

A.P.N. 1220-21-102-006

After Recording Return to:  
Evergreen Federal Savings and Loan  
969 SE Sixth Street  
Grants Pass, OR 97526

Loan # 29-111128-07

Esc 84254 CLH

## COMMERCIAL DEED OF TRUST

**THIS DEED OF TRUST** (the "Trust Deed") is made this 6th day of March, 2001 among the Trustor, M & D DEVELOPMENT, a General Partnership whose address is 38173 HIGHWAY 299E, BURNEY, CALIFORNIA 96013, (herein "Trustor"); the Trustee, WESTERN N TITLE COMPANY, INC., whose address is 1626 HIGHWAY 395; MINDEN, NEVADA 89423, (the "Trustee"); and the Beneficiary, EVERGREEN FEDERAL SAVINGS AND LOAN, whose address is 969 S.E. 6th Street, Grants Pass, Oregon 97526, (the "Lender").

Trustor, in consideration of the indebtedness recited in this Trust Deed and the trust created by this Trust Deed, irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, the property located in the County of DOUGLAS, State of NEVADA, described in Exhibit A attached hereto and by this reference incorporated herein; together with all buildings, improvements and tenements now or in the future erected on the property, and all previously or in the future vacated alleys and streets abutting the property, and all easements, rights, appurtenances, leases, included, without limitation, the leases or agreements now or hereafter existing, however evidenced, covering all or any portion of the property, together with all rents or monies due or to become due thereunder; and together with all now existing or in the future arising or acquired: (a) revenues, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock appurtenant to the property; (b) all fixtures, machinery, equipment located or to be located on the property; personal property required for the maintenance and operation of the property, included, but not limited to, engines, boilers, incinerators, building materials, and all appliances (included, but not limited to, those for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air and light); and (c) escalators and elevators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, communications apparatus, plumbing, plumbing fixtures, water heaters, panelling, attached floor and wall coverings; all of which, including replacements, substitutions and additions thereto, shall be deemed to be and remain a part of the property covered by this Trust Deed and all the estate, interest or other claim or demand, including insurance which Trustor now has or may in the future acquire in and to the property described above; the specific enumerations herein not excluding the general; and all of the foregoing, together with said property and together with the proceeds of the foregoing are referred to in the Trust Deed as the "Property."

This Trust Deed is given as security for the following (collectively the "Indebtedness"): (a) the repayment of the indebtedness evidenced by Trustor's promissory note in favor of Beneficiary dated March 6, 2001 (the "Note") in the principal sum of ONE MILLION TWO HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$1,240,000.00), with interest thereon at a rate of 8.75%, the balance of which, if not sooner paid, is due and payable on SEPTEMBER 1, 2021 and all amendments, renewals, extensions and modifications of the Note; (b) the payment of any future advances, with interest thereon, made by the Beneficiary to Trustor pursuant to this Trust Deed ("Future Advances"); (c) the performance of the covenants and agreements of Trustor contained in the Loan Agreement, if any, between Beneficiary and Trustor dated March 6, 2001 and any amendments (collectively the "Loan Agreement"); (d) the payments of all other sums, with interest thereon, advanced in accordance with this Trust Deed to protect the security of this Trust Deed; and (e) the performance of the covenants and agreements of Trustor contained in this Trust Deed.

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**Trustor and Beneficiary covenant and agree as follows:**

1. **COVENANT OF TITLE.** Trustor covenants that Trustor is lawfully seized of the estate conveyed by this Trust Deed and has the right to grant, convey and assign the Property, that the Property is unencumbered, except as disclosed in writing to and approved by Beneficiary prior to the execution of this Trust Deed. Trustor covenants that they will warrant and defend generally the title to the Property against all claims and demands, subject to any easements and restrictions acceptable to Beneficiary and listed in a schedule of exceptions to coverage in any title insurance policy insuring Beneficiary's interest in the Property.

2. **PROMISE TO PAY.** Trustor shall pay promptly when due the principal of and interest on the Indebtedness and any other charges provided in the Note, this Trust Deed, the Assignment of Leases, Rents and Agreements, the Loan Agreement and other documents executed in connection with the Indebtedness (collectively the "Loan Documents").

3. **LATE PAYMENT CHARGES.** Beneficiary may charge a late charge on any scheduled payment which Beneficiary fails to receive within 15 days after the due date, or by the next business day, if the 15-day period ends on a Saturday, Sunday, or legal holiday. The amount of the late charge shall be five percent of the amount of the payment of principal and/or interest not paid when due. Such late charge shall in no event exceed the maximum charge, if any, specified under applicable law. Collection of a late charge shall not constitute a waiver of or prejudice the Beneficiary's right to pursue any other right or remedy available on account of the delinquency.

4. **APPLICATION OF PAYMENTS.** Unless applicable law provides otherwise, or unless specified to the contrary in the Loan Documents, each complete installment payment received by Beneficiary under the Note or this Trust Deed or other Loan Documents shall be applied by Beneficiary first to payment of late payment charges assessed pursuant to Section 3 and legal fees, if any, next to interest due and payable on the Indebtedness, then to principal due and payable pursuant to the terms of the Note, this Trust Deed, and any other Loan Documents. Upon a breach of any covenant or agreement in this Trust Deed or other Loan Document, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any payments received by Beneficiary under the Note, this Trust Deed or under the other Loan Documents. Beneficiary, at Beneficiary's option, may reject any partial payment. Any partial payment which Beneficiary accepts may be held in a non-interest bearing account until Beneficiary receives funds sufficient to equal a complete installment payment, or, may be applied to the Indebtedness in any amount and any order as Beneficiary may determine in Beneficiary's sole discretion.

5. **TAXES AND LIENS.**

5.1 **Payment.** Trustor shall pay when due 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 Trust Deed, except for the lien of taxes and assessments not due and except as disclosed in writing to and approved by Beneficiary prior to the execution of this Trust Deed. Without Beneficiary's prior written consent, Trustor shall not allow any lien inferior to this Trust Deed to be perfected against the Property.

5.2 **Evidence of Payment.** On Beneficiary's demand, Trustor promptly shall furnish evidence acceptable to Beneficiary of payment of taxes and 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.

5.3 **Reserves.** At Beneficiary's option, lender may require Trustor to maintain with Beneficiary reserves for payment of taxes and assessments. The reserves shall be created by monthly payments of a sum estimated by Beneficiary to be sufficient to produce, at least 30 days before the taxes and assessments are due, amounts at least equal to the taxes and assessments to be paid. If Beneficiary determines that the reserve funds are insufficient at any time, Trustor shall promptly pay any deficiency to Beneficiary on its demand. The reserve funds shall be held by Beneficiary in a deposit account, and the funds may be commingled with other funds held by Beneficiary. Unless Beneficiary and Trustor agree in writing otherwise or applicable law requires that Beneficiary pay Trustor interest on the funds, Beneficiary shall not be required to pay Trustor any interest on the funds. Beneficiary shall apply the reserve funds to pay the taxes and assessments so long as Trustor is not in breach of any covenant or agreement of Trustor in this Trust Deed, but only to the extent that funds are available to do so. Beneficiary does not hold the funds in trust for Trustor and is not the agent of Trustor for payment of taxes and assessments required to be paid by Trustor. Upon Trustor's breach of any covenant or agreement of Trustor in this Trust Deed, Beneficiary may apply, in any amount and in any order as Beneficiary shall determine in Beneficiary's sole discretion, any reserve funds held by Beneficiary (i) to pay taxes and assessments which are due or (ii) as a credit against the Indebtedness.

## 6. **HAZARD INSURANCE**

6.1 **Policies.** Trustor shall keep any improvements now existing or in the future erected on the Property insured by carriers who are at all times satisfactory to Beneficiary against loss by fire, hazards included within the term "extended coverage", flood insurance, if and when from time to time required by Beneficiary, rent loss, business interruption and such other hazards, casualties, liabilities and contingencies as Beneficiary shall require from time to time or at any time during the term of this Trust Deed and in such amounts, on a 100% replacement cost basis without co-insurance clause, and for such periods as Beneficiary shall require. All insurance policies and renewals thereof shall be in a form and substance acceptable to Beneficiary and shall include a loss payable endorsement in favor of and in form and substance acceptable to Beneficiary and a provision that coverage will not be cancelled, altered or diminished without a minimum of 30 days' prior written notice to Beneficiary. Beneficiary shall have the right to hold the policies, and Trustor promptly shall furnish all renewal notices.

6.2 **Payment; Reserves.** All premiums on insurance policies shall be paid by Trustor making payment, when due, directly to the carrier, or in such other manner as Beneficiary may designate in writing. Prior to the expiration date of any policy, Trustor shall deliver to Beneficiary a renewal policy in form and substance satisfactory to Beneficiary and receipts for paid premiums. At Beneficiary's option, Beneficiary may require Trustor to maintain with Beneficiary reserves for payment of insurance premiums. The reserves shall be created and held in the same manner as provided in Section 5.3 for reserves for payment of taxes and assessments.

6.3 **Loss.** In the event of loss, Trustor shall give immediate written notice to the insurance carrier and to the Beneficiary. Beneficiary may give written notice to the insurance carrier if Trustor fails to do so within 20 days of the casualty. Trustor hereby authorizes and empowers Beneficiary as attorney-in-fact for Trustor to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section 6 shall require Beneficiary to incur any expense or take any action hereunder.

6.4 Application of Proceeds. Trustor authorizes Beneficiary, at Beneficiary's option, (a) to apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due, or (b) after deducting Beneficiary's costs and expenses described above, to hold the balance of such proceeds to be disbursed to Trustor for the cost of reconstruction or repair of the Property. If the insurance proceeds are held by Beneficiary to disburse to Trustor for the cost of restoration and repair of the Property, the Property shall be restored to the equivalent of its original condition or such other condition as Beneficiary may approve in writing. Beneficiary may require that Trustor deposit with Beneficiary any amount in excess of the insurance proceeds necessary to complete restoration, which amounts shall be disbursed prior to disbursement of any insurance proceeds. Unless Beneficiary and Trustor agree in writing otherwise or applicable law requires that Beneficiary pay Trustor interest on the proceeds, Beneficiary shall not be required to pay Trustor any interest on the proceeds or any other sum which Beneficiary may require Trustor to deposit with Beneficiary pursuant to this Section. Beneficiary, at Beneficiary's option, may condition disbursement of those proceeds on Beneficiary's approval of plans and specifications for the restoration and repair to be prepared by an architect satisfactory to Beneficiary, contractor's cost estimates, architect's certificates, waivers of liens, sworn statements of mechanic and materialmen and such other evidence of costs, percentage completion of construction, application of payments, and satisfaction of liens as Beneficiary may reasonably require. If Beneficiary chooses to hold any insurance proceeds for the restoration or repair of the Property, Beneficiary will be entitled to an administration fee of one (1) percent of the costs of such restoration or repair. If the insurance proceeds are applied to the payment of the sums secured by this Trust Deed, any such application of proceeds to principal shall be applied to the most remote unpaid installment of principal and shall not extend or postpone the due dates of any payments required under Section 2 or change the amounts of any such payments. If the Property is sold to Beneficiary pursuant to Section 22 of this Trust Deed or if Beneficiary otherwise acquires title to the Property, then in addition to the lien and security interests otherwise granted to Beneficiary under this Trust Deed, Beneficiary shall have all of the right, title and interest in and to any insurance policies and unearned premiums thereon and in to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

7. PRESERVATION AND MAINTENANCE OF PROPERTY; ENVIRONMENTAL LAWS; INDEMNIFICATION.

7.1 Preservation and Maintenance. Trustor:

- (a) shall not commit waste or permit impairment or deterioration of the Property;
- (b) shall not abandon the Property;
- (c) unless Beneficiary directs Trustor in writing to the contrary, shall restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as the Beneficiary may approve in writing, in the event of any damage, injury or loss to the Property, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair;
- (d) shall keep the Property, including improvements, fixtures, equipment, machinery and appliances on the Property in good repair and shall replace fixtures, equipment, machinery and appliances on the Property when necessary to keep such items in good repair, and all of such replacements shall be and are subject to the lien of this Trust Deed;
- (e) shall operate and maintain the Property in compliance with all applicable laws and regulations and in a manner to ensure maximum rentals; and
- (f) shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Property (including, without limitation, matters pertaining to land use, zoning and Environmental Laws and Hazardous Substances as defined

below), the security of this Trust Deed or the rights or powers of Beneficiary. Neither Trustor, nor any tenant nor other person, without the written approval of Beneficiary, shall remove, demolish or alter any improvement now existing or in the future erected on the Property or any fixtures, equipment, machinery or appliance in or on the Property and in which Beneficiary has any interest by virtue of this Trust Deed, any security agreement, or any other Loan Document, except when incident to the replacement of fixtures, equipment, machinery and appliances with items of like kind, which shall thereupon become subject to the lien of this Trust Deed.

7.2 **Environmental laws**. In this Trust Deed, "Environmental Laws" means any and all state, federal, and local statutes, regulations and ordinances relating to the protection of human health or the environment. "Hazardous Substances" is used in its very broadest sense and refers to materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. "Hazardous Substances" shall include, without limitation, petroleum products or crude oil or any fraction thereof and any and all hazardous or toxic substances, materials or waste as defined by or listed under the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act, or any other of the Environmental Laws. To the best knowledge of Trustor no substances considered to be hazardous or toxic wastes under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976 or any similar federal or state laws or regulations are now present on, in or under the real property. Trustor shall cause the Property and all operations on the Property to comply with all Environmental Laws and orders of any governmental authorities having jurisdiction under any Environmental Laws. Trustor shall exercise extreme care in handling Hazardous Substances and shall undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) (a) required by any applicable Environmental Laws or orders by any governmental authority having jurisdiction under Environmental Laws, or (b) necessary to prevent or minimize property damage (including, without limitation, damage to Trustor's own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations on the Property. In the event Trustor fails to perform any of their obligations under this Section, Beneficiary may perform (but shall not be required to perform) such obligations at Trustor's expense pursuant to Section 9 of this Trust Deed. In performing any such obligations of Trustor, Beneficiary shall at all times be deemed to be the agent of Trustor and shall not by reason of such performance be deemed to be assuming any responsibility of Trustor under any Environmental Law or to any third party.

7.3 **Further assurances**. At any time Beneficiary requests, Trustor shall provide to Beneficiary further assurances of Trustor's compliance with this Section 7. The assurances shall be in form and substance satisfactory to Beneficiary in Beneficiary's sole discretion, and may include, but not be limited to, Trustor providing to Beneficiary an environmental audit from a source acceptable to Beneficiary at Trustor's expense.

7.4 **Indemnification**. Trustor agrees to indemnify and hold harmless Beneficiary and its officers, directors, employees and agents, and Beneficiary's successors and assigns and their officers, directors, employees and agents against any and all claims, demands, losses, liabilities, costs and expenses (including, without limitation, attorney fees at trial and on any appeal or petition for review) incurred by such person (a) arising out of or relating to any investigatory or remedial action involving the Property and the operations conducted on the Property and required by Environmental Laws or by orders of any governmental authority having jurisdiction

under any Environmental Laws, or (b) on account of injury to any person whatsoever or damage to any property arising out of, in connection with or in any way relating to (i) the violation of any Environmental Laws, (ii) the use, treatment, storage, generation, manufacture, transport, release, spill, disposal or other handling of Hazardous Substances on the Property or in connection with operations, or (iii) the contamination of any of the Property by Hazardous Substances by any means whatsoever, and (c) without in any way limiting the foregoing for any other reason, or on account of, or in connection with the Property or this Trust Deed.

7.5 **Survival.** The covenants contained in this Section 7 shall survive the repayment of the Indebtedness and the delivery of a deed in lieu of foreclosure to Beneficiary or any successor of Beneficiary and shall survive any foreclosure, whether judicial or nonjudicial, of the Property by Beneficiary or any successor of Beneficiary, and shall be for the benefit of Beneficiary, and any successor to Beneficiary, as holder of any security interest in the Property or the Indebtedness, or as owner of the Property or any other property of Trustor following foreclosure or the delivery of a deed in lieu of foreclosure.

8. **USE OF PROPERTY.** Unless required by applicable law or unless Beneficiary has otherwise agreed in writing, Trustor shall not allow changes in the use for which all or any part of the Property was intended at the time this Trust Deed was executed. Trustor shall not initiate or acquiesce in a change in the zoning classification or comprehensive plan governing the Property without Beneficiary's prior written consent, Trustor warrants that this Trust Deed is and will at all times constitute a commercial deed of trust, as defined under applicable law.

9. **PROTECTION OF BENEFICIARY'S SECURITY.** If Trustor fails to perform the covenants and agreements contained in this Trust Deed, or if any action or proceeding is commenced which affects the property or title to the Property or the interest of Beneficiary in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, violation of any law concerning environmental protection and pollution control referred to in Section 7 above, or arrangements or proceedings involving a bankrupt or decedent, then Beneficiary at Beneficiary's option may make such appearances, disburse such sums and take such action as Beneficiary deems necessary or advisable, in its sole discretion, to protect Beneficiary's interest, including, but not limited to, (a) employment of attorneys or other advisors, (b) entry upon the Property to investigate and make repairs, (c) procurement of satisfactory insurance, and (d) payment of any tax or liens. Any amounts disbursed by Beneficiary pursuant to this Section 9, with interest thereon, shall become additional Indebtedness of Trustor secured by this Trust Deed. Unless Trustor and Beneficiary agree in writing to other terms of payment, such amounts shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the interest rate stated in the Note. Trustor hereby covenants and agrees that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged, in whole or in part, by the indebtedness secured by this Trust Deed. Nothing contained in this Section 9 shall require Beneficiary to incur any expense or take any action.

10. **INSPECTION.** Beneficiary may make or cause to be made reasonable entries upon the Property to inspect the Property including; but not limited to, inspecting any buildings on the Property and inspection and/or environmental evaluation of the Property.

11. **BOOKS AND RECORDS.** Trustor shall keep and maintain at all times complete and accurate books of accounts and records adequate to reflect correctly the results of the operation of the Property and copies of all written contracts, leases, and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination and inspection at

any reasonable time by Beneficiary. In addition, Trustor shall provide Beneficiary not later than May 1 of each year (a) a current financial statement; (b) a copy of the Trustor's tax return for the previous year; and, (c) a statement of income and expenses of the property, each in reasonable detail and certified by Trustor to be complete and correct, and, if Beneficiary shall require, reviewed by an independent certified public accountant. Trustor shall furnish, at any time upon Beneficiary's request, a rent schedule for the Property, certified by the Trustor, showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable and the rent paid.

12. **MAINTENANCE OF PERFORMANCE AND INCOME.** Trustor shall comply with all provisions in the Loan Agreement and other loan documents with regard to the maintenance of specific performance levels. If Trustor is unable to perform at those specific performance levels as stated in the Loan Agreement or other loan documents, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Trust Deed to be immediately due and payable, and may invoke any of the remedies permitted by this Trust Deed.

13. **CONDEMNATION.** Trustor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property, or part of the Property, and Trustor shall appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Trustor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Trustor, to commence, appear in and prosecute, in Beneficiary's or Trustor's name, any action or proceeding relating to any condemnation or other taking of the Property, whether direct or indirect and to settle or compromise any claim in connection with any such condemnation or other taking. The proceeds of any award, payment or claim for damages, direct or consequential, in connection with any condemnation or other taking, whether direct or indirect, of the Property, or part of the Property, or for conveyances in lieu of condemnation, are hereby assigned to and shall be paid to Beneficiary.

Trustor authorizes Beneficiary to apply such awards, payments, proceeds or damages, after the deduction of Beneficiary's expenses incurred in the collection of such amounts, at Beneficiary's option, to restoration or repair of the Property or to payment of the Indebtedness, whether or not then due, with the balance, if any, to Trustor. Unless Trustor and Beneficiary otherwise agree in writing, any application of proceeds to principal shall be applied to the most remote unpaid installment of principal and shall not extend or postpone the due date of any payments required under this Trust Deed or change the amount of any such payments. Trustor agrees to execute such further evidence or assignment of any awards, proceeds, damages or claims arising in connection with such condemnation or taking as Beneficiary may require.

14. **TRUSTOR AND LIEN NOT RELEASED.** From time to time, at Beneficiary's option, without giving notice to or obtaining the consent of Trustor, their successors or assigns or of any junior lienholder or guarantor and without any liability on Beneficiary's part and notwithstanding Trustor's breach of any covenant or agreement in the Loan Documents (including, but not limited to, this Trust Deed), Beneficiary may do any or all of the following:

- (a) Extend the time for payment of the Indebtedness or any part of it;
- (b) Reduce the payments on the Indebtedness;
- (c) Release anyone liable on any part of the indebtedness;
- (d) Accept renewal note or notes for the Indebtedness;
- (e) Release from the lien of this Trust Deed any part of the Property;
- (f) Release other or additional security;
- (g) Reconvey any part of the Property;
- (h) Consent to any map or plat of the Property;

- (i) Consent to any easement;
- (j) Execute any subordination agreement;
- (k) Renegotiate or adjust the initial interest rate as provided in the note or mortgage, upward or downward, which may increase or decrease the amount of periodic payments or may extend or shorten the term of the mortgage, or both;
- (l) Increase the underlying obligation secured by the mortgage as a result of deferment of all or a portion of the interest payments and the addition of such payments to the outstanding balance of the obligation;
- (m) Execute new notes at designated intervals during the term of the mortgage which reflect changes made pursuant to paragraph (a) or (b) of this subsection;
- (n) Substitute a note if there is no increase in the principal amount or interest rate to be paid under the note, or;
- (o) Modify the periodic payments required under the note if there is no increase in the principal amount due or the interest rate to be paid under the note.

Any action taken by Beneficiary pursuant to the terms of this Section or any modification of the period of the Note or change in the amount of the monthly installments payable under the Note or other Loan Documents, or any combination thereof, which may extend or reduce the term of the Note or this Trust Deed or both, shall not affect the obligation of Trustor's successors or assigns to pay the sums secured by this Trust Deed and the obligations of Trustor to observe the covenants of Trustor contained in this Trust Deed, shall not affect the guaranty of any person, corporation, partnership or other entity for payment of the Indebtedness secured by this Trust Deed, and shall not affect the lien or priority of lien of this Trust Deed on the Property. Unless otherwise provided by law, the priority of this Trust Deed shall not be affected by any change in terms whether or not it adversely affects subordinate or prior interest holders. Trustor shall pay Beneficiary a service charge, together with such title insurance premiums and attorney fees as may be incurred at Beneficiary's option for any such action if taken at Trustor's request.

15. **FORBEARANCE BY BENEFICIARY OR RECEIPT OF AWARDS NOT A WAIVER.** Any forbearance by lender in exercising any right or remedy under this Trust Deed, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy. The acceptance by Beneficiary of payment of any sum secured by this Trust Deed after the due date of such payment shall not be a waiver of Beneficiary's right to either require prompt payment when due of all other sums so secured or to declare a default of or failure to make prompt payment, nor shall Beneficiary's receipt of any awards, proceeds or damages under this Trust Deed operate to cure or waive any default in payment of sums secured by this Trust Deed.

16. **UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.** This Trust Deed is intended to be a security agreement pursuant to the California Commercial Code for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the California Commercial Code, and the Trustor hereby grants Beneficiary a security interest in said items. Trustor agrees that Beneficiary may file this Trust Deed, or a reproduction of it, in the real estate records of the California Secretary of State and in the appropriate filing index of the County in which the Property is situated, as a financing statement for any of the items specified above as part of the Property. Any reproduction of this Trust Deed or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor agrees to execute and deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals and amendments of them, and reproductions of this Trust Deed in such form as Beneficiary may require to perfect a security interest with respect to said items. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases of them, and shall pay all costs



and expenses of any record searches for financing statements Beneficiary may require. Trustor shall notify Beneficiary in writing prior to changing their names or moving their chief executive office or any of the Property secured by this Trust Deed. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created any other security interest in those items. Upon the Breach by Trustor of any covenant or agreement of Trustor contained in this Trust Deed, including, but not limited to, the covenants of Trustor to pay when due all sums secured by this Trust Deed, Beneficiary shall have the remedies of a secured party under the California Commercial Code and, at Beneficiary's option, may also invoke the remedies provided in this Trust Deed as to such items. In exercising any of said remedies, Beneficiary may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, whether by nonjudicial sale or otherwise, without in any way affecting the availability of Beneficiary's remedies under the California Commercial Code or of the other remedies provided in this Trust Deed.

17. **LEASES OF THE PROPERTY.** Trustor shall comply with and observe Trustor's obligations as landlord under all leases of the Property or any part thereof. Trustor shall furnish Beneficiary with executed copies of all leases now existing or in the future made of all or any part of the Property, and all leases now or in the future entered into will be in form and substance subject to the prior written approval of Beneficiary. All leases of the Property shall specifically provide that such leases are subordinate to this Trust Deed; that the tenant attorns to Beneficiary, such attornment to be effective upon Beneficiary's acquisition of title to the Property; that the tenant agrees to execute such further evidences of attornment as Beneficiary may from time to time request; that the attornment of tenant shall not be terminated by foreclosure; that the tenant agrees to execute such estoppel certificates in form and substance satisfactory to Beneficiary; and that Beneficiary, at Beneficiary's option, may accept or reject such attornments. Without Beneficiary's written consent, Trustor shall not request or consent to the subordination of any lease of all or any part of the Property to any lien subordinate to this Trust Deed. If Trustor becomes aware that any tenant proposes to do, or is doing, any act or thing which may give rise to any right of setoff against rent, Trustor shall (i) take such steps as shall be reasonably calculated to prevent the accrual of any right to a setoff against rent, (ii) notify Beneficiary thereof and of the amount of said setoffs, and (iii) within ten (10) days after such accrual, reimburse the tenant who shall have acquired such right to setoff or take such other steps as shall effectively discharge such setoff and as shall assure that rents thereafter due shall continue to be payable without setoff or deduction.

18. **ASSIGNMENTS OF RENTS.** As additional security under this Trust Deed, Trustor hereby assigns to Beneficiary the leases, rents or agreements concerning the Property now existing or in the future arising, provided that unless there is an event of default under the Loan Documents, Trustor shall have the right to collect and retain such rents as they become due and payable. Upon Beneficiary's request, Trustor shall execute any additional documents requested by Beneficiary to assign to Beneficiary any leases and all security and other deposits concerning Property. This assignment is not a delegation or assignment to Beneficiary of Trustor's duties or obligations under or in connection with the Property. Beneficiary's acceptance of this assignment does not constitute a promise by it nor does it in any way obligate it to perform any of Trustor's duties or obligations under or in connection with the leases, rents or agreements. Trustor hereby agrees to indemnify Beneficiary against and hold it harmless from any and all liability, loss or damage which it may or might incur under the leases, rents or agreements or under or by reason of the assignment and of and from any and all claims and demands whatsoever which may be asserted against it by any reason of any alleged obligation or undertaking on Beneficiary's or Trustor's part to perform or discharge any of the terms of the leases, rents or agreements.

19. **FUTURE ADVANCES.** Upon request of Trustor, Beneficiary, at Beneficiary's option so long as this Trust Deed secures Indebtedness held by Beneficiary, may make Future Advances to Trustor. Such Future Advances, with interest thereon, shall be secured by this Trust Deed if the loan documentation related to the Future Advance provides that the Future Advance is to be secured by this Trust Deed.

20. **PROHIBITION OF TRANSFER OF PROPERTY OR BENEFICIAL INTERESTS IN TRUSTOR; ASSUMPTION.** Without prior written consent of Beneficiary, Trustor shall not transfer or agree to transfer all or any part of Property or any interest in the Property. For the purpose of this section, the occurrence of any of the following events, without limitation, or any agreement to do any of the following, without limitation, shall be deemed to be a transfer of the Property:

(a) Any sale, contract to sell, conveyance, assignment or other transfer of, or grant of a mortgage, deed of trust, other lien, or other security interest in, all or any part of the legal or equitable title to Property;

(b) If Trustor is a corporation, any sale, conveyance, assignment, or other transfer of, or the grant of a security interest in, twenty-five percent (25%) or more in the aggregate during the term of the Trust Deed, of Trustor's voting stock and securities which may be converted to voting stock;

(c) If Trustor is a general partnership, the sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any general partnership interest of Trustor;

(d) If Trustor is a limited partnership, the sale, conveyance, assignment or other transfer of, or grant of a security interest in, any general partnership interest of Trustor, or twenty-five percent (25%) or more in the aggregate during the term of the Trust Deed, of the limited partnership interests of Trustor;

(e) The grant of a leasehold interest which contains an option to purchase.

If any of (a), (b), (c), (d) or (e) or any combination thereof occur, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Trust Deed to be immediately due and payable, and may invoke any of the remedies permitted by this Trust Deed. If Trustor or a prospective transferee applies to Beneficiary for consent to transfer, Beneficiary may require such information as may be reasonably necessary for Beneficiary to assess the prospective transferee's prior business experience, reputation and financial ability to perform Trustor's obligations under this Trust Deed. As a condition of its consent to any transfer, Beneficiary in its discretion may impose an assumption fee, and may increase the interest rate on the Note or under the other Loan Documents. However, notwithstanding any of the foregoing, Beneficiary, in its sole discretion, may withhold its consent to any transfer for any reason whether or not withholding consent is reasonable under the circumstances.

21. **LOAN AGREEMENT PROVISIONS.** Trustor agrees to comply with the covenants and conditions of the Loan Agreement and all other Loan Documents executed in connection with the Indebtedness secured by this Trust Deed. Trustor agrees that, if the terms of this Trust Deed are inconsistent with the terms of the Loan Agreement the terms of the Loan Agreement will control.

22. **DEFAULT.** The following shall constitute events of default:

(a) Failure of Trustor to pay any portion of the indebtedness when it is due.

(b) Failure of Trustor within the time required by this Trust Deed to make any payment for taxes, insurance or any other payment necessary to prevent filing of or discharge of any lien.

(c) Transfer or agreement to transfer any part or interest in the Property in any manner whatsoever, except for leases entered into by Trustor.

(d) Dissolution, termination of existence, insolvency or business failure of Trustor; the commencement by Trustor of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the filing of an involuntary petition against Trustor under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief which Trustor has not caused to be dismissed within 30 days after such filing; the appointment or the consent by Trustor to the appointment of a receiver, trustee, or custodian of Trustor or of any of Trustor's property which Trustor has not caused to be withdrawn within 30 days after such appointment; an assignment for the benefit of creditors by Trustor; the making or suffering by Trustor of a fraudulent transfer under applicable federal or state law; concealment by Trustor of any of its property in fraud of creditors; the imposition of a lien through legal proceedings or distraint upon any of the property of Trustor or Trustor's failure generally to pay its debts as such debts become due.

(e) Failure of Trustor to make any payment or perform any obligation under any superior liens or encumbrances, within the time required under those liens or encumbrances, or commencement of any suit or other action to foreclose any superior or inferior liens or encumbrances.

(f) Breach or default under the Loan Agreement or any other Loan Documents, which is not cured within any applicable cure period.

(g) Termination or revocation of any outstanding commitment to refinance this Indebtedness at the end of the term stated herein.

(h) Failure of Trustor to perform any obligations under this Trust Deed other than those described in the preceding paragraphs (a) through (g) of this Section, within ten (10) days after receipt of written notice from Beneficiary specifying the nature of the default.

No notice of default and no opportunity to cure shall be required if during the prior twelve (12) months Beneficiary already has sent a notice to Trustor concerning default in performance of the same obligation.

### 23. RIGHTS AND REMEDIES ON DEFAULT.

23.1 Remedies. Upon the occurrence of any event of default and at any time thereafter, Trustee or Beneficiary may exercise any one or more of the following rights and remedies:

(a) Beneficiary may declare all sums secured by this Trust Deed immediately due and payable.

(b) The Trustee shall have the right to foreclose by notice and sale, or Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law.

(c) If this Trust Deed is foreclosed by judicial procedure, Beneficiary will be entitled to a judgment against Trustor which will provide that if the foreclosure sale proceeds are insufficient to satisfy the judgment, execution may issue for the amount of the unpaid balance of the judgment.

(d) With respect to all or any part of the Property that constitutes personalty, Beneficiary shall have all rights and remedies of a secured party under the California Commercial Code.

(e) Beneficiary shall have the right to take

possession of the Property and, with or without taking possession of the Property, collect all the rents and revenues of the Property in accordance with this Trust Deed and/or in any other assignment of rents.

(f) 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, to collect all the rents and revenues from the Property and apply the proceeds, over and above cost of the receivership, against the sums due under this Trust Deed. The receiver may serve without bond if permitted by applicable law. Beneficiary's right to the appointment of a receiver shall exist whether or not apparent value of the Property exceeds the sums due under this Trust Deed by a substantial amount. Employment by Beneficiary shall not disqualify a person from serving as a receiver pursuant to applicable law.

(g) In the event 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 tenants at will of Beneficiary, or the purchaser of the Property, and shall pay a reasonable rental for use of the Property while in Trustor's possession.

(h) Trustee and Beneficiary shall have any other right or remedy provided in this Trust Deed, the Note, the Loan Agreement, or any other Loan Document, or available at law, in equity or otherwise.

### **23.2 Rights of Receiver or Beneficiary-in-Possession.**

Upon taking possession of all or any part of the Property, the receiver or Beneficiary may:

(a) Use, operate, manage, control and conduct business on the Property and make expenditures for all maintenance and improvements as in its judgment are proper;

(b) Collect the income from the Property, including any past due, and apply such sums to the expenses of use, operation and management, including, but not limited to, receiver's fees, premiums on receiver's bonds, and reasonable attorney fees and to the sums secured by this Trust Deed in any order as Beneficiary shall determine in Beneficiary's sole discretion;

(c) At Beneficiary's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors and make any changes in plans or specifications as Beneficiary deems appropriate.

Beneficiary or the receiver shall be liable to account only for those rents actually received. If the revenues produced by the Property are insufficient to pay expenses, the receiver may borrow from Beneficiary (if Beneficiary, in its sole discretion, agrees to lend) or otherwise, or Beneficiary may borrow or advance, such sums as the receiver or Beneficiary may deem necessary for purposes stated in this paragraph. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the same interest rate as provided in Section 9. Such sums shall become part of the Indebtedness secured by this Trust Deed and shall be payable by Trustor on demand.

### **23.3 Waiver of Marshalling; Sale of the Property.**

Notwithstanding the existence of any other mortgage, deed of trust, other lien or other security interests in the Property held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Property, real or personal or mixed, shall be subject to the remedies provided in this Trust Deed. Beneficiary shall have the right to determine the order in which any or all portions of the Indebtedness secured by this Trust Deed are satisfied from the proceeds realized upon the exercise

of the remedies provided in this Trust Deed. In exercising its rights and remedies, Beneficiary, at Beneficiary's sole discretion, may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Beneficiary may bid at any public sale on all or any portion of the Property(s). Trustor, any party who consents to this Trust Deed and any party who now or in the future acquires a security interest in the Property and who has actual or constructive notice of this Trust Deed hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided in this Trust Deed.

23.4 **Notice of Sale.** Upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In the event of default, the Beneficiary may employ counsel to enforce payment of the obligation secured hereby, and shall execute a written notice of such default and, at Beneficiary's election, to cause to be sold the herein described property to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the recorder of each county wherein said real property or some part thereof is situated. Prior to the publication of a Notice of Sale, the Beneficiary shall deliver to the Trustee this Deed of Trust and the Note or other evidence of indebtedness which is secured hereby, together with a written request for the Trustee to proceed with a sale of the property described herein, pursuant to the provisions of law and this Deed of Trust. Notice of sale having been given as then required by law, and not less than the time required by law having elapsed after recordation of such notice of default, 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 or 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 and place fixed by the preceding postponement. Trustee shall deliver to the 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, may purchase at such sale.

23.5 **Waiver; Election of Remedies; Remedies Cumulative.** A waiver by any party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Trust Deed are distinct and cumulative and not exclusive to all other rights or remedies under this Trust Deed or Loan Documents or afforded by law or equity, and may be exercised concurrently, independently, or successively in any order whatsoever. An election to make expenditures or take action to perform an obligation of Trustor shall not affect Beneficiary's right to declare a default and exercise its remedies under this Trust Deed.

23.6 **Trustor's Right to Reinstate.** Notwithstanding Beneficiary's acceleration of the sums secured by the Trust Deed, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Trust Deed discontinued at any time prior to the earlier to occur of (a) the fifth day before sale of the Property pursuant to the power of sale contained in the Trust Deed or (b) entry of a judgement enforcing this Trust Deed if: (i) Trustor pays Beneficiary all sums which would be then due under this Trust Deed, the Note and notes securing Future Advances, if any, had no acceleration occurred; (ii) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Trust Deed;

(iii) Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing covenants and agreements of Trustor contained in this Trust Deed and in enforcing Beneficiary's and Trustee's remedies as provided in this Trust Deed, including, but not limited to, reasonable attorney's fees; and, (iv) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Trust Deed, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Trust Deed shall continue unimpaired. Upon such payment and cure by Trustor, this Trust Deed and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

24. **SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; AGENTS; CAPTIONS.** The covenants and agreement contained in this Trust Deed shall bind, and the rights under this Trust Deed shall inure to, the respective successors and assigns of Beneficiary and Trustor, subject to the provisions of Section 19 of this Trust Deed. This Trust Deed may be assigned in whole or in part to any person by Beneficiary and without notice to or affecting Trustor's liability hereunder, and Beneficiary, in connection with such assignment, participation, or similar arrangement, may make all credit and financial data furnished and to be furnished by Trustor available to such existing or prospective assignee, participant or person. If Beneficiary assigns to any assignees, participants or other persons all of Beneficiary's interest in this Trust Deed, then Beneficiary shall be and is released from any obligations under this Trust Deed. All covenants and agreements of Trustor shall be joint and several. In exercising any rights under this Trust Deed or taking any actions provided for in this Trust Deed, Beneficiary may act through its employees, agents or independent contractors as authorized by Beneficiary. The captions and heading of the sections of this Trust Deed are for convenience only and are not to be used to interpret or define the provisions of this Trust Deed.

25. **NOTICE.** Except as specified to the contrary in the Loan Documents and except for any notice required under applicable law to be given in another manner, (a) any notice to Trustor provided for in this Trust Deed or in the Loan Documents shall be given by mailing such notice by certified mail, return receipt requested, addressed to Trustor at Trustor's addresses stated above or at such other address as Trustor may designate by notice to Beneficiary as provided in this Trust Deed, and (b) any notice to Beneficiary shall be given by certified mail, return receipt requested, to Beneficiary's address stated in this Trust Deed or such other address as Beneficiary may designate by notice to Trustor as provided in this Trust Deed. Any notice provided for in this Trust Deed or in the Note or other Loan Documents shall be deemed to have been given to Trustor or Beneficiary on the date mailed when given in the manner designated in this Trust Deed.

26. **WAIVER OF STATUTE OF LIMITATIONS.** Trustor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Trust Deed or to any action brought to enforce the Note, the other Loan Documents or any other obligation secured by this Trust Deed.

27. **RECONVEYANCE.** Upon payment of the Indebtedness secured by this Trust Deed, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Trust Deed and all notes evidencing Indebtedness secured by this Trust Deed to Trustee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to the Property. Such person or persons shall pay Trustee's fee and other costs incurred in so reconveying the Property.

28. **SUBSTITUTE TRUSTEE.** In accordance with applicable law, Beneficiary may from time to time appoint a successor trustee to any Trustee appointed under this Trust Deed. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee in this Trust Deed and by applicable law.

29. **FEDERAL TAX REGULATIONS.**

29.1 **Report of Real Estate Transaction.** Trustor has made or provided for making, or will make or provide for making, on a timely basis, any reports or returns required under Section 6045 (e) of the Internal Revenue Code of 1986 (and any similar reports or returns required by state or local law) relating to the Property, notwithstanding the fact that the primary reporting responsibility may fall on Beneficiary, counsel for Beneficiary, or other party. Trustor's obligations under this paragraph will be deemed to be satisfied if proper and timely reports and returns required under this paragraph are filed by a title company or real estate broker involved in the real estate transaction relating to the Property, but nothing contained herein shall be construed to require such returns or reports to be filed by Beneficiary or counsel for Beneficiary.

29.2 **Nonforeign Certification.** Section 1445 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") provides that a transferee of a U. S. real property interest must withhold tax if the transferor is a foreign person. To inform Beneficiary that the withholding of tax will not be required in the event of the disposition of the Property or improvements pursuant to the terms of this Trust Deed, Trustor hereby certifies, under penalty of perjury, that:

- (a) Trustor is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder;
- (b) Trustor's U. S. employer identification number is 68-0408913 ;
- (c) Trustor's principal place of business is 38173 HIGHWAY 299E; BURNEY, CALIFORNIA 96013 .

Beneficiary may disclose the contents of this certification to the Internal Revenue Service. Trustor acknowledges that any false statement could be punished by fine, imprisonment or both. Trustor covenants and agrees to execute such further certificates, which shall be signed under penalty of perjury, as Beneficiary shall reasonably require. The covenant set forth herein shall survive the foreclosure of the lien of this Trust Deed or acceptance of a deed in lieu thereof.

30. **ATTORNEY FEES.** In the event suit or action is instituted to enforce or interpret any of the terms of this Trust Deed, including, but not limited to any action or participation by Trustor or Beneficiary in, or in connection with, a case or proceeding under the Bankruptcy Code or any successor statute, the prevailing party shall be entitled to recover all expenses reasonably incurred at, before and after trial and on appeal whether or not taxable as costs, including, without limitation, attorney fees, witness fees (expert and otherwise), deposition costs, copying charges and other expenses. Whether or not any court action is involved, all reasonable expenses, including, but not limited to, the costs of searching records, obtaining title reports or appraisals, surveyor reports, title insurance, trustee fees, and attorney fees, incurred by Beneficiary that are necessary or advisable at any time in Beneficiary's opinion for the protection of its interest or enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest from the date of expenditure until paid at the interest rate provided in the Note, as adjusted pursuant to the provisions of the Note.

31. **GOVERNING LAW; SEVERABILITY.** This Trust Deed shall be governed by the law of the State of California. In the event that any provision or clause of this Trust Deed, or the Note, or Loan Agreement or other Loan Documents conflicts with applicable law, such conflict shall not affect other provisions of this Trust Deed, the Note, the Loan Agreement or other Loan Documents which can be given effect without the conflicting provision, and to this end, the provisions of this Trust Deed, the Note, the Loan Agreement and other Loan Documents are declared to severable.

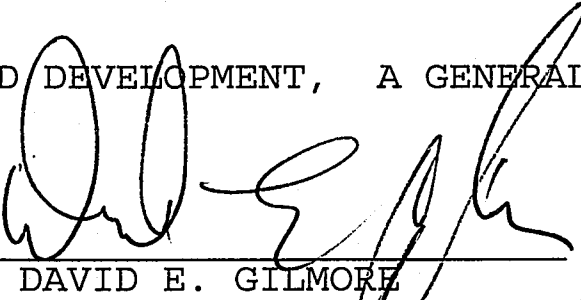
32. **TIME OF ESSENCE.** Time is of the essence in the payment and performance of the obligations under and secured by this Trust Deed and the other Loan Documents.

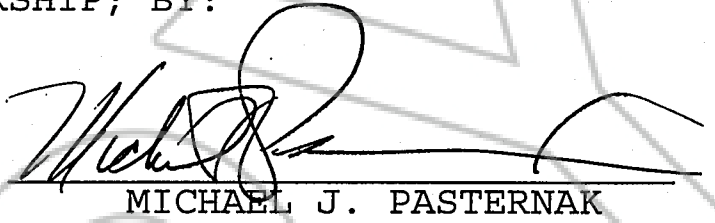
33. **CHANGES IN WRITING.** Any term of this Trust Deed and any addendum to the Trust Deed may only be changed, waived, discharged or terminated by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any agreement subsequently made by Trustor or Beneficiary relating to this Trust Deed shall be superior to the rights of the holder of any intervening lien or encumbrance.

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

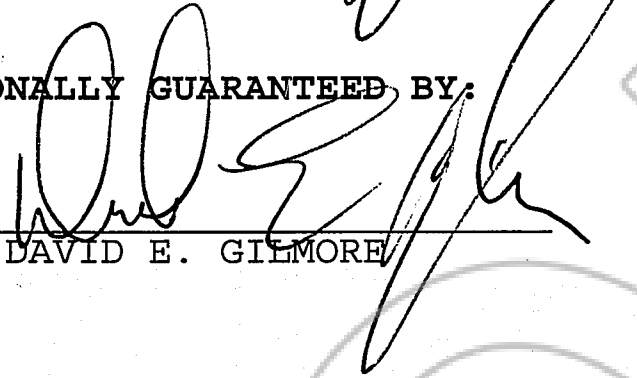
**IN WITNESS WHEREOF,** Trustor has executed this Trust Deed or has caused it to be executed by its duly authorized representative(s).

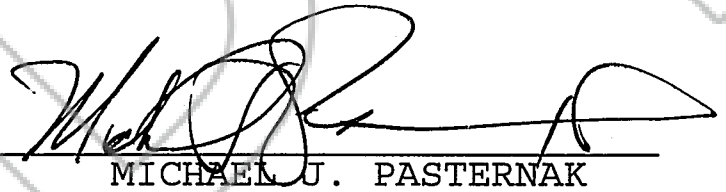
M & D DEVELOPMENT, A GENERAL PARTNERSHIP; BY:

  
\_\_\_\_\_  
DAVID E. GILMORE

  
\_\_\_\_\_  
MICHAEL J. PASTERNAK

**PERSONALLY GUARANTEED BY:**

  
\_\_\_\_\_  
DAVID E. GILMORE

  
\_\_\_\_\_  
MICHAEL J. PASTERNAK

STATE OF California  
COUNTY OF Shasta

Before me, Marcella J. Leigh, a Notary Public for said County and State, personally appeared DAVID E. GILMORE and MICHAEL J. PASTERNAK, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged THEMSELVES to be PARTNERS of M & D DEVELOPMENT, A GENERAL PARTNERSHIP, a partnership that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of the partnership therein named, and acknowledged to me that such partnership executed the within instrument pursuant to the provisions of Articles of Organization of said partnership. The above named further acknowledged the foregoing instrument to be THEIR individual, voluntary and personal act and deed.

Before me:

  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: Feb. 14, 2002

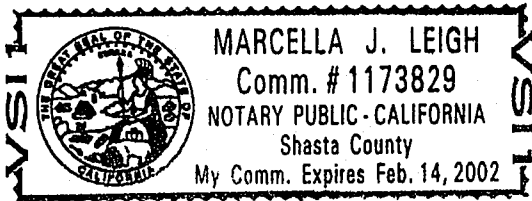




Exhibit A

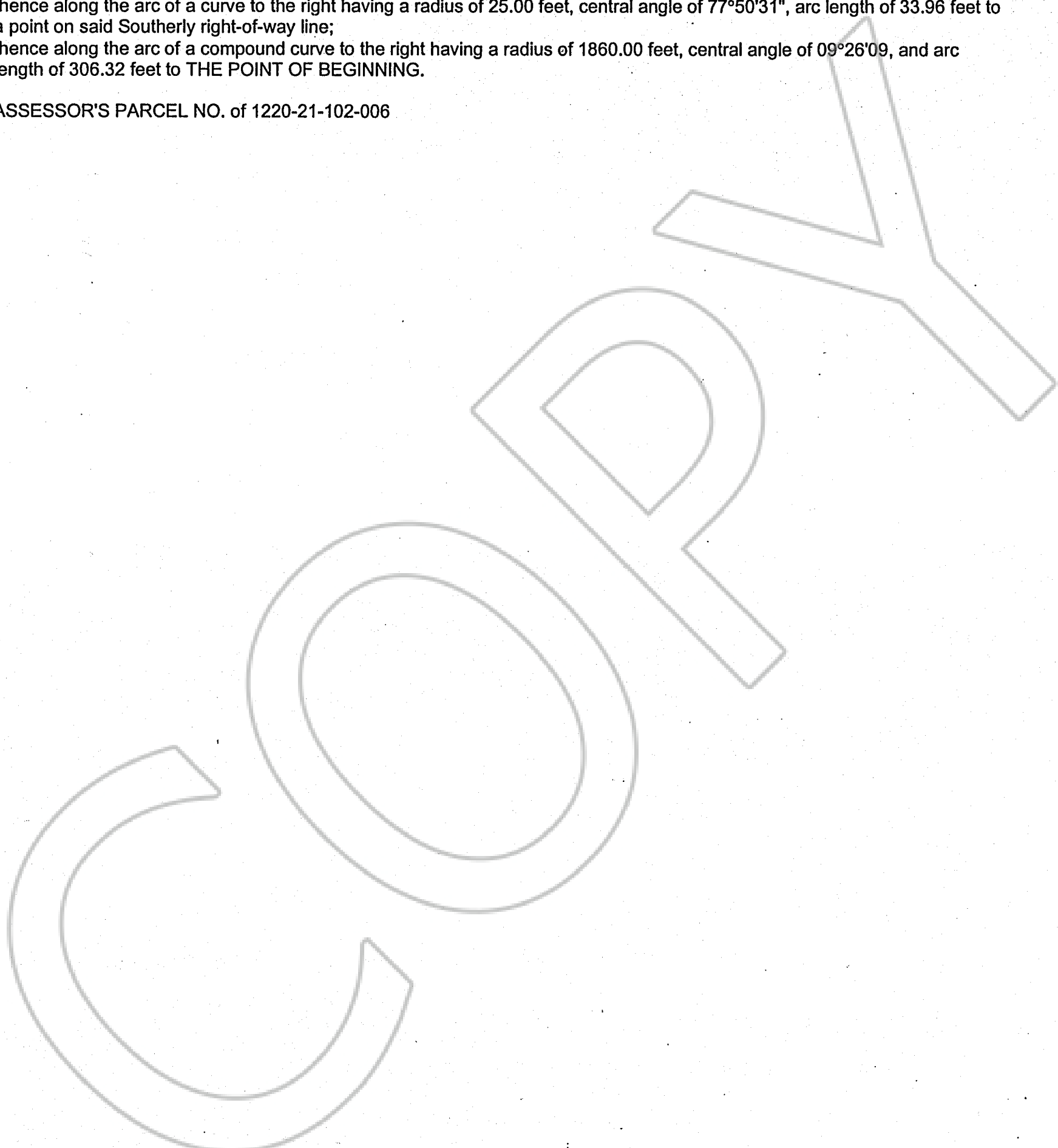
All that real property situate in the County of Douglas , State of Nevada, described as follows:

PARCEL 3

A parcel of land located within a portion of the Northwest 1/4 of Section 21, Township 12 North, Range 20 East, M.D.M., more particularly described as follows;

COMMENCING at the Northeast corner of Parcel 1, as shown on the Parcel Map for VALLEY INVESTMENTS WEST, recorded September 23, 1987, in the office of the Recorder, Douglas County, Nevada, as Document No. 162769; thence along the Southerly right-of-way line of Kimmerling Road South 89°49'14" West, 549.98 feet; thence continuing along said right-of-way line along the arc of a curve to the left having a radius of 1860 feet, a central angle of 02°31'47: and arc length of 82.12 feet to THE POINT OF BEGINNING; thence South 00°00'47" West, 261.42 feet; thence North 89°59'13" West, 323.13 feet; thence North 00°00'47" East, 197.36 feet; thence along the arc of a curve to the right having a radius of 25.00 feet, central angle of 77°50'31", arc length of 33.96 feet to a point on said Southerly right-of-way line; thence along the arc of a compound curve to the right having a radius of 1860.00 feet, central angle of 09°26'09, and arc length of 306.32 feet to THE POINT OF BEGINNING.

ASSESSOR'S PARCEL NO. of 1220-21-102-006



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

2001 MAR 13 PM 3: 07

LINDA SLATER  
RECORDER

\$ 23.00 PAID BC DEPUTY

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