

AFTER RECORDING RETURN TO:

North American Mortgage Company  
3883 Airway Drive  
Santa Rosa, California 95403  
Attn: Greg Foster / AU 710

This space for recorder's use only

THIS DEED OF TRUST IS BEING RE-RECORDED TO CORRECT THE LOT NUMBER  
ON THE ATTACHED LEGAL DESCRIPTION TO READ: LOT #6.

*ARB*

COPY

This page added to provide adequate space for recording information.

0415539

BK0697PG4185

WHEN RECORDED MAIL TO:  
NORTH AMERICAN MORTGAGE CO.  
3883 AIRWAY DRIVE  
SANTA ROSA, CALIFORNIA 95403  
ATTN: GREG FOSTER / AU 710

State of Nevada

Space Above This Line For Recording Data

562920 -823

X10

97020611

# DEED OF TRUST

(With Future Advance Clause)

1. DATE AND PARTIES. The date of this Deed of Trust (Security Instrument) is APRIL 21, 1997 and the parties, their addresses and tax identification numbers, if required, are as follows:

GRANTOR:

MARK NATHAN BURTON AND, PAMELA MARY BURTON, HUSBAND AND WIFE

If checked, refer to the attached Addendum incorporated herein, for additional Grantors, their signatures and acknowledgments.

TRUSTEE:

STEWART TITLE OF DOUGLAS CTY

LENDER:

NORTH AMERICAN MORTGAGE COMPANY  
3883 AIRWAY DRIVE  
SANTA ROSA, CA 95403

2. CONVEYANCE. For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (defined below) and Grantor's performance under this Security Instrument, Grantor irrevocably grants, bargains, conveys and sells to Trustee, in trust for the benefit of Lender, with power of sale, the following described property:

THE LEGAL DESCRIPTION IS ATTACHED HERETO AS A SEPARATE EXHIBIT AND IS MADE A PART HEREOF.

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*Handwritten signatures: AB and RB*

The property is located in **DOUGLAS** at  
(County)  
**1266 HIDDEN WOODS DRIVE, ZEPHYR COVE**, Nevada **89448**  
(Address) (City) (ZIP Code)

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, all water and riparian rights, ditches, and water stock and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property").

3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount secured by this Security Instrument at any one time shall not exceed \$ **60,000.00**. This limitation of amount does not include interest and other fees and charges validly made pursuant to this Security Instrument. Also, this limitation does not apply to advances made under the terms of this Security Instrument to protect Lender's security and to perform any of the covenants contained in this Security Instrument.

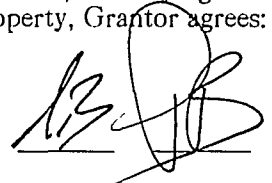
4. **SECURED DEBT AND FUTURE ADVANCES.** The term "Secured Debt" is defined as follows:  
A. Debt incurred under the terms of all promissory note(s), contract(s), guaranty(s) or other evidence of debt described below and all their extensions, renewals, modifications or substitutions. *(When referencing the debts below it is suggested that you include items such as borrowers' names, note amounts, interest rates, maturity dates, etc.)*

HOME EQUITY LINE AGREEMENT (NOTE) DATED: 04/21/97.

- B. All future advances from Lender to Grantor or other future obligations of Grantor to Lender under any promissory note, contract, guaranty, or other evidence of debt executed by Grantor in favor of Lender executed after this Security Instrument whether or not this Security Instrument is specifically referenced. If more than one person signs this Security Instrument, each Grantor agrees that this Security Instrument will secure all future advances and future obligations that are given to or incurred by any one or more Grantor, or any one or more Grantor and others. **Future advances are contemplated and are governed by the provisions of NRS 106.300 to 106.400, inclusive.** All future advances and other future obligations are secured by this Security Instrument even though all or part may not yet be advanced. All future advances and other future obligations are secured as if made on the date of this Security Instrument. Nothing in this Security Instrument shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment must be agreed to in a separate writing.
- C. All obligations Grantor owes to Lender, which may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Grantor and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Security Instrument.

This Security Instrument will not secure any other debt if Lender fails to give any required notice of the right of rescission.

5. **PAYMENTS.** Grantor agrees that all payments under the Secured Debt will be paid when due and in accordance with the terms of the Secured Debt and this Security Instrument.
6. **WARRANTY OF TITLE.** Grantor warrants that Grantor is or will be lawfully seized of the estate conveyed by this Security Instrument and has the right to irrevocably grant, bargain, convey and sell the Property to Trustee, in trust, with power of sale. Grantor also warrants that the Property is unencumbered, except for encumbrances of record.
7. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property, Grantor agrees:



- A. To make all payments when due and to perform or comply with all covenants.
  - B. To promptly deliver to Lender any notices that Grantor receives from the holder.
  - C. Not to allow any modification or extension of, nor to request any future advances under any note or agreement secured by the lien document without Lender's prior written consent.
8. **CLAIMS AGAINST TITLE.** Grantor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Grantor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Grantor's payment. Grantor will defend title to the Property against any claims that would impair the lien of this Security Instrument. Grantor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses Grantor may have against parties who supply labor or materials to maintain or improve the Property.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of the Property. This right is subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Security Instrument is released.
10. **PROPERTY CONDITION, ALTERATIONS AND INSPECTION.** Grantor will keep the Property in good condition and make all repairs that are reasonably necessary. Grantor shall not commit or allow any waste, impairment, or deterioration of the Property. Grantor will keep the Property free of noxious weeds and grasses. Grantor agrees that the nature of the occupancy and use will not substantially change without Lender's prior written consent. Grantor will not permit any change in any license, restrictive covenant or easement without Lender's prior written consent. Grantor will notify Lender of all demands, proceedings, claims and actions against Grantor, and of any loss or damage to the Property.

Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Lender shall give Grantor notice at the time of or before an inspection specifying a reasonable purpose for the inspection. Any inspection of the Property shall be entirely for Lender's benefit and Grantor will in no way rely on Lender's inspection.

11. **AUTHORITY TO PERFORM.** If Grantor fails to perform any duty or any of the covenants contained in this Security Instrument, Lender may, without notice, perform or cause them to be performed. Grantor appoints Lender as attorney in fact to sign Grantor's name or pay any amount necessary for performance. Lender's right to perform for Grantor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Security Instrument. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may take all steps necessary to protect Lender's security interest in the Property, including completion of the construction.
12. **ASSIGNMENT OF LEASES AND RENTS.** Grantor irrevocably grants, bargains, conveys and sells to Trustee, in trust for the benefit of Lender, as additional security all the right, title and interest in and to any and all existing or future leases, subleases, and any other written or verbal agreements for the use and occupancy of any portion of the Property, including any extensions, renewals, modifications or substitutions of such agreements (all referred to as "Leases") and rents, issues and profits (all referred to as "Rents").

Grantor will promptly provide Lender with true and correct copies of all existing and future Leases. Grantor may collect, receive, enjoy and use the Rents so long as Grantor is not in default under the terms of this Security Instrument.

Grantor agrees that this assignment is immediately effective between the parties to this Security Instrument and effective as to third parties on the recording of this Security Instrument. This assignment will remain effective during any period of redemption by the Grantor until the Secured Debt is satisfied. Grantor agrees that Lender is entitled to notify Grantor or Grantor's tenants to make payments of Rents due or to become due directly to Lender after such recording. However, Lender agrees not to notify Grantor's tenants until Grantor defaults and Lender notifies Grantor of the default and demands that Grantor and Grantor's tenants pay all Rents due or to become due directly to Lender. On receiving notice of default, Grantor will endorse and deliver to Lender any payment of Rents in Grantor's possession and will receive any Rents in trust for Lender and will not commingle the Rents with any other funds. Any amounts collected will be applied as provided in this Security Instrument. Grantor warrants that no default exists under the Leases or any applicable landlord/tenant law. Grantor also agrees to maintain and require any tenant to comply with the terms of the Leases and applicable law.



13. **LEASEHOLDS; CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS.** Grantor agrees to comply with the provisions of any lease if this Security Instrument is on a leasehold. If the Property includes a unit in a condominium or a planned unit development, Grantor will perform all of Grantor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.
14. **DEFAULT.** Grantor will be in default if any party obligated on the Secured Debt fails to make payment when due. Grantor will be in default if a breach occurs under the terms of this Security Instrument or any other document executed for the purpose of creating, securing or guarantying the Secured Debt. A good faith belief by Lender that Lender at any time is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment or the value of the Property is impaired shall also constitute an event of default.
15. **REMEDIES ON DEFAULT.** In some instances, federal and state law will require Lender to provide Grantor with notice of the right to cure, or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Security Instrument in a manner provided by law if Grantor is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the terms of the Secured Debt, this Security Instrument and any related documents, including without limitation, the power to sell the Property.

If there is a default, Trustee shall, in addition to any other permitted remedy, at the request of the Lender, advertise and sell the Property as a whole or in separate parcels at public auction to the highest bidder for cash and convey absolute title free and clear of all right, title and interest of Grantor at such time and place as Trustee designates. Trustee shall give notice of sale including the time, terms and place of sale and a description of the property to be sold as required by the applicable law in effect at the time of the proposed sale.

Upon sale of the property and to the extent not prohibited by law, Trustee shall make and deliver a deed to the Property sold which conveys absolute title to the purchaser, and after first paying all fees, charges and costs, shall pay to Lender all moneys advanced for repairs, taxes, insurance, liens, assessments and prior encumbrances and interest thereon, and the principal and interest on the Secured Debt, paying the surplus, if any, to Grantor. Lender may purchase the Property. The recitals in any deed of conveyance shall be prima facie evidence of the facts set forth therein.

All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether or not expressly set forth. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require complete cure of any existing default. By not exercising any remedy on Grantor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

16. **EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS.** Except when prohibited by law, Grantor agrees to pay all of Lender's expenses if Grantor breaches any covenant in this Security Instrument. Grantor will also pay on demand any amount incurred by Lender for insuring, inspecting, preserving or otherwise protecting the Property and Lender's security interest. These expenses will bear interest from the date of the payment until paid in full at the highest interest rate in effect as provided in the terms of the Secured Debt. Grantor agrees to pay all costs and expenses incurred by Lender in collecting, enforcing or protecting Lender's rights and remedies under this Security Instrument. This amount may include, but is not limited to, attorneys' fees, court costs, and other legal expenses. This Security Instrument shall remain in effect until released. Grantor agrees to pay for any recordation costs of such release.
17. **ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES.** As used in this section, (1) Environmental Law means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. 9601 et seq.), and all other federal, state and local laws, regulations, ordinances, court orders, attorney general opinions or interpretive letters concerning the public health, safety, welfare, environment or a hazardous substance; and (2) Hazardous Substance means any toxic, radioactive or hazardous material, waste, pollutant or contaminant which has characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste" or "hazardous substance" under any Environmental Law.



Grantor represents, warrants and agrees that:

- A. Except as previously disclosed and acknowledged in writing to Lender, no Hazardous Substance is or will be located, stored or released on or in the Property. This restriction does not apply to small quantities of Hazardous Substances that are generally recognized to be appropriate for the normal use and maintenance of the Property.
  - B. Except as previously disclosed and acknowledged in writing to Lender, Grantor and every tenant have been, are, and shall remain in full compliance with any applicable Environmental Law.
  - C. Grantor shall immediately notify Lender if a release or threatened release of a Hazardous Substance occurs on, under or about the Property or there is a violation of any Environmental Law concerning the Property. In such an event, Grantor shall take all necessary remedial action in accordance with any Environmental Law.
  - D. Grantor shall immediately notify Lender in writing as soon as Grantor has reason to believe there is any pending or threatened investigation, claim, or proceeding relating to the release or threatened release of any Hazardous Substance or the violation of any Environmental Law.
18. **CONDEMNATION.** Grantor will give Lender prompt notice of any pending or threatened action, by private or public entities to purchase or take any or all of the Property through condemnation, eminent domain, or any other means. Grantor authorizes Lender to intervene in Grantor's name in any of the above described actions or claims. Grantor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Security Instrument. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.
19. **INSURANCE.** Grantor shall keep Property insured against loss by fire, flood, theft and other hazards and risks reasonably associated with the Property due to its type and location. 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 Grantor subject to Lender's approval, which shall not be unreasonably withheld. If Grantor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Security Instrument.
- All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "loss payee clause." Grantor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Grantor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Grantor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Grantor.
- Unless otherwise agreed in writing, all insurance proceeds shall be applied to the restoration or repair of the Property or to the Secured Debt, whether or not then due, at Lender's option. Any application of proceeds to principal shall not extend or postpone the due date of the scheduled payment nor change the amount of any payment. Any excess will be paid to the Grantor. If the Property is acquired by Lender, Grantor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.
20. **ESCROW FOR TAXES AND INSURANCE.** Unless otherwise provided in a separate agreement, Grantor will not be required to pay to Lender funds for taxes and insurance in escrow.
21. **FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS.** Grantor will provide to Lender upon request, any financial statement or information Lender may deem reasonably necessary. Grantor agrees to sign, deliver, and file any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Grantor's obligations under this Security Instrument and Lender's lien status on the Property.
22. **JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND.** All duties under this Security Instrument are joint and individual. If Grantor signs this Security Instrument but does not sign an evidence of debt, Grantor does so only to mortgage Grantor's interest in the Property to secure payment of the Secured Debt and Grantor does not agree to be personally liable on the Secured Debt. If this Security Instrument secures a guaranty between Lender and Grantor, Grantor agrees to waive any rights that may prevent Lender from bringing any action or claim against Grantor or any party indebted under the obligation. These rights may include, but are not limited to, any anti-deficiency or one-action laws. Grantor



agrees that Lender and any party to this Security Instrument may extend, modify or make any change in the terms of this Security Instrument or any evidence of debt without Grantor's consent. Such a change will not release Grantor from the terms of this Security Instrument. The duties and benefits of this Security Instrument shall bind and benefit the successors and assigns of Grantor and Lender.

- 23. **APPLICABLE LAW; SEVERABILITY; INTERPRETATION.** This Security Instrument is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Security Instrument is complete and fully integrated. This Security Instrument may not be amended or modified by oral agreement. Any section in this Security Instrument, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section of this Security Instrument cannot be enforced according to its terms, that section will be severed and will not affect the enforceability of the remainder of this Security Instrument. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Security Instrument are for convenience only and are not to be used to interpret or define the terms of this Security Instrument. Time is of the essence in this Security Instrument.
- 24. **SUCCESSOR TRUSTEE.** Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee without any other formality than the designation in writing. The successor trustee, without conveyance of the Property, shall succeed to all the title, power and duties conferred upon Trustee by this Security Instrument and applicable law.
- 25. **NOTICE.** Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Security Instrument, or to any other address designated in writing. Notice to one grantor will be deemed to be notice to all grantors.
- 26. **WAIVERS.** Except to the extent prohibited by law, Grantor waives all appraisal and homestead exemption rights relating to the Property.
- 27. **OTHER TERMS.** If checked, the following are applicable to this Security Instrument:
  - Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Security Instrument will remain in effect until released.
  - Construction Loan.** This Security Instrument secures an obligation incurred for the construction of an improvement on the Property.
  - Fixture Filing.** Grantor grants to Lender a security interest in all goods that Grantor owns now or in the future and that are or will become fixtures related to the Property. This Security Instrument suffices as a financing statement and any carbon, photographic or other reproduction may be filed of record for purposes of Article 9 of the Uniform Commercial Code.
  - Riders.** The covenants and agreements of each of the riders checked below are incorporated into and supplement and amend the terms of this Security Instrument. [Check all applicable boxes]
    - Condominium Rider     Planned Unit Development Rider     Other
  - Additional Terms.**

SIGNATURES: By signing below, Grantor agrees to the terms and covenants contained in this Security Instrument and in any attachments. Grantor also acknowledges receipt of a copy of this Security Instrument on the date stated on page 1.

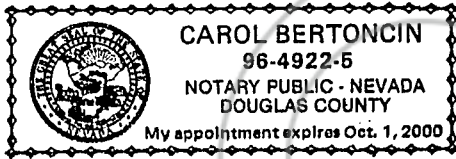
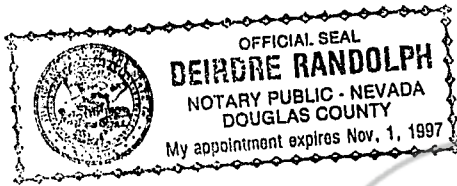
*Mark Nathan Burton*  
MARK NATHAN BURTON  
*Pamela Mary Burton*  
PAMELA MARY BURTON

ACKNOWLEDGMENT:

STATE OF NEVADA, COUNTY OF DOUGLAS } ss.  
(Individual) This instrument was acknowledged before me this 21 day of April, 1997  
by  
MARK NATHAN BURTON, PAMELA MARY BURTON

My Commission Expires: 11-97  
(Seal)

*Deirdre Randolph*  
\_\_\_\_\_  
(Notary Public)  
\_\_\_\_\_  
(Title and Rank)



June 18, 1997  
Carol Bertoncini

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# PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this 21ST day of APRIL, 1997, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date, given by the undersigned (the "Borrower") to secure Borrower's Note to NORTH AMERICAN MORTGAGE COMPANY

(the "Lender")  
of the same date and covering the Property described in the Security Instrument and located at:  
1266 HIDDEN WOODS DRIVE, ZEPHYR COVE, NV 89448

[Property Address]

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in

COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration").  
The Property is a part of a planned unit development known as  
HIDDEN WOODS

[Name of Planned Unit Development]

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

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

**A. PUD Obligations.** Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the: (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

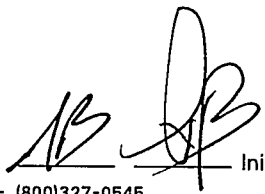
**B. Hazard Insurance.** So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

(i) Borrower's obligation under the Insurance Covenant to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage provided by the master or blanket policy.

MULTISTATE PUD RIDER - Single Family

ELP - NMU025 (95.10)

 Initials

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In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, with any excess paid to Borrower.

**C. Public Liability Insurance.** Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

**D. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in the Condemnation Covenant.

**E. Lender's Prior Consent.** Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

(i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

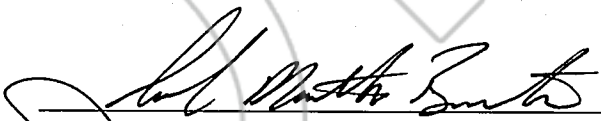
(ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender;

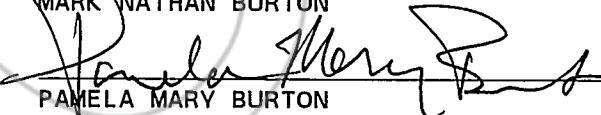
(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

**F. Remedies.** If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in this PUD Rider.

  
\_\_\_\_\_  
MARK NATHAN BURTON (Seal)  
-Borrower

  
\_\_\_\_\_  
PAMELA MARY BURTON (Seal)  
-Borrower

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

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

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<u>MARK NATHAN BURTON</u> <u>PAMELA MARY BURTON</u>		<b>NORTH AMERICAN MORTGAGE COMPANY</b> <b>3883 AIRWAY DRIVE</b> <b>SANTA ROSA, CA 95403</b>	
<u>P. O. BOX 1312</u> <u>ZEPHYR COVE, NV 89448</u>		<b>Lender's Name and Address</b>	
<b>Borrower's Name and Address</b> "You" means each borrower above, jointly and severally.		<b>"We" or "us" means the lender named above.</b>	
No. <u>562920 -823</u>	Draw Period <u>60 MONTHS</u>	Repayment Period <u>120 MONTHS</u>	Maturity Date <u>04/21/12</u>
Date <u>APRIL 21, 1997</u>	Billing Cycle: Ends <u>MONTHLY</u>	Payment Date <u>MONTHLY</u>	
Line of Credit \$ <u>60,000.00</u>			
Initial Advance \$ <u>60,000.00</u>			
Minimum Advance \$ <u>100.00</u>			
Minimum Balance \$ <u>0.00</u>			

**HOME EQUITY LINE OF CREDIT AGREEMENT  
AND PROMISSORY NOTE (the "Agreement")**

**GENERALLY:** This is an agreement about your home equity line of credit. Many of the terms we use in this agreement have special meanings. The term "loan account balance" means the sum of the unpaid principal of loans made under this plan, plus unpaid but earned finance charges, any fees, plus any credit insurance premiums that are due. "Line of Credit" means the maximum amount of principal we will ordinarily allow you to owe us under this plan at any time.

In addition, we will use the following terms for this home equity plan: "Initial Advance" means the amount of money we will require you to accept as an advance to open the plan. "Minimum Advance" means the smallest amount of money we will advance to you at your request. The "Minimum Balance" is the amount of principal of loans we will require you to maintain outstanding during the plan. If the principal balance outstanding falls below the minimum balance, you may have to pay a fee described below.

The "Draw Period" is the time during the plan that you may request advances and will make payments on your loan account balance. The "Repayment Period" is the time during the plan that you must repay your loan account balance but may not request further advances. Except where otherwise indicated, the regulatory disclosures contained in this agreement apply to both the draw and repayment periods.

If any term of this agreement violates any law or for some other reason is not enforceable, that term will not be part of this agreement. This agreement is subject to the laws of the state where we are located.

**TAX DEDUCTIBILITY:** You should consult a tax advisor regarding the deductibility of interest and charges under this home equity plan.

**REQUESTING A LOAN:** You request a loan under this plan whenever you:

- write a check for at least the minimum advance listed above using one of the special checks you have for that purpose.
  - authorize a payment to a third person or account and indicate to us in the manner we require that the payment be made with funds we advance you.
- If checked, use the credit card we supply you to make purchases or receive cash loan advances.

**HOW THE LOAN IS ADVANCED:** When you request a loan, we will, subject to any limitations contained in this agreement, advance exactly the amount you request, so long as the requested amount equals or exceeds the minimum advance listed above. We will make the advance by advancing the money directly to you or by paying a designated third person or account, depending on how we agree to make the advance. We will record the amount as a loan in your loan account.

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**HOW YOU REPAY YOUR LOANS - REPAYMENT PERIOD:** On or before each payment date during the repayment period, you promise to pay the minimum payment to reduce your debt. The minimum amount is the amount of accrued finance charges and credit insurance premiums (if any) plus .8333% of the principal balance, at the end of the draw period.

**FINAL PAYMENT:** On the maturity date listed above, you promise to pay the amount of any remaining loan account balance outstanding. The minimum payment will not fully repay the principal that is outstanding on your line. At that time you will be required to pay the entire balance in a single balloon payment.

If you have any loan account balance at that time, we are not obligated to refinance your account, but will consider your request to do so. If you refinance this account at maturity, you may have to pay some or all of the closing costs normally associated with a new loan even if you obtain financing from us.

**ADDITIONAL REPAYMENT TERMS:** If your loan account balance on a payment date is less than the minimum payment amount, you promise to pay only the loan account balance.

You can pay off all or part of what you owe at any time. However, so long as you owe any amount you must continue to make your periodic minimum payment.

The amounts you pay will be applied first to any charges you owe other than principal and finance charges, then to any finance charges that are due, and finally to principal.

Your first payment will be due on the first payment date after you receive your first statement. All other payments are due on the payment dates described above.

**SECURITY:** To secure the payment of what you owe, we have the right of set-off. This means we can pay the amount you owe us out of money that we are required to pay you (such as money in your savings or checking account). However, we cannot use in this way money in your IRA or other tax-deferred retirement account. State law may further limit our right of set-off.

However, we will have no right of set-off if you can obtain credit under this plan by using a debit or a credit card.

We have also secured your obligations under this plan by taking a security interest (by way of a separate security agreement, mortgage or other instrument dated **APRIL 21, 1997**) in the following property, described by item or type:

1266 HIDDEN WOODS DRIVE, ZEPHYR COVE, NV 89448

You agree to obtain and maintain adequate insurance against fire, flood and such other reasonable risks to the aforementioned real estate as we may require, with loss payable clause in our favor as our interest may appear. Any proceeds of insurance required to be obtained hereunder will also be security for all sums due on the Account.

You may obtain such insurance from any agent, broker or insurance company of your choice, which is licensed to do business in the state where the real estate is located, but we reserve the right to reject any insurance company or policy for reasonable cause.

If you fail to keep the real estate insured as aforesaid, we may at our option purchase and pay for such insurance, and the amount paid by us shall be added as an advance hereunder, to the balance due and be subject to finance charges.

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**ADDITIONAL CHARGES:** You agree to pay the following additional charges:

- A late charge on any payment not paid within 15 days of the payment date of 5% of the payment or \$5.00, whichever is greater.
- A fee of \$15.00 per year in order to participate in this plan. We will add this amount to your loan account balance on an annual basis on the anniversary date of the loan.

Application Fee	\$		;	Points	\$	600.00	;
Appraisal	\$	50.00	;	Official Fees	\$	25.00	;
Property Survey	\$		;	Title Search	\$		;
Credit Report Fees	\$		;	Title Insurance	\$		;
Documentation Fees	\$		;	Taxes	\$		;
Filing Fees	\$						
Returned Check Charge	\$	15.00					
Stop Payment Charge	\$	15.00					
Withdrawal Over Line Charge	\$						
Mortgage Registration Tax	\$						
(Other) ESCROW	\$				\$	25.00	

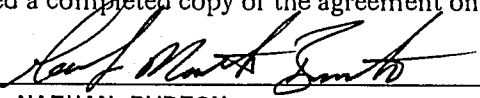
**ATTORNEY'S FEES:** You agree to pay all our costs, including reasonable attorney's fees, that we incur in legal proceedings to collect or enforce this debt should you be in default.

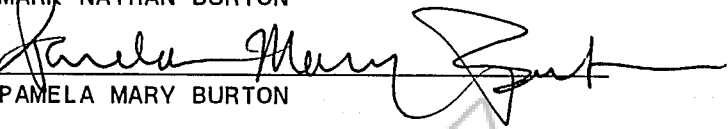
**NOTICE TO JOINT APPLICANTS:** You may close the account at any time by notifying us in writing. Cancellation of the account shall cancel the account for all persons on the account.

**NOTICE:** See pages 5, 6, and 7 for additional terms and for information about your rights in the event of a billing error.

*[Signature]*  
Initials

**SIGNATURES:** By signing below, you agree to the terms of this agreement and you promise to pay any amounts you owe under this agreement. You also state that you received a completed copy of the agreement on today's date.

Signature   
MARK NATHAN BURTON

Signature   
PAMELA MARY BURTON

Signature \_\_\_\_\_

Signature \_\_\_\_\_

By: \_\_\_\_\_

**ADDITIONAL TERMS**

**CHANGING THE TERMS OF THIS AGREEMENT:** Generally, we may not change the terms of this agreement. However, we may change the terms in the following circumstances:

- If this is a variable rate plan, we may change the index and margin if the original index described above becomes unavailable. Any new index will have a historical movement similar to the original, and, together with a new margin, will produce a similar interest rate.
- We may make changes that you have agreed to in writing.
- We may make changes that unequivocally benefit you.
- We may make changes to insignificant terms of this agreement.
- We will refuse to make additional extensions of credit or reduce your credit limit if the maximum annual percentage rate is reached.

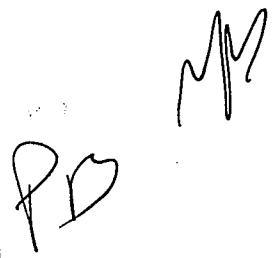
If we are required to send notice of a change in terms, we will send the notice to your address listed on page 1. (You should inform us of any change in address.)

**DEFAULT:** You will be in default on this agreement if any of the following occur:

- (1) You engage in fraud or material misrepresentation, by your actions or failure to act, in connection with any phase of this home equity line of credit;
- (2) Subject to any right to cure you may have, you do not meet the repayment terms;
- (3) Your action or inaction adversely affects the collateral or our rights in the collateral, including but not limited to: (a) failure to maintain required insurance on the dwelling; (b) your transfer of the property; (c) failure to maintain the property or use of it in a destructive manner; (d) commission of waste; (e) failure to pay taxes on the property or otherwise fail to act and thereby cause a lien to be filed against the property that is senior to our lien; (f) death; (g) the property is taken through eminent domain; (h) a judgment is filed against you and subjects you and the property to action that adversely affects our interest; or (i) a prior lien holder forecloses on the property and as a result, our interest is adversely affected.

**REMEDIES:** We may terminate your account, require you to pay the entire outstanding balance in one payment and charge you a termination fee (if provided for above in this agreement), and fees related to the collection of the amount owing, if you are in default in any manner described above. In that instance, we may take other action short of termination, such as charging you a fee if you fail to maintain required property insurance and we purchase insurance. If we elect to terminate and accelerate the amounts owing on your account, we may use our right to set-off, unless prohibited.

Even if we choose not to use one of our remedies when you default, we do not forfeit our right to do so if you default again. If we do not use a remedy when you default, we can still consider your actions as a default in the future.



**SUSPENSION OF CREDIT AND REDUCTION OF CREDIT LIMIT:** We may temporarily prohibit you from obtaining additional extensions of credit, or reduce your credit limit if:

- (1) The value of the dwelling securing this home equity line of credit declines significantly below its appraised value for purposes of this line;
- (2) We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (3) You are in default of a material obligation of this agreement, which shall include, but is not limited to, your ongoing obligation to supply us with information we feel we need to assess your financial condition;
- (4) A governmental action prevents us from imposing the annual percentage rate provided for in this agreement;
- (5) The action of a governmental body adversely affects our security interest to the extent that the value of the security interest is less than 120% of the home equity line;
- (6) The annual percentage rate corresponding to the periodic rate reaches the maximum rate allowed under this plan (if provided for above in this agreement); or
- (7) A regulatory agency has notified us that continued advances would constitute an unsafe business practice.

In the event that we suspend your right to additional advances or reduce your credit line, we will send you notice of our decision at the address listed on page 1 of this agreement. (You should inform us of any change in your address.) If we have based our decision to suspend or reduce your credit privileges on an assessment of your financial condition or performance under this plan, and you believe that your situation has changed, you must request that we re-evaluate your situation, and reinstate your credit privileges.

**CREDIT INFORMATION:** You agree to supply us with whatever information we reasonably feel we need to decide whether to continue this plan. We agree to make requests for this information without undue frequency, and to give you reasonable time in which to supply the information.

You authorize us to make or have made any credit inquiries we feel are necessary. You also authorize the persons or agencies to whom we make these inquiries to supply us with the information we request.

**ASSIGNMENT:** We may assign all or part of the Account balance and our rights under this Agreement and the mortgage, deed of trust or other security agreement securing the Account to any person or entity without notice to you. You may not transfer your rights under this Agreement or the Account balance.

**YOUR BILLING RIGHTS  
KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

*Notify Us In Case of Errors or Questions About Your Bill*

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to pay your bill automatically from your savings, checking or other account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

*Your Rights and Our Responsibilities  
After We Receive Your Written Notice*

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.



If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

*Special Rule for Credit Card Purchases*

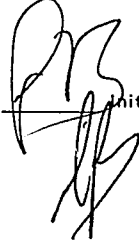
If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right:

- (a) You must have made the purchase in your home state or, if not within your home state within 100 miles of your current mailing address; and
- (b) The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

**LIABILITY FOR UNAUTHORIZED  
USE OF A CREDIT CARD**

You may be liable for the unauthorized use of your credit card. You will not be liable for unauthorized use that occurs after you notify us at the address on page 1 of this form, orally or in writing, of the loss, theft, or possible unauthorized use. In any case, your liability will not exceed \$50.

 Initials

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EXHIBIT "A"

LEGAL DESCRIPTION

ESCROW NO.: 97020611

LOT <sup>6</sup> BLOCK A, AS SHOWN ON THE FILED MAP OF THE AMENDED MAP OF LINCOLN MEADOWS, UNIT NO. 1, FILED IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, NEVADA, ON JANUARY 6, 1978, AS DOCUMENT NO. 16415.

APN: 03-241-06

TOGETHER WITH A NON-EXCLUSIVE 60 FOOT EASEMENT FOR ROADWAY AND UTILITY SERVICES AS GRANTED BY SAMMIE EVANS, ET UX, TO LEE HALE AND CO., INC., RECORDED DECEMBER 21, 1967 IN BOOK 56, PAGE 201, DOCUMENT NO. 39634, OFFICIAL RECORDS OF DOUGLAS COUNTY, NEVADA.

COPIED

REQUESTED BY  
**Stewart Title of Douglas County**

IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

'97 APR 25 AM 11:01

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0411249

LINDA SLATER  
RECORDER

\$23.50 PAID *K2* DEPUTY

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COPY

REQUESTED BY  
**Stewart Title of Douglas County**  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

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LINDA SLATER  
RECORDER  
\$25.00 PAID *ks* DEPUTY