

B-  
APN: 05-115-076

After recording, return to:  
Bob DeLett Chartered  
a Law Corporation  
550 Hammill Lane  
Reno, Nevada 89511

---

## DEED OF TRUST

THIS DEED OF TRUST is made this 12<sup>th</sup> day of May, 2001, by and between DENNIS B. FARNESI (herein the "Trustor"), whose address is 633 Freel, Marla Bay, Nevada, 89448; First American Title Company (herein the "Trustee"), and Dennis B. Farnesi Profit Sharing Plan and Trust, with an address of 340 Pyramid Way, Sparks, Nevada 89431 (herein the "Beneficiary"). Trustor grants to Trustee in trust, with power of sale, that certain property located in Douglas County, State of Nevada, being more particularly described as follows:

Lot 24, Block C, as delineated on that certain map entitled "Amended Map of Subdivision No. 2 Zephyr Cove Properties, Inc." Sections 9 and 10, Township 13 North, Range 18 East, which was filed for records on August 5, 1929, in the office of the County Recorder of Douglas County, Nevada.

Together with the rents, issues and profits thereof, subject, however, to the rights, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

The Trustee, its successors, and assigns shall hold said property for the purpose of securing payment of that certain Promissory Note of even date herewith, in the principal sum of TWELVE THOUSAND FIVE HUNDRED (\$12,500) bearing interest at the rate of Six Percent (6%) per annum; together with all modifications, extensions, and renewals of said Promissory Note.

In addition, to protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements,

0519331

BK0701PG7053

and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth below in Sections "A" and "B".

The Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to them at their stated above.

## **SECTION A.**

**To Protect the Security of this Deed of Trust, the Trustor agrees as follows:**

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

**(2) Good Repair and Insurance.** To keep all buildings that may now or at any time be on said property during the continuance of this trust in good repair and insured against loss by fire, with extended coverage endorsement, with an insurance company authorized to issue such insurance in the State of Nevada, for such sum or sums as shall equal the total indebtedness secured by this Deed of Trust and shall be payable to Beneficiary to extent of the amount of the unsatisfied obligation to Beneficiary hereby secured, and to advise the Beneficiary of the insuring company and policy numbers of such insurance, and in default thereof, Beneficiary may procure such insurance and make such repairs, and expend for either of such purposes such reasonable sum or sums as Beneficiary shall deem proper.

**(3) Deferred Actions.** To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or the Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

0519331

BK0701PG7054

**(4) Pay Taxes and Assessment Penalties.** To pay all taxes and assessments affecting said property at least ten (10) days before delinquency; and when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto, and all costs, fees and expenses of this trust at least ten (10) days before delinquency.

Should Borrower fail to make any payment or do any act as herein provided, then the Beneficiary or the Trustee, without obligation and without notice or demand upon Trustor, and without releasing Trustor from any obligation hereof, may: (1) make or do the same in such manner and to such extent as either the Beneficiary or the Trustee shall deem necessary to protect the security hereof; (2) enter upon said property for such purposes; (3) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary or the Trustee; (4) pay, purchase, contest or compromise any encumbrance, charge or lien which, in the judgment of either the Beneficiary or the Trustee, appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay reasonable fees for such counsel.

**(5) Reimburse Beneficiary.** To pay immediately and without demand all sums expended by the Beneficiary or the Trustee of amounts described in this Section A, with interest from the date of expenditure at Six Percent (6%) per annum.

**(6) Late Fee.** At Beneficiary's option, Trustor will pay a "late charge" of Five Hundred Fifty (\$550) for each installment paid more than ten (10) days after the due date thereof as interest and not as a penalty.

## **SECTION B.**

**The Mutual Agreement of the Trustor, the Trustee and the Beneficiary is that:**

**(1) Damage Awards.** 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 the Beneficiary who may apply or release such moneys so received in the same manner and with the same effect as provided above for disposition of proceeds from fire or other insurance.

**(2) No Waiver.** By accepting payment of any sum secured hereby after its due date, the Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

0519331

BK0701PG7055

**(3) No Liability for Trustee Acts.** At any time or from time to time, without liability therefor and without notice, upon written request of the Beneficiary and presentation of this Deed of Trust, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, the Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

**(4) Recovery.** Upon written request of the Beneficiary stating that all sums secured hereby have been paid, and upon payment of fees, the Trustee shall reconvey, without warranty, the property then held hereunder. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

**(5) Rents and Profits as Additional Security.** As additional security, the Trustor hereby gives and confers upon the Beneficiary, the right, power, and authority, during the continuance of this trust, to collect the rents, issues and profits of said property, reserving unto the Trustor the right, prior to any default by the Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Beneficiary may at any time without notice, either in person, by agent, or by a receiver appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as the Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

**(6) Default.** Upon default by the Trustor in payment of the indebtedness secured hereby or in performance of any agreement hereunder, the Beneficiary may declare all sums secured hereby immediately due and payable by delivery to the Trustee of written notice of default and of election to cause to be sold said property, which notice the Trustee shall cause to be recorded. The Beneficiary also shall deposit with Trustee this Deed of Trust and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law for the sale of real property under writ of execution, the Trustee, without demand on the Trustor, shall sell said property or any part thereof at the time and place fixed by the Trustee in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. The Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. In the event that any indebtedness secured hereby shall not have been fully satisfied by said sale, the Trustee may give notice of sale of any property not previously noticed for sale in the manner set forth and sell the same in the manner set forth above.

The Trustee shall deliver to any purchaser its deed conveying the property sold, but without any covenant or warranty, express or implied. Any person, including the Trustor, the Trustee, or the Beneficiary may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including a reasonable fee for the attorney of the Trustee, and of this trust, in connection with the sale, the Trustee shall apply the proceeds of sale to payment of: (1) all sums expended under the terms hereof, not then repaid, with accrued interest at Eleven Percent (11%) per annum; (2) all other sums then secured hereby; and (3) the remainder, if any, to the person or persons legally entitled thereto.

**(7) Substitute Trustee.** The Beneficiary, or his assignee, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee name herein or acting hereunder, which instrument, executed and acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of property substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where, or document or file number under which, this Deed of Trust is recorded, and the name and address of the new Trustee. If notice of default shall have been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee shall have been paid to such Trustee, who shall endorse receipt thereof

0519331  
BK0701PG7057

upon such instrument of substitution. The procedure herein provided for substitution of Trustee shall be exclusive of all other provisions for substitution, statutory or otherwise.

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

**(9) Trust Irrevocable.** The rights and remedies hereby granted shall not exclude any other rights or remedies granted by law, and all rights and remedies granted hereunder or permitted by law shall be concurrent and cumulative. A violation of any of the covenants herein expressly set forth shall have the same effect as the violation of any covenant herein adopted by reference.

**(10) Benefit and Burden.** It is expressly agreed that the trust created hereby is irrevocable by the Trustor.

**(11) Heirs, Successors, Assigns, Gender, Singular, Plural.** That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledges, of the Contract secured hereby, whether or not named as the Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

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

**(13) Deficiency Payments.** The 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.

**(14) Notice to Trustor.** The undersigned Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to them at his address set forth above.

(15) Jurisdiction. The laws of the State of Nevada shall govern the validity of this deed of trust, the construction of its terms, and the interpretation of the rights and duties of the parties and the parties stipulate and consent to jurisdiction according to the laws of the State of Nevada.

*Dennis B. Farnesi*  
DENNIS B. FARNESI

JANESE M. STIMMEL  
Notary Public - State of Nevada  
Appointment Recorded in Washoe County  
No: 99-38978-2 - Expires October 4, 2003

JANESE M. STIMMEL  
Notary Public - State of Nevada  
Appointment Recorded in Washoe County  
No: 99-38978-2 - Expires October 4, 2003

STATE OF NEVADA

COUNTY OF WASHOE

)  
)  
)  
SS.

This instrument was acknowledged before me on May 22, 2001, by DENNIS B. FARNESI.

*Janese M. Stimmel*  
Notary Public

REQUESTED BY  
*Robert L. Delett*  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

2001 JUL 27 AM 11:12

LINDA SLATER  
RECORDER

\$1300 PAID *BL* DEPUTY

0519331

BK0701PG7059