

DEED OF TRUST AND ASSIGNMENT OF RENTS

Escrow No M77094CH

THIS DEED OF TRUST, made this 3rd day of August 1998, between SIERRA COUNTRY, INC., A NEVADA CORPORATION

herein called TRUSTOR, whose address is C/O P.O. BOX 2320, MINDEN, NV 89423

WESTERN TITLE COMPANY, INC., a Nevada corporation herein called TRUSTEE, and MAX W. SCHLUTSMEYER AND FRANCES M. SCHLUTSMEYER, TRUSTEES OF THE MAX W. SCHLUTSMEYER AND FRANCES M. SCHLUTSMEYER TRUST DATED DECEMBER 12, 1980

herein called BENEFICIARY, WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the County of DOUGLAS, State of Nevada, to wit:

(Continued)

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Together with the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, subject, however, to the right of Beneficiary, during any period of default hereunder, and without waiver of such default, to collect said rents, issues and profits by any lawful means, and to apply the same, less costs and expenses of collection, to any indebtedness secured hereby.

For the purpose of securing (1) payment of the sum of \$600,000.00 with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and all extensions or renewals thereof; and (2) the performance of each agreement of Trustor incorporated herein by reference or contained herein; (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or to his successors or assigns, when evidenced by a Promissory Note or Notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, Trustor agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (16) inclusive of the Deed of Trust recorded in the Book and at the Page, or Document No. of Official Records in the Office of the County Recorder of the County where said property is located, noted below opposite the name of such County, viz.:

| COUNTY | DOC. No. | BOOK | PAGE | COUNTY | DOC. No. | BOOK | PAGE |
|-----------|----------|----------|---------|------------|----------|-------------|---------|
| Clark | 413987 | 514 | | Lyon | 88486 | 31 mtgs. | 449 |
| Churchill | 104132 | 34 mtgs. | 591 | Mineral | 76648 | 16 mtgs. | 534-537 |
| Douglas | 24495 | 22 | 415 | Nye | 47157 | 67 | 163 |
| Elko | 14831 | 43 | 343 | Ormsby | 72637 | 19 | 102 |
| Esmeralda | 26291 | 3H deeds | 138-141 | Pershing | 57488 | 28 | 58 |
| Eureka | 39602 | 3 | 283 | Storey | 28573 | R mtgs. | 112 |
| Humbolt | 116986 | 3 | 83 | Washoe | 407205 | 734 Tr.deed | 221 |
| Lander | 41172 | 3 | 758 | White Pine | 128126 | 261 | 341-344 |
| Lincoln | 41292 | 0 mtgs. | 467 | | | | |

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EXHIBIT "A"

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

Remainder Parcel "A", of SIERRA COUNTRY ESTATES PHASE 1 recorded March 28, 1996, Book 396, Page 4735 as Document No. 384282 of Official Records of Douglas County, State of Nevada.

Together with a 24 foot Private Access Easement as set forth on map of SIERRA COUNTRY ESTATES PHASE 1.

A.P.N. 19-430-03

DUE ON SALE PROVISION

In the event the Trustor sells, conveys or alienates the within described real property; or contracts to sell, convey or alienate; or is divested of title in any other manner without the approval of an assumption of this obligation by the Beneficiary being first obtained, Beneficiary shall have the right to declare the unpaid principal balance due and payable in full, upon written demand and notice, irrespective of the maturity date expressed on the Note secured hereby.

COPY

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The following is a copy of provisions (1) to (16) inclusive, of the Deed of Trust, recorded in each county in Nevada, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

To Protect the Security of This Deed of Trust, Trustor Agrees:

1. To properly care for and keep said property in good condition and repair; not to remove or demolish any building thereon; to complete in a good and workmanlike manner any building which may be constructed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws ordinances and regulations requiring any alterations or improvements to be made thereon; not to commit or permit any waste thereof; not to commit suffer or permit any act to be done in or upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and/or do any other act or acts, all in a timely and proper manner, which, from the character or use of said property, may be reasonably necessary, the specific enumerations herein not excluding the general.
2. The Grantor agrees to pay and discharge all costs, fees and expenses of these Trusts, including cost of evidence of title and Trustee's fees in connection with sale, whether completed or not, which amounts shall become due upon delivery to Trustee of Declaration of Default and Demand for sale, as hereinafter provided.
3. The amount collected under any fire insurance policy shall be credited: first, to accrued interest; next to expenditures hereunder; and any remainder upon the principal, and interest shall thereupon cease upon the amount so credited upon the amount so credited upon principal; provided, however, that at the option of the Beneficiary, the entire amount collected under the policies or any part thereof may be released to the Grantor, without liability upon the Trustee for such release.
4. The Grantor promises and agrees that if, during the existence of the Trust there be commenced or pending any suit or action affecting said conveyed premises, or any part thereof, or the title thereto, or if any adverse claim for or against said premises, or any part thereof, be made or asserted, he will appear in and defend any such matter purporting to affect the security and will pay all costs and damages arising and damages arising because of such action.
5. Any award of damages in connection with any condemnation for public use of or injury to any property or any part thereof is hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received by him in the same manner and with the same affect as herein provided for disposition of proceeds of insurance.
6. Trustee shall be under no obligation to notify any party hereto of any pending sale hereunder or of action or proceeding of any kind in which Grantor, Beneficiary and/or Trustee shall be named as defendant, unless brought by Trustee.
7. Acceptance by Beneficiary of any sum in payment of any indebtedness secured hereby, after the date when the same is due, shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums so secured or to declare default as herein provided for failure so to pay.
8. Trustee may, at any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the notes secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said property: reconvey any part of said property; consent in writing to the making of any map or plot thereof; join in granting any easement thereon; or join in any extension agreement or subordination agreement in connection herewith.
9. Upon receipt of written request from Beneficiary reciting that all sums secured hereby have been paid and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, the Trustee shall reconvey without warranty the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto," and Trustee is authorized to retain this Deed of Trust and note.
10. (a) Should default be made by Grantor in payment of any indebtedness secured hereby and/or in performance of any agreement herein, then Beneficiary may declare all sums secured hereby immediately due by delivery to Trustee of a written declaration of default and demand for sale, and of written notice of default and election to cause said property to be sold (which notice Trustee shall cause to be filed for record) and shall surrender to Trustee this Deed, the notes and all documents evidencing any expenditure secured hereby.
(b) After three months shall have elapsed following recordation of any such notice of default, Trustee shall sell said property at such time and at such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of such sale as then required by law. Place of sale may be either in the county in which the property to be sold, or any part thereof, is situated or at an office of the Trustee located in the State of Nevada.
(c) The Grantor, Pledgor and Mortgagor of the personal property herein pledged and/or mortgaged waives any and all demands or notices as conditions precedent to the sale of such personality.
(d) Trustee may postpone sale of all, or any portion, of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time previously appointed.

(e) At the time of sale so fixed, Trustee may sell the property so advertised or any part thereof, either as a whole or in separate parcels as its sole discretion, at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to such purchaser a deed conveying the property so sold but without covenant or warranty, express or implied, Grantor hereby agrees to surrender, immediately and without demand, possession of said property to such purchaser.

11. Trustee shall apply the proceeds of any such sale to payment of: expenses of sale and all charges and expenses of Trustee and of these Trusts, including costs of evidence of title and Trustee's fee in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the rate of ten per cent (10%) per annum; all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

12. The Beneficiary or assigns may, at any time, by instrument in writing, appoint a successor or successors to the Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary, and recorded in the Office of the County Recorder of or Counties wherein said property is situated, shall be conclusive proof of the proper substitution of such successor or Trustee, who shall have all the estate, powers, duties and trusts in the premises vested in or conferred on the original Trustee. If there be more than one Trustee, either may act alone and execute the Trusts upon the request of the Beneficiary and his acts shall be deemed to be the acts of all Trustees, and the recital in any conveyance executed by such sole trustee of such requests shall be conclusive evidence thereof, and of the authority of such sole Trustee to act.

13. This Deed of Trust applies to, insurers to the benefit of, and binds all parties hereto their heirs, legatees, devisees, administrators, executors, successors and assigns.

14. Trustee accepts these trusts when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

15. In this Deed of trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural, and the term Beneficiary shall include any future holder, including pledgees, of the note secured hereby.

16. Where not inconsistent with the above and the following covenants, NO. 1; 2(\$);3;4(10%);5;6;7(%);8; of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

DO NOT RECORD
REQUEST FOR FULL RECONVEYANCE
To be used only when note has been paid.

To Trustee:

Date _____

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust all sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness secured by said Deed of Trust, delivered to you herewith together with said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, the estate now held by you under the same.

MAIL RECONVEYANCE TO:

By _____
By _____

DO NOT LOSE OR DESTROY THIS DEED OF TRUST OR THE NOTE WICH IT SECURES. BOTH MUST BE DELIVERED TO THE TRUSTEE FOR CANCELLATION BEFORE RECONVEYANCE WILL BE MADE.

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

'98 AUG 19 P3:44

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LINDA SLATER
RECORDER

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