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A.P.N. 1420-07-616-041

WHEN RECORDED MAIL TO:

LOAN SERVICE & CLAIMS (263)
DEPARTMENT OF VETERANS AFFAIRS
LOAN GUARANTY DIVISION
1301 CLAY ST., 1300 NORTH
OAKLAND, CA 94612-5209

SPACE ABOVE THIS LINE FOR RECORDER'S USE

VA Form 26-5426 (cg) (Direct Loan)
Rev. October 1998
Section 1811, Title 38, U.S.C.

NEVADA

VA LOAN NO. 43-43-7-0025622

DEED OF TRUST

THIS DEED OF TRUST, Made this 16th day of August, 2001, Between, LLOYD PENROD, a Single Man and DEBBIE A. WELBORN, a Single Woman AS JOINT TENANTS hereinafter called "grantor," DAVID F. PIERSALL, Department of Veterans Affairs, Oakland, California, Trustee(s) hereinafter called "Trustee," and the Secretary of Veterans Affairs, an Officer of the United States of America, whose principal office and post office address is Department of Veterans Affairs, Washington, D.C. 20420, and his successor in such office, as such hereinafter with his successors and assigns, called the "holder".

WHEREAS, grantor has executed and delivered to the holder a certain promissory note of even date herewith in the principal sum of One Hundred and Nine Thousand, Five Hundred and Fifty Dollars and no Cents (\$ 109550.00), with interest at the rate of SEVEN per centum (7.00 %) per annum on the unpaid balance until paid, the said principal and interest being payable at the office of the Loan Guaranty Officer, Department of Veterans Affairs Regional Office, in Oakland, or at such other place as the holder of the note may designate in writing delivered to mailed to the debtor, in monthly installments of Seven Hundred and Twenty-eight Dollars and Eighty-four Cents (\$ 728.84), commencing on the 1st day of October, 2001, and continuing on the 1st day of each month thereafter until the principal and interest are fully paid, except that if not sooner paid, the final payment of principal and interest shall be due and payable on the 1st day of September, 2031. All conditions and obligations of said note are hereby referred to and made a part of this instrument.

NOW, THEREFORE, THIS DEED OF TRUST WITNESSETH, that the grantor in consideration of the foregoing, and for the purpose of better securing all the other covenants and conditions of the above note and of this Deed of Trust, and in further consideration of the sum of One Dollar (\$1) legal tender to him in hand paid by the Trustee, the receipt whereof is hereby acknowledged, has irrevocably granted, bargained, sold, conveyed, assigned, and confirmed, and by these presents does hereby grant, bargain, sell, convey, assign, and confirm unto said Trustee, all that certain property situated in County of DOUGLAS, State of Nevada, described as follows:

Lot 91, Block "B", as shown on the filed map of HIGHLAND ESTATES UNIT NO. 2, filed in the office of the County Recorder of Douglas County, State of Nevada, on July 27, 1978, as Document No. 17090.

APN: 13-226-21

"THIS LOAN MAY NOT BE ASSUMED WITHOUT THE PRIOR APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT, SUCCESSORS OR ASSIGNS".

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Together with all tenements, hereditaments and appurtenances thereunto belonging and all water and water rights in connection therewith or shares of stock evidencing such water or water rights; and all fixtures now or hereafter attached to or used in connection with the premises herein described; and in addition thereto the following described household appliances, which are, and shall be deemed to be, fixtures and a part of the realty and are a portion of the security for the indebtedness herein mentioned:

TO HAVE AND TO HOLD the same unto the Trustee, as herein provided.

IN AND UPON THE USES AND TRUSTS, HEREINAFTER DECLARED, that is to say:

First ---To permit said grantor, to possess and enjoy said described premises, and to receive the issues and profits thereof until default be made in the payment of any indebtedness hereby secured or in the performance of any of the covenants herein provided; and upon the full payment of said note and of any extensions or renewals thereof, and the interest thereon, and all moneys advanced or expended, as herein provided, and all other proper costs, charges, commissions, half-commissions, expenses, to release and reconvey in fee unto and at the cost of the said grantor, the said described land and premises.

Second---Upon a default in the payment of any indebtedness hereby secured or in the performance of any of the terms or conditions hereof or if grantor be adjudicated bankrupt or made defendant in a bankruptcy or receivership proceeding then, in any such event, the whole indebtedness hereby secured shall, at the option of the holder of the indebtedness hereby secured, become immediately due and payable and the Trustee shall have power, in strict accordance with the applicable laws of this State, and it shall be his, duty thereafter to sell and in case of any default of any purchaser to resell, at public auction, for cash, in one parcel at such time and place, and after such previous public advertisement as the Trustee shall deem advantageous and proper; and to convey the same in fee simple, upon compliance with the terms of sale, to and at the cost of the purchaser or purchasers thereof. Covenant No.8 of NRS 107.030 is hereby adopted and made a part of this Deed of Trust. Trustee shall apply the proceeds of said sale or sales: First, to pay all proper costs, charges, expenses, and costs herein provided for, and all moneys advanced for costs or expenses, or expense of litigation as aforesaid, or taxes or assessments, or insurance with interest thereon as aforesaid, and all taxes, general and special, and assessments, due upon said land and premises at time of sale; Second, to pay to holder whatever may then remain unpaid of the principal of the said note whether the same shall be due or not, and the interest thereon to date of payment, it being agreed that said note shall, upon such sale being made before the maturity of said note, be and become immediately due and payable, at the election of the holder; Third, to reimburse the Department of Veterans Affairs for any sums paid by it on account of the guaranty or insurance of the indebtedness hereby secured; and last, to pay the remainder of said proceeds, if any, to said grantor, upon the delivery of and surrender to the purchasers, his/her, or their heirs or assigns, of possession of the premises as aforesaid sold and conveyed, less the expense, if any, of obtaining possession.

The holder of the indebtedness secured by this Deed of Trust shall be entitled to remove, substitute, or add a Trustee or trustees; at its option, with or without cause or notice, by instrument duly executed, acknowledged and recorded among the land records of the county aforesaid. Such substitute Trustee or Trustees shall have all the estate, powers, duties, rights and privileges of the predecessor Trustee. It shall be the duty of each superseded Trustee to execute, acknowledge, and deliver an appropriate instrument of conveyance to the substitute Trustee or Trustees replacing him.

Grantor, in order more fully to protect the security of this Deed of Trust, does hereby covenant and agree as follows:

1. He will pay the indebtedness as herein before provided. Privilege is reserved to prepay at any time, without premium or fee, the entire indebtedness or any part thereof not less than the amount of one installment, or one hundred dollars (\$100.00), whichever is less. Any prepayment made on other than an installment due date will not be credited until the next following installment due date.

2. Together with, and in addition to, the monthly payments of principal and interest payable under the terms of the note secured hereby, he will pay to the holder as trustee, (under the terms of this trust as hereinafter stated), on the installment due date of each month until the said note is fully paid:

(a) A sum equal to the ground rents if any and the taxes and assessments next due on the premises covered by this Deed of Trust, plus the premiums that will next become due and payable on policies of fire and other hazard insurance on the premises covered hereby (all as estimated by the holder, and of which the grantor is notified), less all sums already paid therefor, divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, taxes and assessments will become delinquent, such sums to be held by the holder in trust to pay said ground rents, premiums, taxes, and assessments, before the same become delinquent.

(b) The aggregate of the amounts payable pursuant to subparagraph (a) and those payable on the note secured hereby, shall be paid in a single payment each month, to be applied to the following items in the order stated:

- (I) ground rents, taxes, assessments, fire and other hazard insurance premiums.
- (II) Interest on the indebtedness secured hereby, and
- (III) amortization of the principal of said indebtedness.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the grantor prior to the due date of the next such payment, constitute an event of default under Deed of Trust. At holder's option, grantor will pay a "late charge" not exceeding four per centum (4%) of any installment when paid more than fifteen (15) days after the due date thereof to cover the

extra expense involved in handling delinquent payments, but such "late charge" shall not be payable out of the proceeds of any sale made to satisfy the indebtedness secured hereby, unless such proceeds are sufficient to discharge the entire indebtedness and all proper costs and expenses secured hereby.

3. If the total of the payments made by the grantor under (a) of paragraph 2 preceding shall exceed the amount of payments actually made by the holder as trustee for ground rents, taxes or assessments, or insurance premiums as the case may be, such excess shall be credited on subsequent payments to be made by the grantor for such items or, at the option of the holder, shall be refunded to grantor. If however such monthly payment shall not be sufficient to pay such items when the same shall become due and payable, then the grantor shall pay to the holder of the note as trustee any amount necessary to make up the deficiency within thirty (30) days after written notice from the holder stating the amount of the deficiency, which notice may be given by mail. If at anytime the grantor shall tender to the holder of the note, in accordance with the provisions of the note secured hereby, full payment of the entire indebtedness represented thereby, such holder as trustee shall in computing the amount of such indebtedness, credit to the account of the grantor any credit balance accumulated under the provisions of (a) of paragraph 2. If there shall be a default under any of the provision of this Deed of Trust resulting in a public sale of the premises covered hereby, or if the holder acquired the property otherwise after default it shall apply as trustee, at the time of the commencement of such proceeding, or at the time the property is otherwise acquired, the amount then remaining to credit of Grantor under (a) preceding, as a credit on the interest accrued and unpaid and the balance to the principal remaining unpaid on said note.

4. He will pay all ground rents, taxes, assessments, water rates and other governmental or municipal charges, fines, or impositions, levied upon said premises except when payment for all such items has theretofore been made under (a) of paragraph 2 hereof, and he will promptly deliver the official receipts therefor to the

holder.

5. He will immediately maintain hazard insurance, of such type or types and amounts as the holder may from time to time require, on the improvements now or hereafter on said premises and except when payment for all such premiums has theretofore been made under (a) of paragraph 2 hereof, will pay promptly when due any premium therefor. All insurance shall be carried in companies approved by the holder. The policies and renewals thereof shall be held by the holder and have attached thereto loss payable clauses in favor of an in form acceptable to the holder. In event of loss he will give immediate notice by mail to the holder, who may make proof of loss if not make promptly by the grantor. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the holder instead of to the grantor and the holder jointly. the insurance proceeds, or any part thereof, may be applied by the holder at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of foreclosure of this Deed of Trust, or other transfer of title to said premises in extinguishment of the indebtedness secured hereby, all right, title, and interest of the grantor in and to any insurance policies then in force shall pass to the purchaser or grantee.

6. He shall not commit or permit waste; and shall maintain the property in as good condition as at present, reasonable wear and tear excepted.

7. Holder may perform any defaulted covenant or agreement of Grantor to such extent as holder shall determine, and any moneys advanced by holder for such purposes shall bear interest at the rate provided for in the principal indebtedness, shall thereupon become a part of the indebtedness secured by this instrument, ratably and on a parity with all other indebtedness secured hereby, and shall be payable thirty (30) days after demand.

8. Upon the request of the holder, the Grantor shall execute and deliver a supplemental note or notes for the sum or sums advanced by the holder for the alteration, modernization or improvement made at the Grantor's request; or for maintenance of said premises or taxes or assessment against the same and for any other purpose elsewhere authorized hereunder. Said note or notes shall be secured hereby on a parity with and as fully as if the advance evidenced thereby were included in the note first described above. Said supplemental note or notes shall bear interest at the rate provided for in the principal indebtedness and shall be payable in approximately equal monthly payments for such period as may be agreed upon by the holder and Grantor. Failing to agree on the maturity, the whole of the sum or sums so advanced shall be due and payable thirty (30) days after demand by the holder. In no event shall the maturity extend beyond the ultimate maturity of the note first described above.

9. If the premiums, or any part thereof, be condemned under any power of eminent domain, or acquired for a public use, the damages, proceeds and the consideration for such acquisition, to the extent of the full amount of indebtedness upon this Deed of Trust and the note secured hereby remaining unpaid, are hereby assigned by the grantor to the holder of the note and shall be paid forthwith to the holder to be applied by it on account of the last maturing installments of such indebtedness.

10. The trust created hereby are irrevocable by the Grantor.

11. He will pay all reasonable costs, charges and expenses, reasonably incurred or paid at any time by the holder, because of the failure on the part of the Grantor to perform, comply with, and abide by, each and every stipulation, agreements, conditions, and covenants of said promissory note and this Deed of Trust, or either.

12. He will not execute or file of record any instrument which imposes a restriction upon the sale or occupancy of the property described herein on the basis of race, color or creed.

13. The grantor hereby assigns to the Trustee any and all rents of the above-described premises and hereby authorizes the Trustee, without waiving or affecting the right to foreclosure or any other right hereunder, to take possession of the premises at any time after there is a default in the payments of the debt or in the performance of any of the obligations herein contained, and to rent the premises for the account of the grantor.

14. The lien of this instrument shall remain in full force and effect during any postponement or extension of the time of payment of the indebtedness or any part thereof secured hereby. The holder may, without notice to, or consent of Grantor, extend the time of payment of any indebtedness secured hereby to any successor in interest of the Grantor, without discharging the Grantor from liability thereon.

15. Notice of the exercise of any option granted herein, or in the note secured hereby, to the holder is not required.

16. The rights and remedies granted hereunder or by law shall not be exclusive but shall be concurrent and cumulative.

17. Title 38, United States Code, and the Regulations issued thereunder shall govern the rights, duties and liabilities of the parties hereto, and any provisions of this or other instruments executed in connection with said indebtedness which are inconsistent with said Title or Regulations are hereby amended and supplemented to conform thereto.

18. Anything in the attached Deed of Trust, Deed of Trust Note, and Nevada or local law notwithstanding. THIS LOAN MAY NOT BE ASSUMED WITHOUT PRIOR APPROVAL OF THE DEPARTMENT OF VETERANS AFFAIRS OR ITS AUTHORIZED AGENT, SUCCESSORS, OR ASSIGNS.

19. Via superseding federal law and regardless of restrictions on acceleration contained in State of Nevada law or local law, acceleration in the event of the failure to obtain prior approval of each assumption of said Deed of Trust and Deed of Trust Note is governed by the following: "This loan may be declared immediately due and payable upon transfer of the property securing such loan to any transferee, unless the acceptability of the assumption of the loan is established either pursuant to the provisions of Section 1814 of Chapter 37, title 28, United States Code, or by the loan holder if the loan has been sold without recourse."

20. Further, the fee for each such assumption shall be governed by the following: "A fee equal to one-half of 1 percent of the balance of this loan as of the date of transfer of the property shall be payable to the Beneficiary at the time of transfer. If the assumer fails to pay this fee at the time of transfer, the fee shall constitute an additional debt to that already secured by this instrument and shall bear interest at the rate herein provided, and, at the option of the payee of the indebtedness hereby secured or any transferee hereof, the full indebtedness shall be immediately due and payable. This fee is automatically waived if the assumer is exempt under the provisions of 38 U.S.C. 1829(b). The assumer is not obligated to pay this fee if the Beneficiary has sold this loan without recourse."

21. The processing charge for each application for assumption concerning said Deed of Trust and Deed of Trust Note shall be governed by the following: "Upon application for approval to allow assumption of this loan, a processing fee may be charged by the Beneficiary or its successors or assigns for determining the creditworthiness of the assumer and subsequently revising the ownership records when an approved transfer is completed. The amount of this charge will not exceed \$300.00."

The Benefits of the covenants herein contained shall accrue to, and the obligations thereof shall bind, the heirs, representatives, successors and assigns of the parties hereto and the holder hereof. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all other genders, and the term "holder" shall include any payee of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise.

IN WITNESS WHEREOF, the said grantor has hereunto set his hand and seal on the day and year first hereinbefore written.

Signed, sealed, and delivered in the presence of

Don L. Robinson

LLOYD PENROD (SEAL)

DEBBIE A. WILBORN (SEAL)

NEVADA ALL-PURPOSE ACKNOWLEDGMENT

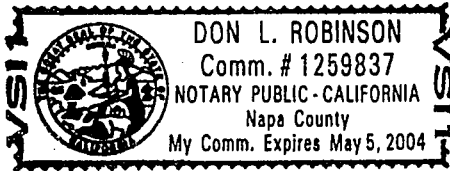
STATE OF Calif.
COUNTY OF NASA

On Sept 4, 2001, before me, personally appeared, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) acted, executed the instrument.

Don L. Robinson, a Notary Public

LLOYD PENROD and DEBBIE A. WILBORN

Witness my hand and official seal.
Don L. Robinson (SEAL)
NOTARY PUBLIC SIGNATURE



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Lot 91, Block "B", as shown on the filed map of HIGHLAND ESTATES UNIT NO. 2, filed in the office of the County Recorder of Douglas County, State of Nevada, on July 27, 1978, as Document No. 17090.

APN: 13-226-21

COPY

REQUESTED BY
FIRST AMERICAN TITLE CO.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2001 SEP 11 PM 3:33

LINDA SLATER
RECORDER

\$10⁰⁰ PAID *KJ* DEPUTY

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