

When Recorded Mail To: Gardner P.O. Box 2194, Stateline, NV 89449

ALL-INCLUSIVE DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made August 24, 2000, between ROBERT OWENS, AN UNMARRIED MAN, herein called "Trustor", whose address is: 1329 HIGHWAY 395, SUITE 10/PMB 110, GARDNERVILLE, NV 89410, FIRST AMERICAN TITLE COMPANY OF NEVADA, a Nevada corporation, herein called "Trustee", and GARDNER ENTERPRISES LLC, a Nevada Limited Liability Company, herein called "Beneficiary", whose address is: P.O. Box 2194, Stateline, NV 89449.

W I T N E S S E T H:

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

Lot 64 of Block A of said Lot and Block is set forth on the Final Map of GENOA LAKES PHASE 3, UNIT 1, a Planned Unit Development, recorded January 13, 1995 in Book 195, Page 1900, as Document No. 354349, of Official Records of Douglas County, Nevada.

TOGETHER WITH, the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, subject, however, to the right of Beneficiary, during any period of default hereunder, and without waiver of such default, to collect said rents, issues and profits by any lawful means, and to apply the same, less costs and expenses of collection, to any indebtedness secured hereby.

FOR THE PURPOSE OF SECURING: (1) Payment of the principal sum of \$525,000.00, according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and all extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated herein by reference or contained herein; and (3) payment of such additional sums which may hereafter be loaned to Trustor by Beneficiary when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

AND THIS INDENTURE FURTHER WITNESSETH:

1. Trustor agrees to properly care for and keep said property in good condition and repair; not to alter, remove, damage or demolish any building or improvement thereon; to complete in a good and workmanlike manner any building or improvement which may be constructed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws, ordinances and regulations relating to any alterations or improvements made thereon; not to commit or permit any waste thereof; not to commit, suffer or permit any act to be done in or upon said property in violation of any law, covenant, condition or restriction affecting said property; to cultivate, irrigate, fertilize, fumigate, prune and/or do any other act or acts, all in a timely and proper manner, which, from the character or use of said property, may be reasonably necessary, the specific enumerations herein not excluding the general.

2. Trustor agrees to pay and discharge all costs, fees and expenses of this trust incurred in connection with any default by Trustor.

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3. During the continuance of this trust, Trustor covenants to keep all buildings that may now or at any time be on said property in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada. Said insurance shall be in such sum or sums as shall equal the total indebtedness secured by this Deed of Trust and all obligations having priority over this Deed of Trust, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of the unsatisfied obligation to Beneficiary hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary or to the collection agent of Beneficiary, as further security, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums as Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon the indebtedness secured hereby and in such order as Beneficiary may determine, or, at the option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

4. Trustor promises and agrees that if, during the existence of this trust, there be commenced or pending any suit or action affecting said property, or any part thereof, or the title thereto, or if any adverse claim for or against said property, or any part thereof, be made or asserted, he will appear in and defend any such matter purporting to affect the security and will pay all costs and damages arising because of such action.

5. Any award of damages in connection with any condemnation for public use of, or injury to said property, or any part thereof, is hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received by him in the same manner and with the same affect as herein provided for disposition of proceeds of insurance.

6. Except as may be required by law, Trustee shall be under no obligation to notify any party hereto of any pending sale of said property, whether such sale is by foreclosure or otherwise, or of any action or proceeding in which Trustor or Beneficiary or Trustee shall be a party, unless brought by Trustee.

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

8. At any time, and from time to time, without liability therefor, upon written request of Trustor and Beneficiary, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon said property, Trustee may consent in writing to the making of any map or plat thereof or join in granting any easement thereon.

9. Upon receipt of written request from Beneficiary reciting that all sums secured hereby have been paid and upon surrender of this Deed of Trust and the note secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto".

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

11. The following covenants Nos. 1, 3, 4 (interest 12%), 5, 6, 7 (counsel fees - a reasonable percentage), 8 and 9 of Nevada Revised Statutes 107.030, are hereby adopted and made a part of this Deed of Trust, and, notwithstanding any provision of said covenant No. 7 to the contrary, proceeds of any foreclosure sale shall be distributed pursuant to the provisions of Nevada Revised Statutes 40,462.

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

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

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

15. In this Deed of Trust, unless the context requires otherwise, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

16. This Deed of Trust is an All-Inclusive Deed of Trust and is subject and subordinate to a note ("Senior Note") secured by a deed of trust ("Senior Deed of Trust"), now of record, in the original amount of \$468,750.00, in favor of FIRST FRANKLIN FINANCIAL CORPORATION. The Senior Deed of Trust is dated June 24, 1998, recorded June 30, 1998, in Book 698, Page 7411, Document No. 443355, Official Records, Douglas County, Nevada. The Senior Note and Senior Deed of Trust are not assumed by Trustor and so long as Trustor is not in default under the terms of this Deed of Trust or the note secured hereby, Beneficiary agrees to pay the installments, including the final installment, upon the Senior Note. Should the within Beneficiary default in any of the installments upon the Senior Note, Trustor may pay said installments directly to the holder of the Senior Note and any and all payments so made shall be credited to the principal of the note secured by this Deed of Trust.

Should Trustor default under the terms of this Deed of Trust or the note secured hereby, and if Beneficiary consequently incurs any penalties, charges, or other expenses on account of the Senior Note or Senior Deed of Trust during the period of such default, then the amount of such penalties, charges, and expenses shall be immediately added to the principal of the note secured by this Deed of Trust and shall be immediately payable by Trustor to Beneficiary without notice or demand.

Any demand under this Deed of Trust delivered by Beneficiary to Trustee may not be more than the sum of the following amounts:

(a) The equity of the Beneficiary in the note secured by this Deed of Trust, such equity being the difference between (i) the then outstanding balance on the note secured by this Deed of Trust, including accrued interest and penalties, as of the date of such foreclosure sale, and (ii) the then outstanding balance of the Senior Note as of the date of such foreclosure sale; plus

(b) The aggregate of all amounts theretofore paid by Beneficiary pursuant to the terms of this Deed of Trust, prior to the date of such foreclosure sale, for taxes and assessments, insurance premiums, delinquency charges, foreclosure costs, and any other sum advanced by Beneficiary pursuant to the terms of this Deed of Trust to the extent the same were not previously repaid by Trustor to Beneficiary; plus

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(c) The costs of foreclosure together with attorneys' fees and costs incurred by Beneficiary in enforcing this Deed of Trust or the note secured hereby, as permitted by law.

Notwithstanding any provision to the contrary herein contained, Trustor agrees that, in the event of a foreclosure of this Deed of Trust, Beneficiary may, in its sole discretion, at the Trustee's Sale, credit bid up to and inclusive of an amount not exceeding the amount representing the outstanding balance then due under the note secured by this Deed of Trust plus any advances or other disbursements which Beneficiary may, by law, be permitted to include in the bid, less the then actual outstanding balance due upon the Senior Note secured by the Senior Deed of Trust having priority over this Deed of Trust and encumbering the above-described real property or any portion thereof. The Trustee may rely on any statements received from Beneficiary as to the unpaid balance, advances, or disbursements and such statements shall be deemed binding and conclusive as between Beneficiary, Trustor and Trustee, to the extent of such reliance.

Trustor and Beneficiary acknowledge that the Senior Note and Senior Deed of Trust contain acceleration clauses, which clauses enable the holder and Beneficiary of said Senior Note and Senior Deed of Trust to declare the unpaid balance of the Senior Note immediately due and payable upon sale of the property. Further, the delivery of the Deed from Beneficiary to Trustor for the property secured hereby is a sale which will enable the holder and Beneficiary of the Senior Note and Senior Deed of Trust to declare the unpaid balance of the Senior Note all due and payable. Collection Agent, all real estate brokers and salesmen involved in this transaction, and the attorney who prepared the documents required by the escrow, are hereby released by Trustor and Beneficiary from any liability in connection with any acceleration of the unpaid balance of the Senior Note.

In the event the Senior Note is accelerated as a result of the sale, Trustor agrees to assume the Senior Note and Senior Deed of Trust in accordance with the demand of the holder thereof, including the payment of any assumption fee, or to pay the Senior Note in full, including any prepayment penalty. Beneficiary agrees to render all reasonable cooperation to Trustor to enable Trustor to assume the Senior Note or to pay the Senior Note in full should the same be accelerated. In this regard, Beneficiary agrees, if requested by Trustor, to allow the then existing balance of holder's equity, as defined in the note secured by this Deed of Trust, to be converted to a Promissory Note executed by Trustor in favor of Beneficiary, and secured by a Deed of Trust upon the subject property. Said Promissory Note shall bear interest at the rate provided in the note secured hereby and shall be paid in such amount, including interest, as was applied to holder's equity from the installments called for in the note secured hereby. The payments upon the Promissory Note to be executed by Trustor in favor of Beneficiary shall be due upon the same day, and continue for the remainder of the term, that is set forth in the note secured hereby. Further, Beneficiary agrees to subordinate the Deed of Trust in his favor to the Senior Deed of Trust or to a Deed of Trust securing a loan providing for a reasonable rate of interest, the date of maturity of which loan is not earlier in time than that called for in the Senior Note and all proceeds of which loan must be used by Trustor to pay in full the Senior Note.

The Promissory Note and Deed of Trust to be executed in favor of Beneficiary shall be in the customary form of notes and deeds of trust prepared by the law firm of Otto & Pope, or its successor. Trustor shall pay all costs involved in the preparation of said Promissory Note and Deed of Trust.

Trustor shall pay any late charges that may be imposed by the holder of the Senior Note as a result of the failure of Trustor to promptly make the payments upon the note hereby secured.

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

TRUSTOR:

X Robert Owens
Robert Owens

STATE OF Nevada }
COUNTY OF Douglas } SS

This instrument was acknowledged before me on 8-24-
2000, by ROBERT OWENS.

Kathy Merrill
Notary Public



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REQUESTED BY
FIRST AMERICAN TITLE CO.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER

\$ 11.00 PAID KO DEPUTY

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