right to accelerate full payment of the Note, and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold, and shall cause such notice to be recorded in each county in which any part of the Property is located. Lender shall mail copies of the notice as prescribed by applicable law to Borrower and to the persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

22. **Reconveyance.** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any reconveyance and recordation costs.

23. **Substitute Trustee.** Lender at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties converted upon Trustee herein and by applicable law.

24. **Assumption Fee.** If there is an assumption of this loan, Lender may charge an assumption fee of U.S.

\$ N/A

25. **Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Adjustable Rate Rider   | <input type="checkbox"/> Condominium Rider                   | <input type="checkbox"/> 1-4 Family Rider       |
| <input type="checkbox"/> Graduated Payment Rider | <input type="checkbox"/> Planned Unit Development Rider      | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider           | <input checked="" type="checkbox"/> Construction/Perm. Rider | <input type="checkbox"/> Second Home Rider      |
| <input type="checkbox"/> V.A. Rider              | <input type="checkbox"/> Other(s) [specify]                  |   |

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witnesses:

\_\_\_\_\_  
 \_\_\_\_\_

*Timothy Scott Ghan* (Seal)  
 TIMOTHY SCOTT GHAN -Borrower

*Beverly S. Ghan* (Seal)  
 BEVERLY S. GHAN -Borrower

\_\_\_\_\_ (Seal)  
 -Borrower

\_\_\_\_\_ (Seal)  
 -Borrower

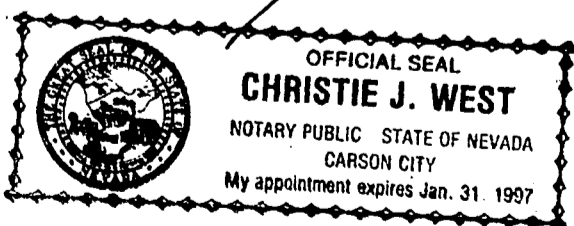
STATE OF NEVADA

County of Carson City

} ss:

On 4-24-96 (date) personally appeared before me, a notary public (or judge or other authorized person, as the case may be), Timothy Scott Ghan and Beverly S. Ghan personally known (or proved) to me to be the person whose name is subscribed to the above instrument who acknowledged that executed the instrument.

*Christie J. West*  
 (Signature)



ALLIED BANK, F.S.B.

CONSTRUCTION/PERMANENT  
LOAN RIDER TO DEED OF TRUST  
(Construction/Fixed Rate)

LOAN NUMBER: 0499871

This CONSTRUCTION PERMANENT LOAN RIDER TO DEED OF TRUST is made this 23<sup>rd</sup> day of APRIL, 1996, and is incorporated into and shall be deemed to amend and supplement the Deed of Trust, as modified by any other Addendums or Riders thereto (the "Security Instrument"), which has been given by the undersigned (the "Borrower") to secure Borrower's Fixed Rate Note of the same date to Allied Bank, a Federal Savings Bank (the "Lender"), as modified by any Addendums or Riders thereto, and covering the property described in the Security Instrument and located at:

1510 SALTBUSH COURT, GARDNERVILLE, NV 89410

THE TERM OF THE BORROWER'S LOAN PROVIDE FOR BOTH CONSTRUCTION AND PERMANENT FINANCING. THIS RIDER SETS FORTH THE PAYMENT TERMS AND CERTAIN OTHER PROVISIONS OF THE BORROWER'S LOAN APPLICABLE TO THE CONSTRUCTION LOAN PERIOD AND THE COMMENCEMENT OF THE PERMANENT LOAN PERIOD. THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGE IN THE INTEREST RATE AND THE MONTHLY PAYMENT.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. To the extent that this Addendum conflicts with the terms and conditions set forth in Security Instrument, or any other Addendum or Riders thereto, the terms and conditions set forth in this Rider shall control and be deemed to have modified and amended such conflicting provisions.

**B. CONSTRUCTION LOAN AGREEMENT SECURED BY SECURITY INSTRUMENT.**

The Lender, the Borrower and the Borrower's construction contractor (if applicable) have entered into a Construction Loan Agreement (the "Construction Loan Agreement") which provides for the construction of a one-to-four family residence and certain other improvements (the "Improvements") on the property. Accordingly, and in addition to the covenants and agreements made in the Fixed Rate Note, the Addendum to Fixed Rate Note, the Security Instrument, and any other Addendum or Riders, Borrower and Lender further covenant and agree that the Security Instrument also secures performance of Borrower's obligation under the Construction Loan Agreement. If Borrower is in default under the Construction Loan Agreement, the Lender shall be entitle to exercise all remedies for default permitted by the Fixed Rate Note, the Addendum to Fixed Rate Note, the Security Instrument or any other Addendum or Rider. While Borrower(s) is making interest only payments as provided in the first paragraph of Section C below, the Security Instrument shall be considered, for all intents and purposes, to be a "Construction Deed of Trust."

**C. PAYMENT DURING CONSTRUCTION LOAN PERIOD AND THEREAFTER.**

1. Commencing on the funding date and ending on 11\30\96, (the "Construction Term"), the interest rate shall be a per annum rate equal to SEVEN AND NO/100 percent ( 7.000 %) computed on the basis of a 360 day year, and shall be computed only on the principal amount disbursed in accordance with the Construction Loan Agreement executed concurrently herewith between Borrowers and Lender.

2. Payments during the Construction Term shall be accrued interest only at the above interest rate due and payable in arrears on the first day of each month during said Construction Term.

3. Borrowers failure to complete construction of the improvements securing the Note in accordance with the terms and stipulations of the Construction Loan Agreement and all applicable governmental rules and regulations by the end of the Construction Term as set forth in paragraph 1 above shall be a default of terms of this Note, the Security Instrument and the Construction Loan Agreement.

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4. Lender may, but will not be obligated to, extend the Construction Term one time, for up to an additional six (6) months (Extended Construction Term), provided that:

a.) Borrowers request and extension in writing at least fifteen (15) days prior to the end of the Construction Term.

b.) Borrowers are in compliance with all the terms and conditions of the Note, the Security Instrument and the Construction Loan Agreement, including, but not limited to, the payment of all sums due under the terms of this Addendum and the payment of all junior lienor, including but not limited to, contractors, subcontractors and materialmen who have completed work or provided material for the completion of the improvements as of the date, which, but for the extension, would have been the end of the Construction Term.

c.) Borrowers pay Lender an extension fee up to a maximum of one percent (1%) of the amount set forth in the note (the full loan amount) for six month extension of the Construction Term. This fee must be paid by Borrowers from resources other than the amount owed Lender under the terms of this Note.

d.) Borrowers agree to pay all cost and fees in connection with such extension, including, without limitation, Lender's attorney fees and title insurance premiums, if any.

5. The interest rate during the extended term granted Borrower as provided for above (Extended Construction Term) will be set by Lender at a rate, the minimum of which will be the interest rate in effect during the Construction Term and a maximum rate equal to Lender adding two percent (2%) to the Bank of America Reference Rate (B of A Prime) in effect at the beginning of the Extended Construction Term. Payments during the Extended Construction Term shall be determined in accordance with paragraph 2 above.

6. Borrowers shall have the option of ending the Construction Term or the Extended Construction Terms upon the completion of the improvements in accordance with the terms and stipulations of the Construction Loan Agreement and the receipt of all applicable governmental approvals, including but not limited to, certificate of occupancy, and the willingness by the applicable Title Insurance Company to insure the property as being lien free. To exercise this option, Borrower must provide Lender with written notice thereof at least 15 days prior to the end of the month in which the option is to be exercised. The first day of the following month will be considered the Alternative Conversion Date as this term is used hereinafter.

7. Beginning with the first day of the first full month following the end of the Construction Term, the Extended Construction Term, ("the Conversion Date") or the exercise by the Borrower of the option to convert as provided for in paragraph 6 above, the Alternative Conversion Date, until the maturity date the interest rate as set forth in paragraph 2 of the Fixed Reset Rate Note, will be reset in accordance with the terms of paragraph 8 below.

8. Beginning on the date as determined in paragraph 7 above the interest rate required by the Fixed Reset Rate Note, and this Addendum to Fixed Reset Rate Note, shall be reset to equal the sum of the Federal National Mortgage Association's (Fannie Mae's) required net yield, as of the first business day prior to the Conversion Date or Alternative Conversion date, whichever is applicable, for the purchase of 30-year fixed rate mortgages subject to a sixty (60) day mandatory delivery commitment, plus, one fourth of one percent (.250%) if the loan amount is equal to or less than maximum loan amount allowed to be purchased by Fannie Mae, as established from time to time, currently \$203,150 (Conforming Loan Amounts), or, one half of one percent (.500%) for all other loan amounts (Jumbo Loan Amounts), rounded to the highest one-eighth of one percent (.125%), provided, however, that the interest rate as described above is not more than five percent (5%) higher than the interest rate in effect at the end of the Construction Term.

9. If the interest rate as calculated in accordance with this paragraph exceeds the interest rate in effect at the end of the Construction Term by more than five percent (5%), then, in that event, Lender will have the option at the Conversion Date or Alternative Conversion Date, whichever is applicable, to require immediate payment in full of all the principal which has not been paid and all the interest owed on that amount.

10. If Lender exercises this option to accelerate, Lender shall give Borrowers notice of the amounts due. This notice shall provide a period of not less than ninety (90) days from the date the notice is delivered or mailed, within which time Borrowers must pay all sums due under the Fixed Reset Rate Note, the Addendum to Fixed Reset Rate Note, and the Security Instrument.

11. Notwithstanding anything to the contrary contained in paragraph 3 of the Fixed Reset Rate Note, your permanent loan payment will commence on the first day of the second month following the end of the Construction Term or Extended Construction Term (Conversion Date), or the final completion of construction (Alternative Conversion Date). The monthly payments will be an amount determined by the Lender that would be sufficient to repay the unpaid principal you owe on the Conversion Date, or Alternative Conversion Date, in full on the Maturity Date at the interest rate effective at the time the calculation is made in substantially equal payments.

12. The Note Holder will deliver or mail to me a notice of any change in the interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

13. All other terms and provisions contained in the Fixed Reset Rate Note remain in full force and effect.

**D. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER.**

Notwithstanding any provision to the contrary which may be contained in the Fixed Reset Rate Note, the Security Instrument, or any other Addendum or Riders thereto, if all or any part of the property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and the Borrower is not a natural person) without Lender's prior written consent during the Construction Term, Lender may, at its option, require immediate payment in full of all sums secured by the Security Instrument.

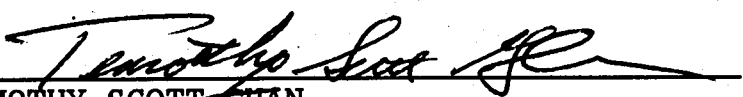
**386267**

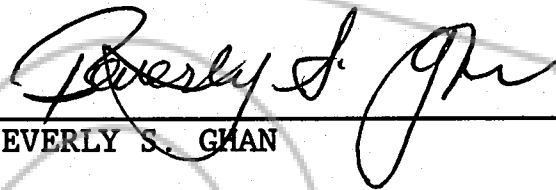
If Lender exercises the option to require immediate payment in full, Lender shall immediately cease making any further disbursement of loan proceeds and shall give Borrower Notice of Acceleration. The Notice shall provide a period of not less than thirty (30) days from the date the Notice is delivered or mailed, within which Borrower must pay all sums secured by the Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by the Security Instrument without further notice or demand on Borrower.

**E. OCCUPANCY AS PRINCIPAL RESIDENCE**

Borrower's obligation pursuant to Section 6 of the Security Instrument to occupy the property as Borrower's principal residence shall commence thirty (30) days after the end of the Construction Term, extended construction term.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Construction Permanent Loan Rider to Deed of Trust.

  
TIMOTHY SCOTT GHAN

  
BEVERLY S. GHAN

386267



**EXHIBIT A**

**DESCRIPTION**

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

Lot 8, in Block K, as shown on the map of WILDFLOWER RIDGE UNIT 3A, filed for record in the office of the County Recorder of Douglas County, State of Nevada, on February 5, 1991. In Book 291, Page 312, as Document No. 244240.

A.P.N. 23-472-32

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

'96 APR 25 P3:47

LINDA SLATER  
RECORDER

\$15.00 PAID *AL* DEPUTY

**386267**

**BK 0496 PG 4815**

