

99021014

WHEN RECORDED MAIL TO:

West Orient Investment, Inc.
853 E. Valley Blvd., Suite 200
San Gabriel, California 91776

DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS ("Deed of Trust"), is made as of this 11th day of August, 1999, by Essam Khashoggi, Trustee of the ELK Trust (u/d/t 12/23/86), as trustor and assignor ("Trustor"), and Stewart Title of Douglas County, a Nevada corporation, as trustee ("Trustee"), for the benefit of Rich Honour Limited, a Liberian corporation, as beneficiary and assignee ("Beneficiary").

1. Grant in Trust. For good and valuable consideration, Trustor hereby irrevocably and unconditionally grants, transfers and assigns to Trustee, in trust, with power of sale, all that certain real property located in Douglas County, Nevada, as more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Land"), together with all right, title and interest of Trustor in all buildings and improvements now located or hereafter to be constructed thereon (collectively "Improvements"), and together with a private pier, all or a portion of which is constructed upon lands belonging to the State of Nevada for which a current permit has been obtained and which is used in connection with the improved portions of the Land (herein the "Pier"); the Appurtenant Rights and Easements, the Proceeds of the Land and Improvements all as more particularly described below:

"Appurtenant Rights and Easements" are any and all interests, claims, or rights which Trustor may hereafter acquire in the Land, the Improvements, and the Pier, and all right, title and interest of Trustor in the appurtenances, hereditaments, privileges, reversions, remainders, profits, easements, franchises and tenements thereof, including all minerals, oil, gas and other hydrocarbon substances thereon or therein, air rights, waters and water rights, any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements, and any impervious surface coverage allotments appurtenant to the Land or any portion thereof (herein "Appurtenant Rights and Easements");

"Proceeds" are all of Trustor's right, title and interest now held or hereafter acquired, to all proceeds (including claims or demands thereto) from the conversion, voluntary or involuntary, of any of the Land, Improvements, or Appurtenant Rights and Easements into cash or liquidated claims, including, without limitation, proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments in lieu

thereof made by any public body or decree by any court of competent jurisdiction for taking or for degradation of the value in any condemnation or eminent domain proceeding, and all causes of action and the proceeds thereof of all types for any damage or injury to the Land, Improvements, or Appurtenant Rights and Easements, or any part thereof, including, without limitation, causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact, and all proceeds from the sale thereof (herein collectively "Proceeds").

(The Land, Improvements, the Pier, Appurtenant Rights and Easements, Proceeds, and all other rights, titles, and interests of Trustor described above are hereinafter collectively referred to as the "Property".)

2. Obligations Secured. Trustor makes this Deed of Trust for the purposes of securing:

(a) Payment of all indebtedness and other obligations evidenced by that certain promissory note of even date herewith (the "Note"), made by Trustor payable to the order of Beneficiary in the principal sum of up to TEN MILLION AND NO/100THS DOLLARS (\$10,000,000.00), (the "Loan");

(b) Payment and performance of all obligations of Trustor under this Deed of Trust, including payment of all sums expended or advanced by Beneficiary hereunder, together with interest thereon at the Default Rate, in the preservation, enforcement and realization of the rights of Beneficiary hereunder or under any of the other obligations secured hereby, including, but not limited to, attorney's fees, court costs, other litigation expenses and foreclosure expenses;

(c) Payment and performance of the obligations of Trustor, or any of them, under that certain Secured Line-of-Credit Loan Agreement (Revolving) dated August 11, 1999, between Trustor as the Borrower and Beneficiary as the Lender ("Loan Agreement"), and under all other Loan Documents (defined in the Loan Agreement), executed in connection therewith, except the Environmental Indemnity dated August 11, 1999, in which the Trustor and the Guarantors, Essam Khashoggi and Layla Khashoggi, are the indemnitors in favor of Beneficiary;

(d) Payment of all future advances and the payment and performance of all other obligations that the Trustor may agree to pay or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when such obligation is evidenced by a writing which states that it is secured by this Deed of Trust;

(e) Payment and performance of all modifications, extensions and renewals (if any) of one or more of the obligations secured hereby, including without limitation

(i) modifications of the required principal payment dates or interest payment dates, deferring or accelerating payment dates wholly or partly, and (ii) modifications, extensions or renewals at a different rate of interest whether or not, in the case of a note or other contract, the modification, extension or renewal is evidenced by a new or additional promissory note or other contract; and

(f) Performance of each and every obligation of Trustor as lessor or lessee under any and all leases executed in connection with the Property.

The Note and other obligations now or hereafter secured by this Deed of Trust including, but not limited to, the obligations of Trustor set forth herein, are herein collectively called the "Secured Obligations". All persons who may have or acquire an interest in the Property shall be deemed to have notice of, and shall be bound by, the terms of the Note, this Deed of Trust, and any and all other instruments or documents made or entered into in connection herewith (collectively "Documents" or "Loan Documents") and each of the Secured Obligations.

3. Assignment of Leases and Rents. Trustor does hereby sell, assign and transfer unto Beneficiary all of the leases, rents, income and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any agreement for the use or occupancy of the Property, it being the intention of this Deed of Trust to establish an absolute transfer and assignment of all such leases and agreements, and all of the rents and profits from the Property unto the Beneficiary, and the Trustor does hereby appoint irrevocably the Beneficiary its true and lawful attorney in its name and stead, which appointment is coupled with an interest, to collect all of said rents and profits; provided, Beneficiary grants the trustor the revocable privilege to collect and retain such rents, income, and profits unless and until an Event of Default (as hereinafter defined) exists under this Deed of Trust or under any of the Loan Documents. Upon the occurrence of an Event of Default, and whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale of the Property, or during any period of redemption, and without regard to waste, adequacy of the security or solvency of the Trustor, the Beneficiary may revoke the privilege granted Trustor hereunder to collect the rents, issues and profits of the Property, and may, at its option, without notice:

- (i) in person or by agent, with or without taking possession of or entering the Property, with or without bringing any action or proceeding, give, or require Trustor to give, notice to any or all tenants under any lease authorizing and directing the tenant to pay such rents and profits to Beneficiary; collect all of the rents, issues and profits; enforce the payment thereof and exercise all of the rights of the landlord under any lease and all of the rights of Beneficiary hereunder; may enter upon, take possession of, manage and operate said Property, or any part

thereof; may cancel, enforce or modify any leases, and fix or modify rents, and do any acts which the Beneficiary deems proper to protect the security hereof with or without taking possession of the Property; or

- (ii) apply for the appointment of a receiver in accordance with Nevada law, which receivership Trustor hereby consents to, who shall collect the rents, profits and all other income of any kind; manage the Property so as to prevent waste; and execute leases within or beyond the period of receivership.

(a) Neither the assignment of the leases and rents set forth above nor any other provision of any of the Loan Documents shall impose upon Beneficiary any duty to produce rents from the Property or cause Beneficiary to be (i) a "mortgagee in possession" for any purpose, (ii) responsible for performing any of the obligations of the lessor under any lease, or (iii) responsible or liable for any waste by any lessees or any other parties, for any dangerous or defective condition of the Property, for any negligence in the management, upkeep, repair or control of the Property, or for any other act or omission by any other person. The foregoing assignment is an absolute assignment and not an assignment for security only, and Beneficiary's right to the rents is not contingent upon its possession of the Property.

(b) Trustor hereby directs each tenant of the Property, or any portion thereof, to pay such rents to Beneficiary or Beneficiary's agent, and irrevocably appoints Beneficiary as its true and lawful attorney-in-fact, at the option of Beneficiary, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions and to use, in the name of Trustor or Beneficiary, for all such leases and rents and apply the same to the Secured Obligations. Trustor shall not accept any deposit or prepayment of rental or lease payment in excess of one (1) month in advance. Beneficiary at any time may require that all deposits and prepayments be delivered to Beneficiary. Trustor covenants and agrees that Trustor shall not (i) amend, modify or change any term, covenant or condition of any lease in existence on the date of this Deed of Trust without the prior written consent of Beneficiary, or (ii) enter into any lease of the Property, or any interest therein, or any portion thereof, from and after the date of this Deed of Trust without the prior written consent of Beneficiary. Trustor agrees that commencing with an Event of Default, each tenant of the Property, or any portion thereof, shall make such rents payable to, and pay such rents, to Beneficiary or Beneficiary's agent, upon Beneficiary's written demand to each tenant therefor, without any liability on the part of such tenant to inquire further as to the existence of an Event of Default by Trustor; provided, however, in the event of Trustor's cure of any such Event of

Default as herein provided, Trustor shall again be entitled to recover and collect such rents as provided above prior to the Event of Default.

(c) Trustor shall: (i) fulfill or perform each and every condition and covenant of each lease to be fulfilled or performed by the lessor thereunder, (ii) give prompt notice to Beneficiary of any notice of default by the lessor or the lessee thereunder received by Trustor together with a complete copy of any such notice, and (iii) enforce, short of termination thereof, the performance or observance of each and every covenant and condition thereof by the lessee thereunder to be performed or observed.

(d) Trustor shall furnish to Beneficiary, within thirty (30) days after a request by Beneficiary, a written statement containing the names of all lessees of the Property, the terms of their respective leases, the space occupied, and the rentals payable and received thereunder and a copy of each lease.

(e) All leases, other than month to month rentals, shall provide for the subordination, in form and substance satisfactory to Beneficiary, of such leases to this Deed of Trust and all extensions, renewals and modifications thereof. In addition, each lease shall provide that in the event of the enforcement by Trustee or Beneficiary of the remedies provided at law or by this Deed of Trust, each lessee under a lease shall, if requested by Beneficiary as a result of such enforcement, automatically become the lessee of Beneficiary, without any change in the terms or other provisions of the respective lease; provided, Beneficiary shall not be (i) bound by any payment of rent or other sum more than one (1) month in advance, except payments in the nature of security, (ii) bound by any amendment or modification to the respective lease made without the consent of Beneficiary, (iii) liable for damages or any act or omission of any prior lessor, or (iv) subject to any offsets or defenses which such lessee might have against any prior lessor.

4. Representations and Warranties. Trustor acknowledges, represents and warrants that to the best of Trustor's knowledge, Trustor lawfully holds, owns and possesses the Property in fee simple subject to no lien, claim, security interest or encumbrance except those approved by Beneficiary in the Loan Agreement.

5. Taxes and Assessments.

(a) Trustor shall pay prior to delinquency all taxes, assessments, levies and charges of any kind or nature whatsoever imposed by any governmental or quasi-public authority or utility company which are (or, if not paid, may become) a lien upon or cause a loss in value of any interest in any of the Property. Trustor shall furnish Beneficiary, within ten (10) days after the date such payments are due and

payable, official receipts of the appropriate authority or other proof satisfactory to Beneficiary evidencing the payment thereof.

(b) "Costs", as used in this section, means taxes, bond installments, assessments, levies, insurance premiums and other expenses which Trustor agrees to pay under this Deed of Trust.

6. Insurance.

(a) Trustor shall at its expense, procure for, deliver to and maintain for the benefit of, Beneficiary until the Secured Obligations are fully repaid, original, fully paid (prepaid at least quarterly in advance) insurance policies providing the following types of insurance relating to the Property, issued by such insurance companies, in such amounts, in such form and content and with such expiration dates as are approved by Beneficiary, in Beneficiary's reasonable discretion, such policies to provide that the insurer shall give Beneficiary at least thirty (30) days prior written notice of cancellation or termination, in the manner provided for the giving of notices to Beneficiary under Paragraph 32 hereof and to provide that no act or thing done by the insured shall invalidate or diminish the insurance provided to Beneficiary and, except for liability policies, to contain a standard mortgage clause in a form reasonably satisfactory to Beneficiary:

(i) Broad form property insurance against all risks of physical loss, including, without limitation, fire, extended coverage, vandalism, malicious mischief, earthquake, flood and collapse, with waiver of subrogation, to the extent of the full replacement cost of the improvements to the Property reconstructed in accordance with the then current building code, without deduction for depreciation, either without co-insurance requirements or with agreed amount endorsement attached;

(ii) Public liability insurance, with all-risk endorsement, covering all liabilities incident to the ownership, possession, occupancy and operation of the Property and naming Beneficiary as an additional insured thereunder, having limits of not less than One Million and No/100ths Dollars (\$1,000,000.00) each accident, One Million and No/100ths Dollars (\$1,000,000.00) each person, and One Million and No/100ths Dollars (\$1,000,000.00) property damage. In addition, Trustor shall furnish Beneficiary with a certificate evidencing an umbrella policy of public liability and property damage insurance in an amount of not less than \$5,000,000.00;

(iii) [Intentionally Omitted];

(iv) [Intentionally Omitted];

(v) During the period of any construction on or renovation or alteration of the Improvements, a "Builder's Risk-All Risk Completed Value" insurance policy and Worker's Compensation Insurance covering all persons engaged in such construction, renovation or alteration;

(vi) [Intentionally Omitted];

(vii) Such other insurance on the Property, or any replacements or substitutions therefor, in such amounts as may from time to time be reasonably required by Beneficiary against other insurable casualties which at the time are commonly insured against in the case of the properties of similar character and location.

(b) Subject to the rights of the holder of any senior security interest, and provided there is no default under the Loan Documents, it is agreed that Trustor shall have the full authority, at its option, to adjust, compromise or settle any loss under any insurance policies maintained pursuant hereto, and to collect and receive the proceeds from any policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Trustor and Beneficiary jointly. After deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, including attorneys' fees, Beneficiary agrees to apply the net proceeds to the repair and/or restoration of the Property, provided that such additional sum as is required to rebuild and restore the damaged improvements to their original condition (the "Deficiency") is deposited by Trustor into a builder's control account approved by Lender, and upon such additional conditions as Beneficiary may reasonably require. In the event Trustor fails to so deposit the amount of the Deficiency with the builders control agent after 30 days written notice from Beneficiary, then Beneficiary may apply the net proceeds or any part thereof, at its sole option, (i) to a prepayment of any of the Secured Obligations, without prepayment premium or penalty, (ii) to the repair and/or restoration of the Property, and/or (iii) for any other purposes or objects for which Beneficiary is entitled to advance funds under this Deed of Trust, all without affecting the lien of this Deed of Trust or any obligations secured hereby. Trustor agrees to immediately endorse and transfer the insurance proceeds to the builder's control accounts, provided, however, that in the event Borrower fails to deposit the amount of the Deficiency with the builder's control agent as provided herein, then the builder's control agent shall immediately disburse such funds to Beneficiary, without further approval or authorization. Upon the failure of Trustor to endorse and transfer such proceeds as aforesaid, Beneficiary may execute such endorsements or transfers for and in the name of Trustor and Trustor hereby irrevocably appoints Beneficiary as its

agent and attorney-in-fact so to do. Any balance of such proceeds then remaining shall be paid to Trustor or the person or entity lawfully entitled thereto. Beneficiary shall not be obligated to see to the proper application of any amount paid over to Trustor and shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy, regardless of the cause of such failure.

(c) At least twenty (20) days prior to the expiration date of each policy maintained pursuant to this Paragraph 6, a renewal or replacement thereof satisfactory to Beneficiary shall be delivered to Beneficiary. Trustor shall deliver to Beneficiary receipts evidencing the full payment of premiums for all such insurance policies and renewals or replacements. In the event Trustor fails to provide, maintain, keep in force or deliver and furnish to Beneficiary the policies of insurance required by this Deed of Trust, Beneficiary may, but shall not be obligated to, procure such insurance and Trustor shall pay all premiums thereon promptly upon demand by Beneficiary; any premiums so paid by Beneficiary shall be added to the principal balance of the Secured Obligations as of the date paid, shall bear interest thereafter at the Note Rate, and shall be secured by this Deed of Trust. Beneficiary shall not be responsible for nor incur any liability for the insolvency of the insurer, even though Beneficiary has caused the insurance to be placed with the insurer after failure of Trustor to furnish such insurance.

(d) In the event of the foreclosure of this Deed of Trust or any other transfer of title to the Property in extinguishment or partial extinguishment of the Secured Obligations, all right, title and interest of the Trustor in and to all insurance policies maintained pursuant to this Paragraph 6 then in force shall belong to the purchaser, and Beneficiary is hereby irrevocably appointed by Trustor as attorney-in-fact for Trustor to assign any such policy to said purchaser, without accounting to Trustor for any unearned premiums therefor.

(e) Approval of any insurance by Beneficiary shall not be a representation of the solvency of any insurer or the sufficiency of any amount of insurance.

7. Condemnation Proceeds. Subject to the rights of the holder of any senior security interest, all awards of damages and all other compensation payable directly or indirectly by reason of a condemnation for public or private use affecting any interest in any of the Property shall be paid to Beneficiary. Except as otherwise set forth herein, Beneficiary shall either: (i) apply any such sum to the payment of the Secured Obligations or (ii) use any such sum for the reconstruction of the improvements on the Land. Any such application of proceeds to the Secured Obligations shall not extend or postpone the due date of installments under the Note or change the amount of such installments. Application of all or any portion of said funds, or the release thereof, shall not cure or waive any Event of Default or notice thereof or invalidate any acts done pursuant to such notice.

8. Liens, Encumbrances and Charges. Trustor shall immediately discharge any lien, claim or encumbrance which has not been approved by Beneficiary in writing, and which has or may attain priority over this Deed of Trust other than the Permitted Exceptions. Trustor shall pay at or prior to maturity all obligations secured by, or which may become secured by, liens or encumbrances which shall now or hereafter encumber or appear to encumber all or any interest in any of the Property, whether senior or subordinate hereto. Trustor agrees to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

9. Maintenance and Preservation of the Subject Property. Trustor covenants:

(a) To keep the Property in good condition and repair;

(b) Not to remove or demolish any of the Property which removal or demolition will materially affect the value of Beneficiary's security without Beneficiary's prior written consent;

(c) To pay when due all claims for labor performed and materials furnished in connection with any work of improvement upon the Land;

(d) To complete or restore promptly and in good and workmanlike manner any of the Property which may be damaged or destroyed, or which may be affected by any condemnation or eminent domain proceeding;

(e) Not to suffer violation of any, and to comply with all, (i) laws, ordinances, regulations and standards; (ii) covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character; and (iii) requirements of insurance companies for insurability, which laws, covenants or requirements materially affect any of the Property or pertain to acts committed or conditions existing thereon;

(f) Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which adversely affects the value of the Property without Beneficiary's prior written consent;

(g) Not to alter the use of all or any part of the Property in a manner that adversely affects the value of the Property without the prior written consent of Beneficiary;

(h) Not to commit or permit waste of the Property or to conduct or permit any nuisance thereon or abandon the same;

(i) To do all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value; and

(j) To make no further assignment of Rents or Leases without Beneficiary's prior written consent.

10. Defense and Notice of Losses, Claims and Actions. Trustor shall protect, preserve, and defend the Property and title to and right of possession of the Property, the security and priority hereof, and the rights and powers of Beneficiary hereunder at Trustor's sole expense against all adverse claims. Trustor shall give Beneficiary prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding, of the occurrence of any damage to any of the Property, of any condemnation offer or action and of any Event of Default.

11. Inspection. Beneficiary, its agents and employees may enter the Property at any reasonable time upon reasonable prior notice for the purpose of inspecting the Property and ascertaining Trustor's compliance with the terms of this Deed of Trust and each of the other Loan Documents.

12. Compensation; Exculpation; Indemnification.

(a) Trustor shall pay to Beneficiary reasonable compensation for out of pocket expenses incurred by Beneficiary or its agents in enforcing or exercising Beneficiary's rights or remedies under to this Deed of Trust, including, without limitation, preparation of any statement of any Secured Obligation. Beneficiary shall not directly or indirectly be liable to Trustor or any other person as a consequence of (i) the exercise of the rights, remedies or powers granted to Beneficiary under this Deed of Trust, (ii) the failure or refusal of Beneficiary to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust, or (iii) any loss sustained by Trustor or any third party resulting from Beneficiary's failure to lease the Property after an Event of Default or from any other act or omission of Beneficiary in managing the Property after an Event of Default unless the loss is caused by the gross negligence, wilful misconduct or bad faith of Beneficiary.

(b) Trustor shall indemnify Beneficiary against, and shall hold it harmless from, all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other expenses (collectively "Losses") which Beneficiary may suffer or

incur (i) in performance of any act required or permitted hereunder, under any of the other Loan Documents or by law, (ii) as a result of any failure of Trustor to perform any of Trustor's obligations, or (iii) by reason of any alleged obligation or undertaking on Beneficiary's part to perform or discharge any of the representations, warranties, conditions, covenants, or other obligations contained in any other document related to any of the Property, unless such Losses and instances were caused by the gross negligence, intentional misconduct or bad faith of Beneficiary.

13. Estoppel Certificate. Trustor shall, at any time and from time to time no more frequently than once per calendar quarter upon not less than ten (10) days prior written notice from Beneficiary, execute, acknowledge and deliver to Beneficiary a statement certifying: (i) that this Deed of Trust and the other Secured Obligations are unmodified and in full force and effect, or, if modified, stating the nature thereof; (ii) certifying that each Secured Obligation, as so modified, is in full force and effect and the date to which principal, interest and other sums secured hereby have been paid; and (iii) acknowledging that Beneficiary is not in breach of any of its obligations hereunder or under any other Secured Obligations or any other Loan Document, and that no defenses or rights of set-off exist with respect to the payment of the Note or the enforcement of this Deed of Trust in accordance with its terms, or if such breach, defenses or rights of set-off exist, the nature of the same. Any such certificate may be conclusively relied upon by Beneficiary and any prospective purchaser or assignee of any Secured Obligation. Trustor's failure to deliver such certificate within such time shall be conclusive upon Trustor that the Secured Obligations are in full force and effect, without modification, except as may be represented by Beneficiary, and that Beneficiary is not in breach of any of its obligations hereunder or under any other Secured Obligation, and that no defenses or rights of set-off exist with respect to payment under the Note, and that this Deed of Trust is fully enforceable in accordance with its terms.

14. Further Assurances. Trustor shall promptly make, execute, acknowledge and deliver, in form and substance satisfactory to Beneficiary, all additional instruments, agreements and other documents, and Trustor shall do all other acts, as may at any time hereafter be reasonably requested by Beneficiary to effectuate and carry out the purposes of this Deed of Trust and each of the Secured Obligations.

15. Expenses and Fees. All reasonable expenses, costs and other liabilities, including attorneys' fees, which Beneficiary or Trustee may incur (i) in enforcing or defending this Deed of Trust (or its priority) or any of the other Documents, (ii) for any inspection, evaluation, appraisal, survey or other service in connection with enforcement of its security interest hereunder regarding any of the Property, (iii) for any title examination or title insurance policy relating to the title to any of the Property, or (iv) in the exercise by Beneficiary of any rights or remedies granted by this Deed of Trust or any of the other Documents, shall be paid by Trustor upon demand by Beneficiary, together with interest thereon, from the date of expenditure until payment in full, at the Note Rate.

16. Beneficiary's Powers. Beneficiary may commence, appear in, defend or prosecute any assigned claim or action; and Beneficiary may adjust, compromise, settle and collect all claims and awards assigned to Beneficiary, but shall not be responsible for any failure to collect any claim or award regardless of the cause of the failure except for the gross negligence, wilful misconduct or bad faith of the Beneficiary. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Property not then or theretofore released as security for the full amount of the Secured Obligations, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any Secured Obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed, at any time and at Beneficiary's option, any parcel, portion or all of the Property, (v) take or release any other or additional security for any Secured Obligation or (vi) compromise or make other arrangements with debtors in relation thereto.

17. Trustee's Powers. At any time, or from time to time, upon written request of Beneficiary, without liability therefor and without notice, and without affecting the effect of this Deed of Trust upon the remainder of the Property, Trustee may: (i) reconvey any part of the Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

18. Default. Each of the following events is an event of default hereunder (herein "Event of Default" or "Default"):

(a) The occurrence of a default under the Note after any notice as provided therein, or the failure to pay or perform any other Secured Obligation when first due; or

(b) The failure by Trustor to perform or comply with any other obligation, covenant or condition contained in this Deed of Trust or any of the other Loan Documents after any notice proscribed herein or therein; or

(c) The occurrence of a default, "Default" or "Event of Default" under any of the other Loan Documents after any notice proscribed herein or therein; or

(d) The occurrence of any transfer prohibited by this Deed of Trust; or

(e) The fact that any warranty of Trustor contained in this Deed of Trust or in any other Loan Document proves to be untrue or misleading in any material respect as of the time made as provided in the Loan Documents prior to the satisfaction in full of all of the Secured Obligations; or

(f) The filing of any federal tax lien against the Property or any portion thereof, or interest therein which is not removed within forty-five (45) days after its filing provided however, that Trustor shall be entitled to contest any such lien provided that Trustor posts with Beneficiary a cash bond equal to 1 ½ times the amount of the federal tax lien until such time as the lien is released of record; or

(g) The termination of the Trust which is the Borrower; or

(h) The filing by any person or entity of any claim in any legal or equitable proceeding challenging the priority of this Deed of Trust as shown on the policy of title insurance issued to Beneficiary in connection with the Loan which claim is not removed within forty-five (45) days of the filing of such proceeding, provided, however, that Trustor shall be entitled to contest every such claim, provided Trustee posts with Beneficiary a cash bond equal to one and one-half (1 1/2) times the amount of the claim; or

(i) Any Trustor applies for or consents to the appointment of a receiver or trustee for it or any portion of its property, or if such a receiver or trustee is appointed for any Trustor or its property or if any Trustor makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due, or if any Trustor becomes insolvent, or a petition is filed by any Trustor pursuant to any of the provisions of the Bankruptcy Code, 11 U.S.C. Sections 101 et seq., as amended, or any similar or successor statute or such a petition is filed against Trustor and is not dismissed within forty-five (45) days after such filing.

19. Remedies. Upon the occurrence of an Event of Default, Beneficiary may at any time, at its option and in its sole discretion, declare all Secured Obligations to be due and payable and the same shall thereupon become immediately due and payable, including any prepayment charge or fee payable under the terms of any Secured Obligation; provided, upon the occurrence of any event which causes the automatic acceleration of any Secured Obligation in accordance with the terms of any Loan Document, all Secured Obligations shall automatically become immediately due and payable. Beneficiary may also do any or all of the following, although it shall have no obligation to do any of the following:

(a) Either in person or by agent, by bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of Beneficiary's security, enter upon and take possession of the Property, or any part thereof, and do any acts which Beneficiary deems necessary or desirable to preserve the value, marketability or rentability of the Property, or to increase the income therefrom or to protect the security hereof and, with or without taking possession of any of the Property, sue for or otherwise collect all rents and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection,

including attorney's fees and expenses, upon the Secured Obligations, all in such order as Beneficiary may determine. The collection of rents and profits and the application thereof shall not cure or waive any Event of Default or notice thereof or invalidate any act done in response thereto or pursuant to such notice; if Beneficiary elects to seek the appointment of a receiver for the Property, or any portion thereof, Trustor hereby expressly consents to the appointment of such receiver and authorizes the appointment of Beneficiary as such receiver; Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property;

(b) Bring an action in any court of competent jurisdiction to foreclose this instrument or to enforce any of the covenants hereof;

(c) Elect to sell the Property by power of sale herein granted to Trustee;

(d) Exercise each of its other rights and remedies under this Deed of Trust and each of the other documents.

If Beneficiary elects to exercise the power of sale granted to Trustee hereunder, Beneficiary shall cause to be given, upon such election, such notice of default and election to sell as may then be required by law. Thereafter, upon the expiration of such time and the giving of such notice of sale as may then be required by law, at the time and place specified in the notice of sale, Trustee shall sell such Property, or any portion thereof specified by Beneficiary, at public auction to the highest bidder for cash in lawful money of the United States. Trustee may, and upon request of Beneficiary shall, from time to time, postpone the sale by public announcement thereof at the time and place noticed therefor. All parcels encumbered by this Deed of Trust shall be sold together. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. Upon any sale, Trustee shall execute and deliver to the purchaser or purchasers a deed or deeds conveying the Property so sold, but without any covenants or warranty whatsoever, express or implied, whereupon such purchaser or purchasers shall be let into immediate possession.

Except as otherwise required by law, Beneficiary may apply the proceeds of any foreclosure hereunder to payment of the following: (i) the expense of such foreclosure, (ii) the cost of any search or other evidence of title procured in connection therewith, including the premium for any Trustee's Sale Guaranty, and the real property transfer tax on any deed or conveyance, (iii) all sums expended under the terms hereof, not then repaid, with accrued interest in the amount provided herein, (iv) all other sums secured hereby and (v) the remainder, if any, to the person or persons legally entitled.

Upon any sale or sales made under or by virtue of this section, whether made under the power of sale or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Property or any part thereof.

In lieu of paying cash for the Property, Beneficiary may make settlement for the purchase price by crediting the Secured Obligations, or any portion thereof, against the sales price of the Property.

Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with applicable law and the provisions hereof.

Covenants 1, 3, 4 (interest at the Note Rate), 5, 6, 7 (reasonable counsel fees), 8 and 9 of NRS 107.030 are hereby adopted by reference and made a part hereof to the extent not inconsistent with any other provisions contained herein.

20. Subrogation. Beneficiary shall be subrogated to any mechanic's or vendor's lien, superior titles, mortgages, deeds of trust, liens, encumbrances, rights, equities and charges of all kinds heretofore or hereafter existing on the Property, notwithstanding their release of record, to the extent that the same are paid or discharged from the proceeds of the Loan or are otherwise paid by Beneficiary.

21. Releases, Extensions, Modifications and Additional Security. Without notice to or the consent, approval or agreement of Trustor, any subsequent owner of any part of the Property, any maker, surety, guarantor, or endorser of any Secured Obligation, or any holder of a lien or other claim on all or any part of the Property, whether senior or subordinate hereto, Beneficiary may, from time to time, do one or more of the following: release any person's liability for the payment of any Secured Obligation, take any action or make any agreement extending the maturity or otherwise altering the terms of any Secured Obligation, or accept additional security or release all or any portion of the Property and other security for any Secured Obligation. No such release of liability, taking of additional security, release of security, change in terms or conditions of any Secured Obligation, or other action shall release or reduce the personal liability of Trustor (if any), subsequent purchasers of all or any part of the Property, or makers, sureties, guarantors or endorsers of any Secured Obligation, under any covenant of this Deed of Trust or of any Secured Obligation, or release or impair the priority of this Deed of Trust upon any of the Property.

22. No Waiver. Any failure by Beneficiary to insist upon the strict performance by Trustor of any of the terms and provisions of any of the Loan Documents shall not be deemed to be a waiver of any of the terms and provisions of any of the Loan Documents; and Beneficiary, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Trustor of any and all of the terms and provisions of each of the Loan Documents. The acceptance by Beneficiary of any sum after any Event of Default shall not constitute a waiver of the right to require prompt performance of all of the covenants and conditions contained in any of the Loan Documents. The acceptance by Beneficiary of any sum less than the sum then due shall be deemed an acceptance on account only and shall not constitute a waiver of the obligation of Trustor to pay the entire sum then

due. Trustor's failure to pay said entire sum due shall be and continue to be an Event of Default notwithstanding such acceptance of such lesser amount on account. Beneficiary shall be entitled to exercise all rights conferred upon it following an Event of Default notwithstanding such acceptance.

23. Transfer Taxes; Revenue Stamps. If at any time the United States of America, any state, or any governmental subdivision of such state shall require the payment of any transfer tax with respect to, or revenue stamps to be affixed to, this Deed of Trust or any of the other Loan Documents, or the payment of any other tax paid on or in connection therewith, Trustor shall pay the same with any interest or penalties imposed in connection therewith if Trustor is permitted by law to pay such amount and, if not so permitted, then the Secured Obligations shall immediately be due and payable.

24. Cumulative. The rights of Beneficiary arising under this Deed of Trust and the other Loan Documents shall be separate, distinct and cumulative, and none of them shall be in exclusion of the others. No act of Beneficiary shall be construed as an election to proceed under any one provision to the exclusion of any other provision, notwithstanding anything herein or otherwise to the contrary. Any specific enumeration of powers of Beneficiary, or of acts to be done or not to be done by Trustor, shall not be deemed to exclude or limit the general.

25. Statements Furnished. Beneficiary shall furnish any statement required by law regarding the obligations secured hereby.

26. Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in any such reconveyance of any matters or facts shall be conclusive proof of the truth thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto". Such request and reconveyance shall operate as a re-assignment of the rents, issues and profits herein assigned to Beneficiary.

27. Substitution. Beneficiary may substitute Trustee hereunder in any manner now or hereafter provided by law or, in lieu thereof, Beneficiary may from time to time, by an instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary and recorded in the office of the recorder of the county or counties in which the Land is situated, shall be conclusive proof of proper substitution of such successor Trustee, who shall thereupon and without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties.

28. Law. Trustor acknowledges and agrees that this Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada.

29. Severable. If any provision of this Deed of Trust or its application to any person or circumstances is held invalid, the other provisions hereof or the application of the provisions to other persons or circumstances shall not be affected.

30. Successors and Assigns. Each of the covenants and obligations of Trustor set forth in this Deed of Trust and each of the other Loan Documents shall run with the land and shall bind Trustor, the heirs, personal representatives, successors and assigns of Trustor and all subsequent encumbrances and tenants of the Property and shall inure to the benefit of Beneficiary and their respective successors and assigns.

31. Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

32. Notice. All notices shall be given in accordance with the Loan Agreement.

Either party may change the address at which such party desires to receive notice on written notice of such change to the other party. Any such notice shall be deemed to have been given, and shall be effective, on delivery to the notice address then applicable for the party to which the notice is directed; provided, however, that refusal to accept delivery of a notice or the inability to deliver a notice because of an address change which was not properly communicated shall not defeat or delay the giving of a notice.

33. No Third Party Beneficiaries. This Deed of Trust is made and entered into for the sole protection and benefit of the parties hereto, and the assignees of Beneficiary and no other person or entity shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with this Deed of Trust or any of the other Loan Documents.

34. No Right of Set-off. Under no circumstances shall Trustor fail or delay to perform (or resist the enforcement of) any of its obligations in connection with any of the Loan Documents because of an assertion of alleged set-off with respect to any claim or cause of action against Beneficiary (or any indebtedness or obligation of Beneficiary) which has not been confirmed in a final judgment of a court of competent jurisdiction (sustained on appeal, if any) against Beneficiary, and Trustor hereby waives any such rights of set-off which it might otherwise have with respect to any such claims or causes of action against Beneficiary, unless and until such right of set-off is confirmed and liquidated by such a final judgment. Trustor further waives any right that it might otherwise have to require a

marshaling of any security of Beneficiary or to direct the order in which Beneficiary pursues its rights or remedies with respect to any of its security.

35. Amendments. This Deed of Trust contains (or incorporates) the entire agreement of the parties hereto with respect to the matters discussed herein, and this Deed of Trust may only be modified or amended by a written instrument executed by each of the parties hereto.

36. Survival of Warranties. All representations, warranties, covenants and agreements of Trustor hereunder shall survive the delivery of this Deed of Trust and shall continue in full force and effect until the full and final payment and performance of all of the Secured Obligations.

37. Time. Time is of the essence of each provision of this Deed of Trust.

38. Continuation of Payments. Notwithstanding any taking by eminent domain or other governmental action causing injury to, or decrease in value of, the Property and creating a right to compensation therefor, Trustor shall continue to make the required payments of principal and interest on the Note. If, prior to the receipt by Beneficiary of such award or compensation, the Property shall have been sold in any action or proceeding to foreclose this Deed of Trust, Beneficiary shall have the right to receive said award or compensation to the extent of any deficiency found to be due upon such sale, with interest thereon, whether or not a deficiency judgment on this Deed of Trust shall have been sought or recovered, together with reasonable counsel fees and the costs and disbursements incurred by Beneficiary in connection with the collection of such award or compensation.

39. Specific Performance. At any time, Beneficiary may commence and maintain an action in any court of competent jurisdiction for specific performance of any of the covenants and agreements contained herein, and may obtain the aid and direction of the court in the performance of any of the covenants and agreements contained herein, and may obtain orders or decrees directing the execution of the same and, in case of any sale hereunder, directing, confirming or approving Beneficiary's or Trustee's acts and granting to Beneficiary such relief as may be warranted in the circumstances.

40. Transfers. Except as otherwise provided below, in the event that Trustor, or any successor in interest to Trustor in the real property hereby encumbered, shall sell, transfer, further encumber, mortgage, or convey, or contract to sell, transfer, further encumber, mortgage or convey, any or all of the Property, or any portion thereof, or any interest therein ("Transfer"), then, at the option of Beneficiary, the then unpaid balance of the Secured Obligations shall forthwith become due and payable although the time of maturity as expressed therein shall not have arrived. In the event Borrower desires to transfer the Property, Borrower shall obtain prior to any such Transfer, the written consent

of Lender, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Borrower shall be entitled to transfer the parcel upon which the caretaker cottage is located to a trust in which the trust beneficiaries are identical to the beneficiaries of Borrower. Under no circumstances shall the Guarantors be released from their joint and several liability under the Continuing Guaranty as a result of such Transfer. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. If Trustor is a corporation, partnership, trust or other entity, the transfer, encumbrance or other disposition of the voting control of such entity or of the ownership of more than fifty percent (50%) of the financial or beneficial interest in Trustor shall be deemed to be a transfer for purposes of this paragraph. If the Trustor is a trust, any modification or amendment to the declaration of Trust, other than a change in the beneficiary or beneficiaries of the Trust, without Lender's prior written consent shall be deemed to be a "transfer" for purposes of this paragraph.

41. Prepayment Premium. To the extent permitted by applicable law, if Beneficiary has accelerated the debt in accordance with any provision hereof, or of the Note, Beneficiary shall nevertheless be entitled to any prepayment premium or fee which may be provided in this Deed of Trust or in the Note.

42. Further Assurances; After-Acquired Property. At any time, and from time to time, upon request by Beneficiary, Trustor shall make, execute and deliver or cause to be made, executed and delivered, to Beneficiary and, where appropriate, cause to be recorded and/or re-filed at such time and in such offices and places as shall be deemed desirable by Beneficiary, any and all such other and further mortgages, deeds of trust, instruments of further assurances, certificates and other documents as may, in the opinion of Beneficiary, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve, (i) the obligations of Trustor described in the Note and under this Deed of Trust, and (ii) the lien of this Deed of Trust as a second priority lien upon the parcels identified as Assessor Parcel Number ("APN") 03-050-030 and APN 03-070-080 and a first priority lien on the parcel identified as APN 03-050-020, whether now owned or hereafter acquired by Trustor, except as otherwise provided in the Loan Documents. Upon any failure by Trustor so to do, Beneficiary may make, execute, record, file, re-record and/or re-file any and all such mortgages, deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates and documents for and in the name of Trustor, and Trustor hereby irrevocably appoints Beneficiary the agent and attorney-in-fact of Trustor so to do. The lien and security title hereof shall automatically attach, without further act, to all after-acquired property attached to and/or used in the operation of the Property or any part thereof, to the extent permitted by law.

43. As used herein, all capitalized terms used in this Deed of Trust shall have the meanings as ascribed thereto in the Loan Agreement and the Note.

IN WITNESS WHEREOF, this Deed of Trust has been duly executed and acknowledged by Trustor as of the day and year first above written.

TRUSTOR

Essam Khashoggi, Trustee of the ELK Trust (u/d/t 12/23/86)

STATE OF NEVADA)

COUNTY OF Douglas)

This instrument was acknowledged before me on August 13th, 1999 by Essam Khashoggi, as Trustee of the ELK Trust (u/d/t 12/23/86).

Signature of Notary

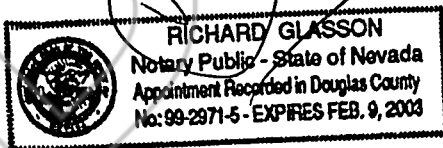


EXHIBIT "A"

Legal Description

All that real property situate in the County of Douglas, State of Nevada, described as follows:

PARCEL 1:

All that portion of Section 27, Township 14 North, Range 18 East, M.D.M., more particularly described as follows:

Beginning at a point on the North line of said Section 27 which bears North 88°55'49" West 2,304.98 feet from the Northeast corner of Section 27, said point also being on the Westerly right-of-way line of U.S. Highway 50; thence along said right-of-way line South 20°03'29" West 49.43 feet; thence South 65°22'18" East 73.84 feet; thence Southwesterly along a curve concave to the Southeast with a radius of 450 feet, a central angle of 26°15'22" and an arc length of 206.22 feet; thence North 71°32'09" West 61.89 feet; thence Southwesterly along a curve concave to the Southeast with a radius of 1,220.00, a central angle of 05°07'37" and an arc length of 109.17 feet; thence South 09°05'59" West 202.27 feet; thence South 27°02'23" West 220.77 feet; thence South 16°23'30" East 321.05 feet; thence Southerly along a curve concave to the East with a radius of 3,080.00 feet, a central angle of 02°49'05" and an arc length of 151.49 feet; thence South 47°16'03" West 21.81 feet; thence North 42°43'57" West 22.62 feet; thence North 88°12'34" West 59.45 feet; thence South 01°47'26" West 16.99 feet; thence North 46°21'51" West 21.35 feet; thence North 42°43'57" West 20.70 feet; thence South 47°16'03" West 21.81 feet; thence North 89°14'16" West 16.86 feet; thence South 45°45'44" West 22.97 feet to the beginning of a tangent curve to the right with a radius of 35.00 feet and a central angle of 121°26'00"; thence along said curve an arc length of 74.18 feet; thence North 89°14'16" West 271.62 feet to a point on the meander line of Lake Tahoe; thence along said meander line North 05°58'40" West 31.75 feet; thence North 28°01'20" East 310.20 feet; thence North 13°58'40" West 257.40 feet; thence North 28°01'20" East 738.86 feet to a point on the North line of said Section 27; thence along said North line South 88°55'49" East 224.22 feet to the Point of Beginning.

Together with all that land lying Westerly of the above described meander line to the Low Water Line at elevation 6,223.0 feet, Lake Tahoe Datum, in accordance with NRS 321.595.

The basis of bearing of this description is the centerline of U.S. Highway 50 as adopted in 1952 and is shown on sheet No. 4 of Nevada State Highway Dept. Map of Project F-002-1(25) in Douglas County, Nevada.

APN 03-050-030

PARCEL 2:

All that portion of the Northeast corner of Lot "A" of the Caverock Cove, Ltd., Tract, Subdivision No. 1, as shown on the Official Plat of the same filed with the County Recorder of Douglas County,

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Nevada, more particularly described as follows:

Beginning at the Northeast corner of said Lot "A", being the intersection of the North line of said tract with the Westerly right-of-way line of U.S. Highway 50, said point bears South 64°27'05" West 2,706.71 feet from the Northeast corner of Section 27, Township 14 North, Range 18 East, M.D.M.; thence along said West right-of-way, along a curve concave to the East with a radius of 2,060 feet, a central angle of 02°06'54" and an arc length of 76.04 feet, the chord of which bears South 01°20'46" East 76.04 feet; thence South 87°35'47" West 15.00 feet; thence along a curve concave to the East with a radius of 2,075, a central angle of 00°53'33" and an arc length of 32.32 feet, the chord of said curve bears South 02°47'26" East 32.37 feet; thence South 36°08'08" West 57.72 feet; thence North 87°44'46" West 64.92 feet; thence North 36°54'16" West 91.14 feet; thence North 01°34'16" West 2.34 feet; thence North 05°34'46" West 61.20 feet; thence along a curve concave to the Southwest with a radius of 5.22 feet, a central angle of 86°11'37" and an arc length of 7.85 feet, the chord of said curve bears North 49°03'39" West 7.13 feet; thence South 87°51'33" West 5.90 feet; thence North 45°45'44" West 20.93 feet; thence South 89°14'16" East 16.86 feet; thence North 47°16'03" East 21.81 feet; thence South 42°43'57" East 20.70 feet; thence South 46°21'51" East 21.35 feet; thence North 01°47'26" East 16.99 feet; thence South 88°12'34" East 59.45 feet; thence South 42°43'57" East 22.62 feet; thence North 47°16'03" East 21.81 feet; thence South 89°14'23" East 13.79 feet to the Point of Beginning.

The basis of bearing of this description is the centerline of U.S. Highway 50 as adopted in 1952 and is shown on sheet No. 4 of Nevada State Highway Dept. Map of Project F-002-1(25) in Douglas County, Nevada.

APN 03-070-080

PARCEL 3:

Lot 1 and the Northeast 1/4 of Northeast 1/4 of Section 27, Township 14 North, Range 18 East.

EXCEPTING THEREFROM THE South 100 feet;

Excepting therefrom all that portions conveyed to the State of Nevada in instruments recorded September 22, 1933 in Book T of Deeds at Page 462 and recorded February 13, 1952 in Book A-1 of Deeds at Page 92 and recorded October 18, 1967 in Book 54 at page 313, all Official Records of Douglas County, State of Nevada.

FURTHER EXCEPTING THEREFROM that portion of said land lying West of the Easterly Right-of-Way line of U.S. Highway 50.

APN 03-050-020

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REQUESTED BY
STEWART TITLE OF DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER

\$28.00 PAID DEPUTY