

RECORDATION REQUESTED BY:

WESTERN TITLE COMPANY

1626 HIGHWAY 395

MINDEN, NV 89423

WHEN RECORDED MAIL TO:

BANK OF RIO VISTA

P.O. BOX 157

RIO VISTA, CA 94571

SEND TAX NOTICE TO:

MR. AND MRS. WILLIAM H. JONES, JR.

8590 BULKLEY ROAD

DIXON, CA 95620

APN 07-344-19

82932-99

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

DEED OF TRUST

DATED APRIL 18, 2000

BETWEEN WILLIAM H. JONES, JR. AND OLIVE JONES, HUSBAND AND WIFE AS JOINT ("Trustor"),
TENANTS

WHOSE ADDRESS IS 247 LAUREL CIRCLE, STATELINE NEVADA,

AND BANK OF RIO VISTA ("Beneficiary"),

AND WESTERN TITLE COMPANY ("Trustee").

Trustor conveys to Trustee in trust, with power of sale, all of Trustor's right, title, and interest in and to the following described real property (the "Real Property"), together with all existing or subsequently erected or affixed improvements or fixtures located in the County of DOUGLAS, State of NEVADA

PER EXHIBIT "A", LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF

Trustor presently assigns to Beneficiary all of Trustor's right, title, and interest in and to all rents, revenues, income, issues, and profits (the "Income") from the Real Property described above.

Trustor grants Beneficiary a Uniform Commercial Code security interest in the Income and in all equipment, fixtures, furnishings, and other articles of personal owned by Trustor, now or subsequently attached or affixed to the Real Property described above, together with all accessions, parts, or additions to, all replacements of, and all substitutions for any of such property, and together with all proceeds (including insurance proceeds and refund of premium) from any sale or other disposition (the "Personal Property"). The Real Property and the Personal Property are collectively referred to as the "Property."

Trustor authorizes Beneficiary, to the extent permitted by applicable law, (a) upon default under the Note, under this Deed of Trust or under any other agreement between Trustor and Beneficiary, (b) at any time Beneficiary reasonably deems itself insecure, or (c) in case of Trustor's death or insolvency, to charge or setoff all sums owing on the Note against any of Trustor's accounts with Beneficiary (whether checking, savings, or some other account), including all accounts held jointly with someone else and all accounts Trustor may open in the future. For this purpose, Trustor grants to Beneficiary a security interest in all such accounts.

Trustor has agreed to provide the Property as collateral to secure an obligation of Trustor _____ ("Obligor") in the principal amount of \$ ***200,000.00***. This amount is repayable with interest according to the terms of a promissory note or other credit agreement given to evidence such indebtedness dated APRIL 18, 2000.

The term "the Note" as used in this Deed of Trust means the promissory note or other credit agreement describing the repayment terms of the Indebtedness, and any notes, agreements, or documents given in renewal, modification, extension or substitution for the promissary note or credit agreement originally issued. The rate of interest on the Note is subject to indexing, adjustment, renewal, or renegotiation.

The term "Indebtness" as used in this Deed of Trust means all principal and interest payable under the Note plus (a) any amounts expended or advanced by Beneficiary to discharge obligations of Trustor and (b) any expenses incurred by Beneficiary or Trustee to enforce obligations of Trustor hereunder, as permitted under this Deed of Trust, together with interest thereon at the Note rate.

The term "Trustor" is used in this Deed of Trust for convenience of the parties, and use of that term shall not affect the liability of any such person or entity on the Note. Any Trustor who co-signs this Deed of Trust, but does not execute the Note: (a) is co-signing this Deed of Trust only to grant and convey that Trustor's interest in the Property to Trustee under the terms of this Deed of Trust; (b) is not personally liable under the Note except as otherwise provided by law or contract; and (c) agrees that Beneficiary and any other Trustor hereunder may agree to extend, modify, forebear, release any collateral or make any other accommodations or

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amendments with regard to the terms of this Deed of Trust or the Note, without notice to that Trustor, without that Trustor's consent, and without releasing that Trustor of modifying this Deed of Trust as to that Trustor's interest in the Property; and (d) acknowledges that Beneficiary would not have entered into the lending relationship relating to the Indebtedness except for reliance upon all the obligations of all the Borrowers under this Deed of Trust.

(Check if applicable)

- There is a mobile home on the Real Property, which is covered by this security instrument and which is and shall remain:
 - Personal Property
 - Real Property
- This Deed of Trust secures a Note under which the currently scheduled final payment of principal and interest will be due on or before _____ . This Deed of Trust also secures all substitutions, renewals, Modifications and extensions of the Note.
- The Note is a revolving line of credit. Funds may be advanced by Beneficiary, repaid by Trustor, and subsequently readvanced by Beneficiary. Notwithstanding the amount outstanding at any particular time, this Deed of Trust secures the total amount of the Note that is shown above. The unpaid balance of the revolving line of credit under the Note may at certain times be zero. A zero balance does not affect the Beneficiary's agreement to advance to the Trustor. Therefore, the interest of Beneficiary under this Deed of Trust will remain in full force and effect notwithstanding a zero balance on the Note. Indebtedness, as defined above, includes, in addition to the principal amount specified above, any future amounts that Beneficiary may in its discretion loan to Trustor (or Obligor), together with interest thereon; however, not to exceed \$ _____ unlimited.
- This Deed of Trust secures a guaranty between Trustor and Beneficiary, and does not directly secure the obligations due Beneficiary under the Note.
- Trustor waives any rights of defenses arising by reason of (a) any "one-action" or "anti-deficiency" law, including without limitation California Civil Procedure Code §§ 580 and 726, or any other law that may prevent Beneficiary from bringing any action or claim for deficiency against Trustor, (b) any election of remedies by Beneficiary which may limit Trustor's rights to proceed against any party indebted under the Note, or (c) any disability or defense of any party indebted under the Note, any other guarantor or any other person by reason of cessation of the indebtedness due under the Note for any reason other than full payment thereof.

This Deed of Trust, including the assignment of Income and the security interest, is given to secure payment of the Indebtedness and performance of all obligations of Trustor under this Deed of Trust and is given and accepted on the following terms and conditions:

1. Payment and Performance.

Trustor shall pay to Beneficiary all amounts secured by this Deed of Trust as they become due, and shall strictly perform all of Trustor's obligations.

2. Possession and Maintenance of the Property.

- 2.1 **Possession.** Until in default, Trustor may remain in possession and control of and manage the Property and collect the Income from the Property.
- 2.2 **Duty to Maintain.** Trustor shall maintain the Property in first class condition and promptly perform all repairs and maintenance necessary to preserve its value.
- 2.3 **Nuisance, Waste.** Trustor shall neither conduct or permit any nuisance nor commit or suffer any strip of waste on or to the Property or any portion thereof including without limitation removal or alienation by Trustor of the right to remove any timber, minerals (including oil and gas), or gravel or rock products.
- 2.4 **Removal of Improvements.** Trustor shall not demolish or remove any improvements from the Real Property without prior written consent of Beneficiary. Beneficiary shall consent if Trustor makes arrangements satisfactory to Beneficiary to replace any improvement which Trustor proposes to remove with one of at least equal value. "Improvements" shall include all existing and future buildings, structures, and parking facilities.
- 2.5 **Beneficiary's Right to Enter.** Beneficiary and its agents and representatives may enter upon the Property at all reasonable times to attend to Beneficiary's interest and to inspect the Property.
- 2.6 **Compliance with Governmental Requirements.** Trustor shall promptly comply with all laws, ordinances, and regulations of all governmental authorities applicable to the use or occupancy of the Property. Trustor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Trustor has notified Beneficiary in writing prior to doing so and Beneficiary's interest in the Property is not jeopardized. Beneficiary may require Trustor to post adequate security (reasonably satisfactory to Beneficiary) to protect Beneficiary's interest.
- 2.7 **Duty to Protect.** Trustor shall do all other acts, in addition to those set forth in this section, that from the character and use of the Property are reasonably necessary to protect and preserve the security.
- 2.8 **Construction Loan.** If some or all of the proceeds of the loan creating the Indebtedness is to be used to construct or complete construction of any Improvements on the Property, the Improvements shall be completed within six (6) months from the date of this Deed of Trust and Trustor shall pay in full all costs and expenses in connection with the work. Beneficiary, at its option, may disburse loan proceeds under such terms and conditions as Beneficiary may deem necessary to insure that the lien of this Deed of Trust shall have priority over all other possible liens, including those of material suppliers and workmen. Beneficiary may require, among other things, that disbursement requests be supported by receipted bills, expense affidavits, waivers of liens, construction progress reports, and such other documentation as Lender may reasonably request.

3. Taxes and Liens.

- 3.1 **Payment.** Trustor shall pay when due before they become delinquent all taxes and assessments levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Trustor shall maintain the Property free of any liens having priority over or equal to the interest of Beneficiary under this Deed of Trust, except for the lien of taxes and assessments not due, except for the prior indebtedness referred to in Section 17, and except as otherwise provided in Subsection 3.2.
- 3.2 **Right to Contest.** Trustor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Beneficiary's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Trustor shall within 15 days after the lien arises or, if a lien filed, within 15 days after Trustor has notice of the filing, secure the discharge of the lien or deposit with Beneficiary, cash or a sufficient corporate surety bond or other security satisfactory to Beneficiary in an amount sufficient to discharge the lien plus any costs, attorney's fee, or other charges that could accrue as a result of a foreclosure or sale under the lien.
- 3.3 **Evidence of Payment.** Trustor shall upon demand furnish to Beneficiary evidence of payment of the taxes or assessments and shall authorize the appropriate county official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.
- 3.4 **Notice of Construction.** Trustor shall notify Beneficiary at least 15 days before any work is commenced, any services are furnished, or any materials are supplied to the Property if a construction lien could be asserted on account of the work, services, or materials and the cost exceeds \$5,000 (if the Property is used for nonresidential or commercial purposes or \$1,000 if the Property is used as a residence). Trustor will on request furnish to Beneficiary advance assurances satisfactory to Beneficiary that Trustor can and will pay the cost of such Improvements.
- 3.5 **Tax Reserves.** Subject to any limitations set by applicable law, Beneficiary may require Trustor to maintain with Beneficiary reserves for payment for of taxes and assessments, which reserves shall be created by advance payment or monthly payments of a sum estimated a by Beneficiary to be sufficient to produce, at least 15 days before due, amounts at least equal to the taxes and assessments to be paid. If 15 days before payment is due the reserve funds are insufficient, Trustor shall upon demand pay any deficiency to Beneficiary. The reserve funds shall be held by Beneficiary as a general deposit from Trustor and shall constitute a noninterest-bearing debt from Beneficiary to Trustor, which Beneficiary may satisfy by payment of the taxes and assessments required to be paid by Trustor as they become due. Beneficiary does not hold the reserve funds in trust for Trustor, and Beneficiary is not the agent of Trustor for payment of the taxes and assessments required to be paid by Trustor.

4. Property Damage Insurance.

- 4.1 **Maintenance of Insurance.** Trustor shall procure and maintain policies of fire and hazard insurance with standard extended coverage endorsements on a replacement basis for the full insurable value basis covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a mortgagee's loss payable clause in favor of Beneficiary. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Beneficiary. Trustor shall deliver to Beneficiary certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of 10 days written notice to Beneficiary.
- 4.2 **Trustor's Report on Insurance.** If the Property is not used as Trustor's residence within 60 days after the close of its fiscal year, Trustor shall furnish to Beneficiary a report on each existsting policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the Property insured, the then current replacment value of the Property, and the manner ro determining that value; and (e) the expiration date of the policy. Trustor shall, upon request, have an independent appraiser satisfactory to Beneficiary determine the cash value replacement cost of the Property.
- 4.3 **Application of Proceeds.** Trustor shall promptly notify Beneficiary of any loss or damage to the Property. Beneficiary may make proof of loss if Trustor fails to do so within 15 days of the casualty. Beneficiary may, at its election, apply the proceeds to the reduction of the Indebtdness or the restoration and repair of the Property. If Beneficiary elects to apply the proceeds to restoration and repair, Trustor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Beneficiary. Beneficiary shall, upon satisfactory proof of such expenditure, pay or reimburse Trustor from the proceeds for the reasonable cost of repair or restoration if Trustor is not in default hereunder. Any proceeds which have not been paid out within 180 days after their receipt and which Beneficiary has not committed to the repair or restoration of the Property shall be used to prepay first accrued interest and then principal of the Indebtedness. If Beneficiary holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Trustor.
- 4.4 **Unexpired Insurance at Sale.** Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's or other sale held under the provision contained within, or at any foreclosure sale of such Property.

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- (e) If the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law or any similar law, failure of Trustor to perform any of the obligations imposed on Trustor by the declaration submitting the Real Property to unit ownership, by the bylaws of the association of unit owners, or by any rules or regulations thereunder. If Trustor's interest in the Real Property is a leasehold interest and such Property has been submitted to unit ownership, any failure of Trustor to perform any of the obligations imposed on him by the lease of the Real Property from its owner, any default under such lease which might result in termination of the lease as it pertains to the Real Property, or any failure of Trustor as a member of an association of unit owners to take any reasonable action within Trustor's power to prevent a default under such lease by the association of unit owners or by any member of the association.
- (f) Failure by Trustor to perform any other obligation under this Deed of Trust if:
 - (1) Beneficiary has sent to Trustor a written notice of the failure and the failure has not been cured within 15 days of the notice, or if the default cannot be cured within 15 days, Trustor has not commenced curative action or is not diligently pursuing such curative action; or
 - (2) Trustor has given notice of a breach of the same provision(s) of this Deed of Trust within the preceding 12 months.
- (g) If the interest of Trustor in the Property is a leasehold interest, any default by Trustor under the terms of the lease, or any other Event (whether or not the fault of Trustor) that results in the termination of Trustor's leasehold rights.
- (h) Any breach by Trustor under the terms of any other agreement between Trustor and Beneficiary that is not remedied within any grace period provided therein. Including without limitation any agreement concerning any indebtedness of Trustor to Beneficiary, whether made now or later.
- (i) If Beneficiary reasonably deems itself insecure.

14. Rights and Remedies on Default.

14.1 Remedies. Upon the occurrence of any event default and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

- (a) Beneficiary shall have the right at its option without notice to Trustor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Trustor would be required to pay.
- (b) With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.
- (c) With respect to all or any part of the Personal Property, Beneficiary shall have all the rights and remedies of a secured party under the Uniform Commercial Code in effect in the state in which the Beneficiary is located.
- (d) Beneficiary shall have the right, without notice to Trustor, to take possession of the Property and collect the Income, including amounts past due and unpaid, and apply the net proceeds, over and above Beneficiary's costs, against the Indebtedness. In furtherance of this right, Beneficiary may require any tenant or other user to make payments of rent or use fees directly to Beneficiary. If the Income is collected by Beneficiary, then Trustor irrevocably designates Beneficiary as Trustor's attorney in fact to endorse instruments received in payment thereof in the name of Trustor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary may exercise its rights under this subparagraph either in person, by agent, or through a receiver.
- (e) Beneficiary shall have the right to have a receiver appointed to take possession of any or all of the property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Income from the Property and apply the proceeds, over and above cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Beneficiary shall not disqualify a person from serving as a receiver.
- (f) If Trustor remains in possession of the Property after the Property is sold as provided above or Beneficiary otherwise becomes entitled to possession of the Property upon default of Trustor, Trustor shall become a tenant at will of Beneficiary or the purchaser of the Property and shall pay while in possession a reasonable rental for use of the Property.
- (g) If the Real Property is submitted to unit ownership, Beneficiary or its designee may vote on any matter that may come before the members of the association of unit owners, pursuant to the power of attorney granted Beneficiary in Section 16.2.
- (h) Trustee and Beneficiary shall have any other right or remedy provided in this Deed of Trust, or the Note.

14.2 Sale of the Property. In exercising its rights and remedies, the Trustee or Beneficiary shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Beneficiary shall be entitled to bid at any public sale on all or any portion of the Property.

14.3 Notice of Sale. Beneficiary shall give Trustor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten days before the time of the sale or disposition.

14.4 Waiver, Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Beneficiary to pursue remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Trustor under this Deed of Trust after failure of Trustor to perform shall not affect Beneficiary's right to declare a default and exercise its remedies under this Deed of Trust.

14.5 Attorney's Fees; Expenses. If Beneficiary institutes any or action to enforce any of the terms of this Deed of Trust, Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all of its rights shall become a part of the Indebtedness payable in demand and shall bear interest from the date of expenditure until repaid at the rate of 12 percent per annum or at the rate of the Note, whichever is higher. Expenses covered by this paragraph included (without limitation) all attorney fees incurred by Beneficiary whether or not there is a lawsuit, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law.

15. Notice.

A notice under this Deed of Trust shall be in writing and shall be effective when actually delivered or, if mailed, shall be deemed effective on the second day after being deposited as registered or certified mail, postage prepaid, directed to the address stated in this Deed of Trust. Any party may change its address for notices by written notice to the other parties. Beneficiary requests that copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address, as set forth on page one of this Deed of Trust. If the property is in California, the notice shall be as provided by Section 2924b of the Civil Code of California.

16. Miscellaneous.

16.1 Successors and Assigns. Subject to limitations stated in this Deed of Trust on transfer of Trustor's interest, and subject to provisions of applicable law with respect to successor trustees, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns.

16.2 Unit Ownership Power of Attorney. If the Real Property is submitted to unit ownership, Trustor grants an irrevocable power of attorney to Beneficiary to vote in its discretion on any matter that may come before the members of the association of unit owners. Beneficiary shall have the right to exercise this power of attorney only after default by Trustor and may decline to exercise this power, as Beneficiary may see fit.

16.3 Annual Reports. If the Property is used for purposes other than Trustor's residence, within 60 days following the close of each fiscal year of Trustor, Trustor shall furnish to Beneficiary a Statement of net cash profit received from the Property during Trustor's previous fiscal year in such detail as Beneficiary shall require. "Net cash profit" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

16.4 Applicable Law. This Deed of Trust has been delivered to Beneficiary in the state in which the Beneficiary is located. The law of that state shall be applicable for the purpose of construing and determining the validity of this Deed of Trust and, to the fullest extent permitted by the law of any state in which any of the Property is located, determining the rights and remedies of Beneficiary on default.

16.5 Joint and Several Liability. If Trustor consists of more than one person or entity, the obligations imposed upon Trustor under this Deed of Trust shall be joint and several.

16.6 Time of Essence. Time is of the essence of this Deed of Trust.

16.7 Use.

- (a) If located in Idaho, the Property either is not more than twenty acres in area or is located within an incorporated city or village.
- (b) If located in Washington, the Property is not used principally for agricultural or farming purposes.
- (c) If located in Oregon, the Property is not now used for agricultural, timber, or grazing purposes. THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES.
- (d) If located in Montana, the Property does not exceed fifteen acres and this instrument is a Trust Indenture executed in conformity with the Small Tract Financing Act of Montana.
- (e) If located in Utah, this instrument is a Trust Deed executed in conformity with the Utah Trust Deed Act, UCA 57-1-19, et seq.

16.8 Waiver of Homestead Exemption. Trustor hereby waives the benefit of the homestead exemption as to all sums secured by this Deed of Trust.

16.9 Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Beneficiary in any capacity, without the written consent of Beneficiary.

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- 4.5 **Compliance with Prior Indebtedness.** During the period in which any prior Indebtedness described in Section 17.1 is in effect, compliance with the insurance provisions contained in the instrument evidencing such prior Indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust, to the extent compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust, for division of proceeds shall apply only to that portion of the proceeds not payable to said holder of the prior Indebtedness.
- 4.6 **Association of Unit Owners.** In the event the Real Property has been submitted to unit ownership pursuant to a Unit Ownership Law, or similar law for the establishment of condominiums or cooperative ownership of Real Property, the insurance may be carried by the association of unit owners in Trustor's behalf, and the proceeds of such insurance may be paid to the association of unit owners for the purpose of repairing or reconstructing the Property. If not so used by the association, such proceeds shall be paid to Beneficiary.
- 4.7 **Insurance Reserves.** Subject to any limitations set by applicable law, Beneficiary may require Trustor to maintain with Beneficiary reserves for payment of insurance premiums, which reserves shall be created by monthly payments of a sum estimated by Beneficiary to be sufficient to produce, at least 15 days before due, amounts at least equal to the insurance premiums to be paid. If 15 days before payment is due the reserve funds are insufficient, Trustor shall upon demand pay any deficiency to Beneficiary. The reserve funds shall be held by Beneficiary as a general deposit from Trustor and shall constitute a noninterest-bearing debt from Beneficiary to Trustor, which Beneficiary may satisfy by payment of the insurance premiums and required to be paid by Trustor as they become due. Beneficiary does not hold the reserve funds in trust for Trustor, and Beneficiary is not the agent of Trustor for payment of the insurance premiums required to be paid by Trustor.
5. **Expenditure By Beneficiary.**
If Trustor fails to comply with any provisions of this Deed of Trust, including the obligation to maintain the prior Indebtedness in good standing as required by Section 17 hereunder, or if any action or proceeding is commenced that would materially affect Beneficiary's interest in the property, Beneficiary may at its option on Trustor's behalf take the required action and any amount that it expends in so doing shall be added to the Indebtedness and bear interest at the rate the Note bears. Amounts so added shall be payable on demand with interest from the date of expenditure at the rate the Note bears. The rights provided for in this section shall be in addition to any other rights or any remedies to which Beneficiary may be entitled on account of the default. By taking the required action Beneficiary shall not cure the default so as to bar it from any remedy that it otherwise would have had.
6. **Warranty; Defense of Title.**
- 6.1 **Title.** Trustor warrants that it holds merchantable title to the Property in fee simple free of all encumbrances other than those set forth in Section 17 or in any policy of title insurance issued in favor of Beneficiary in connection with this Deed of Trust.
- 6.2 **Defense of Title.** Subject to the exceptions in the paragraph above, Trustor warrants and will forever defend the title against the lawful claims of all persons. In the event any action proceeding is commenced that questions Trustor's title or the interest of Beneficiary of Trustee under this Deed of Trust, Trustor, shall defend the action at its expense.
7. **Condemnation.**
- 7.1 **Application of Net Proceeds.** If all or any part of the Property is condemned, Beneficiary may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Trustor, Beneficiary, or Trustee in connection with the condemnation.
- 7.2 **Proceedings.** If any proceedings in condemnation are filed, Trustor shall promptly notify Beneficiary in writing and Trustor shall promptly take such steps as may be necessary to defend the action and obtain the award.
8. **Imposition of Tax By State.**
- 8.1 **State Taxes Covered.** The following shall constitute state taxes to which this section applies:
- A specific tax upon trust deeds or upon all or any part of the Indebtedness secured by a trust or security agreement.
 - A specific tax on a Trustor which the taxpayer is authorized or required to deduct from payments on the Indebtedness secured by a deed of trust or security agreement.
 - A tax on a trust deed or security agreement chargeable against the Beneficiary or the holder of the note secured.
 - A specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by a Trustor.
- 8.2 **Remedies.** If any state tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this shall have the same effect as a default, and Beneficiary may exercise any or all of the remedies available to it in the event of a default unless the following conditions are met:
- Trustor may lawfully pay the tax or charge imposed by the state tax, and
 - Trustor pays or offers to pay the tax or charge within 30 days after notice from Beneficiary that the tax has been enacted.
9. **Power and Obligations of Trustee.**
- 9.1 **Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following action with respect to the Property upon the request of Beneficiary and Trustor:
- Join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights in the public.
 - Join in granting any easement or creating any restriction on the Real Property.
 - Join in any subordination or other agreement affecting this Deed of Trust of the interest of Beneficiary under this Deed of Trust.
 - Sell the Property as provided under this Deed of Trust.
- 9.2 **Obligations to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.
- 9.3 **Trustee.** Trustee shall meet the qualifications for Trustee in applicable state law.
10. **Due on Sale.**
- 10.1 **Consent by Beneficiary.** Beneficiary may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer of all or any part of the Real Property without the Beneficiary's prior written consent. A "sale or transfer" means the conveyance of real property or any right, title, or interest therein, whether legal or equitable, whether voluntary or involuntary, by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three years, lease-option contract, or any other method of conveyance of real property interests. If any Trustor is a corporation, transfer also includes any change in ownership of more than 25% of the voting stock of Trustor. If Trustor or prospective transferee applies to Beneficiary for consent to a transfer, Beneficiary may require such information concerning the prospective transferee as would normally be required from the new loan applicant.
11. **Security Agreement; Financing Statements.**
- 11.1 **Security Agreement.** This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures, and Beneficiary shall have all of the rights of a secured party under the Uniform Commercial Code of the state in which the Real Property is located. To the extent any of the Property constitutes fixtures, this Deed of Trust shall be filed as a fixture filing in the real property records.
- 11.2 **Security Interest.** Upon request by Beneficiary, Trustor shall execute financing statements and take whatever other action is requested by Beneficiary to perfect and continue Beneficiary's security interest in the Income and Personal Property. Trustor hereby appoints Beneficiary as Trustor's attorney in fact for the purpose of executing any documents necessary to perfect or continue the security interest granted therein. Beneficiary may, at any time and without further authorization from Trustor, file copies or reproductions of this Deed of Trust as a financing statement. Trustor will reimburse Beneficiary for all expenses incurred in perfecting or continuing this security interest. Upon default, Trustor shall assemble the Personal Property and make it available to Beneficiary within three days after receipt of written demand from Beneficiary.
12. **Reconveyance on Full Performance.**
If Trustor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Trustor under this Deed of Trust and the Note, Beneficiary shall execute and deliver to Trustee a request for full reconveyance in the form set forth on this Deed of Trust and shall execute and deliver to Trustor suitable statements of termination of any financing statement on file evidencing Beneficiary's security interest in the Income and the Personal Property. Any reconveyance fee or termination fee required by law shall be paid by Trustor, if permitted by applicable law.
13. **Default.**
The following shall constitute events of default:
- Failure of Trustor or Obligor to pay any portion of the Indebtedness when it is due.
 - Failure of Trustor within the time required by this Deed of Trust to make any payments for taxes, insurance, or for any other payment necessary to prevent filing of or to effect discharge of any lien.
 - Dissolution or termination of existence (if Trustor is a corporation), insolvency, business failure, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by, the commencement of any proceeding under any bankruptcy or insolvency laws by or against, or the failure to obtain dismissal or deny the contents of any petition filed under any bankruptcy or insolvency laws within the time required to answer by, Trustor or any of the individuals or entities who are herein collectively referred to as "Trustor."
 - Default of Trustor under any prior obligation or instrument securing any prior obligation, or commencement of any suit or other action to foreclose any prior lien.

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16.10 **Substitute Trustee.** Beneficiary, at Beneficiary's option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original Beneficiary, Trustee, and Trustor, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, powers, and the duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

16.11 **Statement of Obligation.** If the Property is in California, Beneficiary may collect a fee to exceed \$50 for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

17. Prior Indebtness.

17.1 **Prior Lien.** The lien securing the Indebtness secured by this Deed or Trust is and remains secondary and inferior to the lien securing payment of a prior obligation in the form of a: (Check which Applies) Trust Deed Mortgage Land Sale Contract Other (Specify) _____

The Prior obligation has a current principal balance of approximately \$ _____, and is in the original principal amount of \$ _____.
Trustor expressly covenants and agrees to pay or see to the payment of the prior indebtedness and to prevent any default thereunder.

17.2 **Default.** If the payment of any installment of principal or any interest on the prior indebtedness is not made within the time required by the note evidencing such indebtedness, or should an event of default occur under the instrument securing such indebtedness and not be cured during any applicable grace period therein, then the Indebtness secured by this Deed of Trust shall, at the option of Beneficiary, become immediately due and payable, and this Deed of Trust shall be in default.

17.3 **No Modifications.** Trustor shall not enter into any agreement with the holder of any mortgage, deed of trust or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Beneficiary. Trustor shall neither request nor accept any future advances under a prior mortgage, deed of trust or other security agreement without the prior written consent of Beneficiary.

18. **Notice to Trustor.** The undersigned Trustor requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to the undersigned Trustor at Trustor's address set forth above.

TRUSTOR:
X William H. Jones, Jr.
WILLIAM H. JONES, JR.

TRUSTOR:
X Olive Jones
OLIVE JONES

X _____

X _____

ACKNOWLEDGEMENT

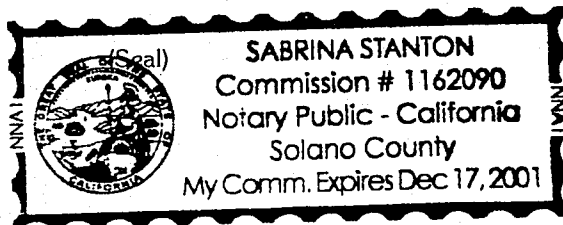
State of California)
County of SOLANO)

On APRIL 18, 2000, before me, Sabrina Stanton, Notary Public, personally appeared * * * * * WILLIAM H. JONES, JR. AND OLIVE JONES * * * * *
* * * * *

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by ~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Signature Sabrina Stanton
WITNESS my hand and official seal.

My commission expires 12-17-2001
REQUEST FOR FULL RECONVEYANCE
(To be used only when obligations have been paid in full)



To: _____, Trustee
The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed, on payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to statute, to reconvey, without warranty, to the parties designated by the terms of this Deed of Trust, the estate now held by you under this Deed of Trust. Please mail the reconveyance and related documents to:

Date: _____ Beneficiary: _____
By: _____
Its: _____

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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 Lot 22 of Kingsbury Highlands Unit No. 2, recorded December 26, 1961, File No. 19280, and that portion of Parcel 1, as said parcel is shown on the Parcel Map, recorded October 15, 1974, Document No. 75900, more particularly described as follows:

BEGINNING at the Southeast corner of said Lot 22; thence South $81^{\circ}29'09''$ West 212.32 feet; thence Northeasterly along a curve concave to the Northwest with a radius of 45.00 feet, a central angle of $126^{\circ}34'11''$ an arc length of 99.41 feet; thence North $62^{\circ}44'12''$ East 226.08 feet to a point on the East line of said Lot 22; thence North $62^{\circ}44'12''$ East 50.00 feet; thence South $22^{\circ}24'11''$ West 116.71 feet to a point on the East line of said Lot 22; thence along said East line South $00^{\circ}01'27''$ West 67.00 feet to the Point of Beginning.

EXCEPTING THEREFROM all that portion of Lot 22, Kingsbury Highlands Unit No. 2, recorded December 26, 1961, Document No. 19820, more particularly described as follows:

BEGINNING at the Southwest corner of said Lot 22; thence along a curve concave to the Northwest with a radius of 45.00 feet, a central angle of $126^{\circ}34'11''$ and an arc length of 99.41 feet, the chord of said curve bears North $06^{\circ}29'49''$ East 80.39 feet; thence North $62^{\circ}40'17''$ East (North $62^{\circ}44'12''$ East record) 107.24 feet; thence South $14^{\circ}33'30''$ East 112.51 feet to a point on the South line of said Lot 22; thence South $81^{\circ}20'22''$ West (South $81^{\circ}29'09''$ West record) 134.18 feet to the True Point of Beginning.

PARCEL 2

All that portion of Lot 23, Kingsbury Highlands Unit No. 2, recorded December 26, 1961, Document No. 19280, more particularly described as follows:

BEGINNING at the Southeast corner of said Lot 23; thence along the South line of Lot 23 North $86^{\circ}24'23''$ West (North $86^{\circ}15'03''$ West record) 71.17 feet; thence North $00^{\circ}51'43''$ West 100.00 feet; thence North $14^{\circ}33'30''$ West 16.12 feet to a point on the Northerly line of said Lot 23; thence along said Northerly line North $81^{\circ}20'22''$ East (North $81^{\circ}29'09''$ East record) 77.77 feet to the Northeast corner of said Lot 23; thence along the East line of Lot 23 South $00^{\circ}07'50''$ West 131.76 feet (South $00^{\circ}01'27''$ West 132.00 feet record) to the True Point of Beginning.

A.P.N. 7-344-19

Reference is hereby made to those certain Record of Surveys recorded June 30, 1986 in Book 686, Page 2815, as Document No. 136919 and December 5, 1988 in Book 1288, Page 494, Document No. 192001, Official Records, Douglas County, Nevada.

PARCEL 3

An easement ingress and egress, roadway, snow removal and public utilities by Deed recorded September 2, 1996, in Book 43, Page 688, Document 33749, Official Records and by Deed recorded June 30, 1986, in Book 686, Page 2822, Document No. 136523, Official Records.

*****END OF DOCUMENT*****

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COPY

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

2000 APR 21 PM 12: 18

LINDA SLATER
RECORDER

\$13⁰⁰ PAID *KZ* DEPUTY

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