

**DEED OF TRUST WITH ASSIGNMENT OF RENTS**

THIS DEED OF TRUST, made this 16th day of September, 1999, between CHARLES B. BAUR, SR., & DREAMA L. BAUR, husband and wife, whose address is P.O. Box 1344, Newport Beach CA 92663, and NORMAN KORN & PHILO KORN, husband and wife, whose address is 8856 Carnival Ave. Fountain Valley CA 92708 herein collectively called "Trustor" WESTERN TITLE of 1626 Highway 395, Minden, Nevada 89423, herein called "Trustee" and See Exhibit "B" for Beneficiary, herein called "Beneficiary" of vesting

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the State of Nevada, County of Douglas, more particularly described in exhibit A attached hereto and by reference incorporated herein, APN 39-101-06,

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 \$900,000, which is a portion of the principal amount due under that certain Promissory Note, dated September 16, 1999, in the principal amount of \$900,000.00, executed by Charles B. Baur, Sr., Dreama L. Baur, Norman Korn, and Philo Korn, as Maker, 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.

A. To protect the security interest of this Deed of Trust, Trustor agrees:

(1) To keep any property and any improvements thereon in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonable necessary, the specific enumerations herein not excluding the general.

(2) 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.

(3) To pay: At least ten days before delinquency and immediately furnish Beneficiary with proof of payment all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, the Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon

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Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any incumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(4) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the rate of 16.00% per annum until paid, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That 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 monies received by him in the same manner and with the same effect as above provided or disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said Note for

endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: Reconvey any part of said property; consent, with approval of Trustor, to the making of any map or plat thereof; join, with approval of Trustor, in granting any easement thereon; or join, with approval of Trustor, in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including

reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, said Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof.

Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all: sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto. Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the requirements herein adopted.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

(8) The following covenants: Nos. 1, 3, 4 (interest 16.00 %), 5, 6, 8, and 9 of the Nevada Revised Statutes 107.030, when not inconsistent with other covenants and provisions herein contained, are hereby adopted and made a part of this Deed of Trust.

(9) That 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. The term Beneficiary shall mean the owner and holder, including pledges of the Note secured hereby, whether or not named as Beneficiary herein. 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.

(10) That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(11) It is expressly agreed that the Trusts created hereby are irrevocable by the Trustor.

(12) This Deed of Trust can be signed in counterpart.

IN WITNESS WHEREOF, the Trustor has executed these presents the day and year first above written.

*Charles B. Baur, Sr.*  
Charles B. Baur, Sr.

*Norman Korn*  
Norman Korn

*Dreama L. Baur*  
Dreama L. Baur

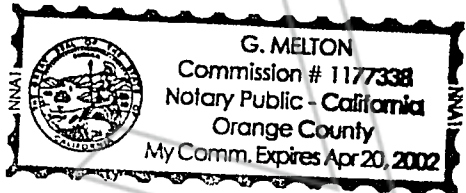
*Philo Korn*  
Philo Korn

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STATE OF California )  
: SS  
County of Orange )

On September 16, 1999, before me, the undersigned, a Notary Public in and for said State, personally appeared **Charles B. Baur, Sr.** proved to me or known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

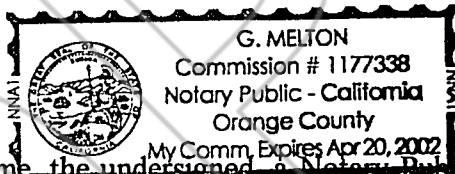
G. Melton  
NOTARY PUBLIC



STATE OF California )  
: SS  
County of Orange )

On September 16, 1999, before me, the undersigned, a Notary Public in and for said State, personally appeared **Dreama L. Baur** proved to me or known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

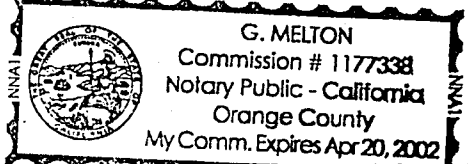
G. Melton  
NOTARY PUBLIC



STATE OF California )  
: SS  
County of Orange )

On September 16, 1999, before me, the undersigned, a Notary Public in and for said State, personally appeared **Norman Korn** proved to me or known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

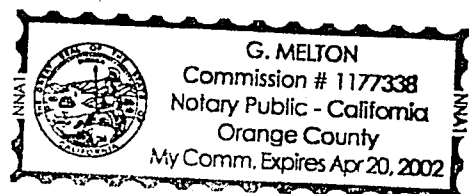
G. Melton  
NOTARY PUBLIC



STATE OF California )  
: SS  
County of Orange )

On September 16, 1999, before me, the undersigned, a Notary Public in and for said State, personally appeared **Philo Korn** proved to me or known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

G. Melton  
NOTARY PUBLIC



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EXHIBIT "B"-BENEFICIARY VESTING

LESTER E. THOMPSON, AN UNMARRIED MAN, AS TO AN UNDIVIDED 200,000/900,000THS INTEREST; STEVE D. SUTTER, A SINGLE MAN, AS TO AN UNDIVIDED 100,000/900,000THS INTEREST; NANCY MOSS, AN UNMARRIED WOMAN, AS TO AN UNDIVIDED 280,820/900,000THS INTEREST; JACK W. COLE AND JOYCE R. COLE, TRUSTEES OF THE JACK W. AND JOYCE R. COLE FAMILY TRUST DATED 4-17-96, AS TO AN UNDIVIDED 101,011/900,000THS INTEREST; RONALD W. BARTOLI, TRUSTEE OF THE BARTOLI FAMILY TRUST DATED 4-13-92, AS TO AN UNDIVIDED 90,910/900,000THS INTEREST; AND GRANITE BAY LOANS AND INVESTMENTS, A CALIFORNIA CORPORATION, AS TO AN UNDIVIDED 127,259/900,000THS INTEREST.

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## Legal Description

All that real property situate within a portion of the Northwest 1/4 of the Southwest 1/4 of Section 29, Township 10 North, Range 22 East, M.D.M., Douglas County, State of Nevada, further described as a portion of Parcel No. 3, as shown on the Record of Survey Map for Gregory Parcels No. 1, 2 and 3, recorded November 17, 1971, as Document No. 55513, in the Official Records of Douglas County, State of Nevada, and a portion of Parcel No. 4, as described by that Declaration of Consolidation, filed for record on May 11, 1999, in Book 599, Page 2001, Document No. 467760, in the Official Records of Douglas County, State of Nevada, being more particularly described as follows:

BEGINNING at the Northwest corner of Parcel No. 3, as shown on said Record of Survey Document No. 55513, said point being on the South right-of-way of Sandy Bowers Avenue;

thence along said South right-of-way of Sandy Bowers Avenue, East, 193.73 feet;

thence leaving said South right-of-way of Sandy Bowers Avenue, South  $11^{\circ}27'59''$  East, 198.34 feet;

thence South  $80^{\circ}59'59''$  West, 32.78 feet;

thence South  $09^{\circ}00'01''$  East, 39.00 feet;

thence North  $80^{\circ}59'59''$  East, 25.00 feet;

thence South 177.38 feet to a point on the South line of Parcel No. 4 as described by that Declaration of Consolidation, Document No. 467760;

thence along said South line of Parcel 4, West 46.11 feet to the beginning of a non-tangent curve concave to the Southwest, having a tangent bearing of North  $23^{\circ}25'28''$  West, said point being on the Easterly right-of-way of U.S. 395.

thence along said curve and said Easterly right-of-way of U.S. 395, having a radius of 4,575.00 feet, a central angle of  $00^{\circ}54'32''$ , an arc length of 72.57 feet;

thence continuing along said Easterly right-of-way of U.S. 395, North  $24^{\circ}20'00''$  West, 378.79 feet to the POINT OF BEGINNING.

A.P.N.: 39-101-06

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

1999 SEP 21 PM 4: 07

LINDA SLATER  
 RECORDER

\$16<sup>00</sup> PAID *K2* DEPUTY

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