

DRAFTED BY AND WHEN RECORDED RETURN TO:

William J. Perrone
Dykema Gossett PLLC
800 Michigan National Tower
Lansing, Michigan 48933-1707

ENVIRONMENTAL INSPECTION EASEMENT

THIS ENVIRONMENTAL INSPECTION EASEMENT is made as of the 29th day of October, 1998, by TOMERLIN ENTERPRISES, a Nevada general partnership, whose address for notice purposes is P. O. Box 1048, Gardnerville, Nevada 89410, (the "Borrower") in favor of FARM BUREAU MUTUAL INSURANCE COMPANY OF MICHIGAN, a Michigan Insurance corporation, (the "Lender"), the address of which is 7373 W. Saginaw Highway, P.O. Box 40300, Lansing, Michigan 48909 (the "Lender").

RECITALS

- (a) The Borrower is the owner of an improved fee simple parcel of real property, more particularly described on Schedule A, attached hereto and made a part hereof (the "Real Property").
- (b) At the Borrower's request, the Lender has agreed to make a loan in the aggregate principal sum of \$1,000,000 to the Borrower (the "Loan"), secured in part by a Deed of Trust on the Real Property.
- (c) The Lender is unwilling to extend the Loan to the Borrower unless it has an absolute right, at any time and from time to time, to enter the Real Property for purposes of conducting inspections and tests to determine if the ownership, use, and operation of the Real Property are in compliance with all applicable environmental laws.
- (d) The Borrower is willing to grant the Lender an irrevocable easement to permit the Lender to enter upon the Real Property for such inspection and testing so as to obtain the Loan.

NOW, THEREFORE, in consideration of these premises, the terms and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Grant of Easement. (a) The Borrower hereby GRANTS AND CONVEYS to the

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Lender an irrevocable easement to enter on and upon the Real Property at any time and from time to time for the purpose of making such reasonable audit tests, inspections, and examinations, including subsurface exploration and testing as the Lender, in its discretion, deems reasonably necessary, with reasonable notice at reasonable times, convenient, or proper to determine whether the ownership, use, and operation of the Real Property and the conduct of the activities engaged thereon are in compliance with all federal, state, and local environmental laws, rules, and regulations.

(b) The Lender, or its designated agents, shall have the right to inspect and copy all of the Borrower's records relating to environmental matters covering the Real Property and to enter all buildings or facilities of the Borrower for such purpose. In confirmation of the Lender's right to inspect and copy all of the Borrower's records relating to environmental matters covering the Real Property and to secure the Borrower's obligations to the Lender in connection with the Loan, and under this Environmental Inspection Easement, the Borrower hereby grants to the Lender a continuing security interest in and to all of the Borrower's existing and future records with respect to environmental matters covering the Real Property, whether or not located at the Real Property or elsewhere, whether or not in the possession of the Borrower or some third party (including any federal, state, or local agency or instrumentality), and whether or not written, photographic, or computerized, and the proceeds and products thereof. The Lender, or its designated agent, may interview any or all of the Borrower's agents and employees regarding environmental matters, including any consultants or experts retained by the Borrower, all of whom are directed to discuss environmental issues covering the Real Property fully and openly with the Lender or its designated agent and to provide such information as may be reasonably requested.

(c) All of the costs and expenses incurred by the Lender with respect to the audits, tests, inspections, and examinations which the Lender may conduct, including the fees of the engineers, laboratories, and contractors, shall be paid by the Borrower if an uncured Event of Default as described in the documents executed in connection with the Loan exists at the inception of such audit, tests, inspections and examinations. If no Event of Default exists, the reasonable costs and expenses incurred by the Lender with respect to audits, tests, inspections and examinations shall be paid by the Borrower, provided, however, the portion of those expenses incurred with respect to subsurface exploration, material collection, sampling, laboratory analysis and similar shall be paid by the Borrower only if Lender has reason to believe contamination may have occurred.

(d) The Lender may, but shall not be required to advance such costs and expenses on behalf of the Borrower. All sums so advanced shall bear interest at the Default Rate provided in the Promissory Note evidencing the Loan.

2. Duration and Defeasance. The easement granted hereby shall exist and continue until such time as all sums owed by the Borrower to the Lender in connection with the Loan have been repaid in full and the Deed of Trust granted to the Lender to secure the Loan has been

reconveyed of record. A reconveyance of the Deed of Trust shall evidence a termination of the easement.

3. Enforcement. The Borrower acknowledges that no adequate remedy at law exists for a violation of the easement granted hereby and agrees that the Lender shall have the right to enforce the easement granted hereby by equitable writ or decree, including temporary and preliminary injunctive relief. In the event the Lender is required to enforce its rights hereunder, the Borrower shall pay all of the Lender's costs and expenses in connection therewith, including all attorney's fees incurred by the Lender.

4. Assignability. This easement shall be assignable by the Lender and shall be considered assigned to whomever holds the indebtedness secured by the Deed of Trust.

5. Revocability. This easement is irrevocable and may not be revoked by the Borrower.

6. Lender Not Mortgagee in Possession. The exercise of the rights granted hereunder shall not constitute the Lender a mortgagee in possession with respect to the Real Property.

7. Lender Does Not Participate in Management. The granting of this Easement does not convey to the Lender any decision-making authority or control over Borrower's environmental compliance. Lender does not assume hereunder (or otherwise) any responsibility whatsoever for Borrower's hazardous substance handling or disposal practices, Borrower's environmental compliance practices or the overall management of Borrower's business(es).

8. Construction and Intention. This easement is intended to be and shall be construed as an interest in the Real Property and as an easement in gross. It is not intended to be a personal right of the Lender or a mere license.

9. Binding Nature. This easement shall be binding upon the Borrower and its successors and assigns, shall run with the land and shall benefit the Lender and its successors and assigns. This Agreement shall be recorded among the Land Records of the local jurisdiction in which the Real Property is located.

10. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Nevada.

SCHEDULE A

DESCRIPTION OF REAL ESTATE

Parcel One:

Description of all that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, being a portion of Section 3, T.12N., R.20E., M.D.B.&M., being more particularly described as follows:

Commencing at the Northeasterly corner of Lot 22, as shown on the Annexation Map for the Carson Industrial Park to the Town of Gardnerville, being recorded as File No. 51482, Douglas County Records; said point being the TRUE POINT OF BEGINNING; thence S. 34°22'00" E. 476.82 feet to a point on the Westerly right of way line of Industrial Way; thence along said Industrial Way right of way line S. 55°38'00" W. 214.30 feet; thence leaving said right of way line N. 34°22'00" W. 270.00 feet; thence S. 55°38'00" W. 120.00 feet; thence N. 31°50'32" W. 247.53 feet; thence N. 52°40'15" E. 39.26 feet; thence N. 37°19'45" W. 37.80 feet; thence N. 71°18'00" E. 297.18 feet to the TRUE POINT OF BEGINNING.

A.P.N. 1220-03-410-003

Parcel Two:

Description of all that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, being a portion of Section 3, T.12N., R.20E., MD.B.&M., being more particularly described as follows:

Commencing at the Southeasterly corner of Lot 21 as shown on the Annexation Map for the Carson Industrial Park to the Town of Gardnerville, being recorded as File No. 51482, Douglas County Records; said point being on the Westerly right of way line of Industrial Way; said point also being the TRUE POINT OF BEGINNING; thence along said right way line S. 55°38'00" W. 110.80 feet; thence leaving said right of way line N. 34°22'00" W. 5.00 feet; thence from a tangent bearing of S. 55°38'00" W. along a curve to the right with a radius of 20.00 feet, a tangent length of 20.88 feet, a delta angle of 92°27'47" and arc length of 32.28 feet; thence N. 31°50'00" W. 244.35 feet; thence N. 55°38'00" E. 120.00 feet; thence S. 34°22'00" E. 270.00 feet to THE TRUE POINT OF BEGINNING.

A.P.N. 1220-03-410-005

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IN WITNESS WHEREOF, the Borrower executes this Environmental Inspection Easement with the intention of creating an instrument under seal effective as of the date first above written.

BORROWER
TOMERLIN ENTERPRISES
a Nevada general partnership

By: *William R Tomerlin*
William R. Tomerlin, Partner

STATE OF NEVADA)
COUNTY OF *Douglas*) ss.

On October *28th*, 1998 personally appeared before me, a notary public, William R. Tomerlin, personally known or proved to me to be the duly authorized partner of Tomerlin Enterprises, a Nevada general partnership, whose name is subscribed to the above instrument and who acknowledged that he executed the instrument on behalf of the partnership.



[Signature]
Notary Public, *Kimberly Kersten*
Douglas County, Nevada
My Commission Expires: *May 11, 2002*

THIS INSTRUMENT DRAFTED BY AND
WHEN RECORDED RETURN TO:

William J. Perrone
Attorney at Law
Dykema Gossett PLLC
800 Michigan National Tower
Lansing, Michigan 48933-1707

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

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LINDA SLATER
RECORDER
\$11⁰⁰ PAID *K2* DEPUTY

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