

CONSTRUCTION AND PERMANENT DEED OF TRUST, ASSIGNMENT OF LEASES
AND RENTS, SECURITY AGREEMENT, FINANCING
STATEMENT AND FIXTURE FILING

(LONG FORM)
(ACCELERATION CLAUSE)

THIS DEED OF TRUST, made as of this first day of September, 1998, between SHEPHERD OF THE SIERRA LUTHERAN CHURCH, a Nevada corporation, herein called "Trustor", whose address is: 3680 North Highway 395, Carson City, Nevada 89705, WESTERN TITLE COMPANY, INC., a Nevada corporation, herein called "Trustee", and CALIFORNIA-NEVADA-HAWAII DISTRICT CHURCH EXTENSION FUND, a California non-profit corporation, herein called "Beneficiary", whose address is: 465 Woolsey Street, San Francisco, California 94134.

W I T N E S S E T H

That Trustor hereby grants to Trustee in trust, with power of sale, all interest of Trustor in that certain property situate in the County of Douglas, State of Nevada, more particularly described as follows:

PARCEL I:

All that certain real property particularly described on Exhibit "A", attached hereto.

PARCEL II:

ALL that certain personal property described on Exhibit "B", attached hereto.

PARCEL III:

All fixtures that are now or are in the future owned by Trustor and used in the operation of the real property or improvements thereon.

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 principal sum of THREE HUNDRED SIXTY-FIVE THOUSAND AND NO/100THS U.S. DOLLARS (\$365,000.00), 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; (2) the performance of each agreement of Trustor incorporated herein by reference or contained herein; and (3) payment of such additional sums which may hereafter be

loaned to Trustor by Beneficiary when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

THIS INSTRUMENT IS A CONSTRUCTION AND PERMANENT DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING, AFFECTING BOTH REAL AND PERSONAL PROPERTY, INCLUDING FIXTURES. THE NOTE SECURED BY THIS DOCUMENT CONTAINS PROVISION FOR THE ADJUSTMENT OF THE INTEREST RATE AND MAY INCLUDE PROVISION FOR EXTENSION OF THE MATURITY DATE. THIS DOCUMENT IS ALSO A FIXTURE FILING IN ACCORDANCE WITH NRS 104.9402(6).

OF THE PRINCIPAL BALANCE OF THE LOAN EVIDENCED BY THE NOTE SECURED BY THIS DEED OF TRUST, ONLY \$336,277.13 IS AVAILABLE FOR ANY CONSTRUCTION OR CONSTRUCTION-RELATED PURPOSE. THE REMAINING BALANCE IS AVAILABLE SOLELY FOR THE PURPOSE OF PURCHASING THE PROPERTY AND/OR REFINANCING OTHER PRE-EXISTING INDEBTEDNESS AS MORE PARTICULARLY PROVIDED IN THE LOAN AGREEMENT.

AND THIS INDENTURE FURTHER WITNESSETH:

1. Trustor agrees 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 relating to any alterations or improvements 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 any law, covenant, condition or restriction affecting said property; 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. Trustor agrees to pay and discharge all costs, fees and expenses of the trust incurred in connection with any default by Trustor.

3. During the continuance of this trust, Trustor covenants to keep all buildings that may now or at any time be on said property in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada. Said insurance shall be in such sum or sums as shall equal the total indebtedness secured by this Deed of Trust and all obligations having priority over this Deed of Trust, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of the unsatisfied obligation to Beneficiary hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary or to the collection agent of Beneficiary, as further security, and in default

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thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums as Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon the indebtedness secured hereby and in such order as Beneficiary may determine, or, at the option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

4. Trustor promises and agrees that if, during the existence of this trust, there be commenced or pending any suit or action affecting said property, or any part thereof, or the title thereto, or if any adverse claim for or against said property, 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 because of such action.

5. Any award of damages in connection with any condemnation for public use of, or injury to said 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 of said property, whether such sale is by foreclosure or otherwise, or of any action or proceeding in which Trustor or Beneficiary or Trustee shall be a party, unless brought by Trustee.

7. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment, when due, of all other sums so secured or to declare default, as herein provided, for failure to so pay.

8. At any time, and from time to time, without liability therefor and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said property, Trustee may: reconvey any part of said property; consent in writing to the making of any map or plat 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 of Trust and the note secured hereby to Trustee for cancellation

and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall reconvey, without warranty, 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".

10. Should Trustor default in the payment of any indebtedness secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein by reference, Beneficiary may declare all sums secured hereby immediately due and payable.

11. The following covenants Nos. 1, 3, 4 (interest 12%), 5, 6, 7 (counsel fees-a reasonable percentage), 8 and 9 of Nevada Revised Statutes (the "NRS") 107.030, are hereby adopted and made a part of this Deed of Trust.

12. Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

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

14. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law, reserving, however, unto the Trustee, the right to resign from the duties and obligations imposed herein whenever Trustee, in its sole discretion, deems such resignation to be in the best interest of the Trustee. Written notice of such resignation shall be given to Trustor and Beneficiary.

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. Whenever the context so requires, the term "property" includes personal and/or real property and the term "building" includes a mobile home. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

16. The rights and remedies of Beneficiary upon the occurrence of one or more defaults by Trustor (whether such rights and remedies are conferred by statute, by rule of law, by this Deed of Trust, or otherwise) may be exercised by Beneficiary, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order. The exercise by Beneficiary, or by Trustee at the express direction of Beneficiary, of any one or more of such rights and

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remedies shall not be construed to be an election of remedies nor a waiver of any other rights and remedies Beneficiary might have unless, and limited to the extent that, Beneficiary shall so elect or so waive by an instrument in writing delivered to Trustee. Without limiting the generality of the foregoing, to the extent that this Deed of Trust covers both real and personal property, Beneficiary may, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order:

(a) Proceed as to both the real and personal property in accordance with Beneficiary's rights and remedies in respect to the real property; or

(b) Proceed as to the real property in accordance with Beneficiary's rights and remedies in respect to the real property and proceed to the personal property in accordance with Beneficiary's rights and remedies in respect to the personal property.

Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the personal property in accordance with the Nevada Uniform Commercial Code--Secured Transactions.

If Beneficiary should elect to proceed as to both the real and personal property collateral in accordance with Beneficiary's rights and remedies in respect to real property:

(a) All the real property and all the personal property may be sold, in the manner and at the time and place provided in this Deed of Trust and Security Agreement, in one lot, or in separate lots consisting of any combination or combinations of real and personal property, as the Beneficiary may elect, in the sole discretion of Beneficiary.

(b) Trustor acknowledges and agrees that a disposition of the personal property collateral in accordance with Beneficiary's rights and remedies in respect to real property, as hereinabove provided, is a commercially reasonable disposition of the collateral.

If Beneficiary should elect to proceed as to the personal property collateral in accordance with Beneficiary's rights and remedies in respect to personal property, Beneficiary shall have all the rights and remedies conferred on a secured party by NRS 104.9501 to 104.9507, both inclusive.

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

18. If all or any portion of the property which is the subject of this Deed of Trust is conveyed from Trustor by deed, contract, execution, instrument or any other mode or means, voluntarily or involuntarily, not caused by the demise of Trustor, which will effect, in law or equity, a divestiture of Trustor's interest or title in said property, the note secured hereby shall accelerate and the entire balance of principal and interest shall forthwith become due and payable without notice or demand.

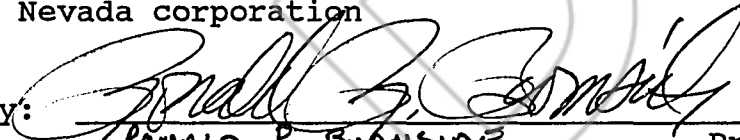
19. This Deed of Trust constitutes a Financing Statement filed as a fixture filing in the Official Records of the County Recorder of the County in which the property is located with respect to any and all fixtures with the description of collateral, attached hereto, and with respect to any goods or other personal property that may now be or hereafter become such fixtures. The address of Beneficiary, from which any information concerning the security interest granted hereunder may be obtained is California-Nevada-Hawaii District Church Extension Fund, 465 Woolsey Street, San Francisco, California 94134, Attention: Douglas A. Gondek.

TRUSTOR:

SHEPHERD OF THE SIERRA LUTHERAN CHURCH,
a Nevada corporation

Affix

By:



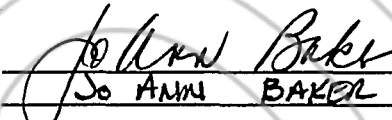
RONALD P. BURNSIDES

, President

Corporate

Seal

By:



JO ANN BAKER


, Secretary

NO
SEAL
AVAIL.

(SIGNATURES MUST BE ACKNOWLEDGED BEFORE A NOTARY PUBLIC)

STATE OF NEVADA)
) SS
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on SEPTEMBER 29 1998,
by RONALD R. BURNSIDE as PRESIDENT
of the SHEPARD OF THE SIERRA LUTHERAN CHURCH.



Notary Public



STATE OF NEVADA)
) SS
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on SEPTEMBER 29 1998,
by JO ANN BAKER as SECRETARY
of the SHEPARD OF THE SIERRA LUTHERAN CHURCH.



Notary Public



EXHIBIT "A"

DESCRIPTION

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

The Southeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of the Southeast 1/4, Section 6, Township 14 North, Range 20 East M.D.B. & M.

Excepting therefrom any portion of said land lying within U.S. Highway 395.

Further excepting and reserving to the United States all oil, gas and other mineral deposits, in the land so patented together with the right to prospect for, mine, and remove the same according to the provisions of said Act of June 1, 1938.

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EXHIBIT "B"

All personal property and fixtures situate upon the real property described on the attached Exhibit "B" and consisting of, but not limited to, all fixtures that are now or in the future owned by the Debtor and used in connection with the operation or occupancy of the property described on Exhibit "A", or the improvements thereto, and any and all fixtures, furniture, appliances, machinery, equipment, goods, inventory, engines, boilers, incinerators, building materials, work in progress and furnishings, including, but not limited to: those for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, light, cable television, telephone or air-conditioning; underground pipes and conduits of any type; foundations; built-in furniture and appliances, plumbing, toilets, lavatories, bathtubs, showers, water heaters, water closets, sinks and related appliances; washers, dryers. and other laundry equipment, stoves, ranges, ovens, refrigerators, dishwashers, disposals, utensils and other kitchen equipment; wall and floor coverings; partitions, doors and windows; sculptures and other decorations, signs; waste removal apparatus; elevators and related machinery and equipment; fire prevention and extinguishing apparatus; security and access control apparatus; security cameras; recreational equipment; refrigeration and ventilation; awnings, storm windows, storm doors, screens, blinds, shades, curtains and curtain rods, cabinets, panelling, antennas, trees and plants; television sets and stands, carpets, rugs, tapestries, sculptures, pictures, paintings, and other artwork, beds, tables, lamps, chandeliers, desks, chairs, sofas, benches, sofabeds, bed linens, lounge chairs and other outdoor furniture, pots, pans, china and other dishes, silverware, eating and cooking utensils, crystal and other glassware, tablecloths, napkins, aprons, uniforms for employees, ice machines, vending machines, food and beverage supplies, kitchen equipment and supplies, trays, menus, video equipment, organs, pianos, slide projectors, stereo equipment and other sound or music systems, books, brochures, microphone equipment; janitorial, landscaping and maintenance equipment and supplies; and all office equipment and supplies, including, but not limited to, photocopiers, computers, cash registers, calculators, filing cabinets, desks, chairs, dictating machines, postage meters and general office supplies.

REQUESTED BY
WESTERN TITLE COMPANY, INC.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER.

\$15.00 PAID *[Signature]* DEPUTY

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