

APN: 07-263-380
RECORDING REQUESTED BY:
WESTERN TITLE
AND WHEN RECORDED MAIL THIS DEED AND, UNLESS
OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:
Michael K. Johnson.
Post Office Box 952
Zephyr Cove, NV 89448

Title Order No.
Escrow No. 85289-SLG

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

APN 07-263-380

THIS DEED OF TRUST, made this 10 day of October
2001, between Michael K. Johnson herein called Trustor, whose address is 271 Chimney
Rock Road, Stateline, NV, Alling & Jillson, Ltd., herein called Trustee, and Keith and
Leanna Johnson, husband and wife as joint tenants with rights of survivorship, herein called Beneficiary,
whose address is Tobacco Road, Cadillac, MI 49601.

Trustor irrevocably grants, transfers and assigns to Trustee, in trust, with power of sale, all that real property
in the County of Douglas, State of Nevada, described as: 271 Chimney Rock Road, further
described as: Lot 17, in Block B, of LAKEWOOD KNOLLS ANNEX, according to the map thereof, filed
in the office of the County Recorder of Douglas County, State of Nevada, on May 12, 1959, as Document
No. 14378; Douglas County A.P.N 07-263-380.

TOGETHER with all rights, privileges, title and interest that Trustor now has or may hereafter acquire in
or to the property, including, without limitation, the rents, issues and profits of it, and with the appurtenances
and all buildings and improvements now or hereafter placed on it, it being understood and agreed that all
classes of property, attached or unattached, used in connection therewith will be deemed fixtures and subject
to the property above described;

SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary
hereinbelow to collect and apply the rents, issues and profits;

(For purposes of this instrument, all of the foregoing described property, property rights and interests will
be referred to as "the property.")

This Deed of Trust is for the purpose of securing:

(1) Payment of the indebtedness in the principal sum of \$320,000.00 evidenced by that certain Promissory Note of even date herewith made by Trustor, or any one of them, payable to Beneficiary or order, and any extension or rental of it, which Promissory Note is substantially in the following form; 2. Performance of each agreement of Trustor contained or incorporated herein by reference; 3. Payment of the sums as may be advanced by Beneficiary or Trustee to protect the security in accordance with the terms of this Deed of Trust, plus interest on it at the rate set forth in the Promissory Note and 4. Payment of the further sums as may be advanced by Beneficiary when evidenced by another Promissory Note (or promissory notes) reciting it is so secured.

To protect the security of this Deed of Trust, Trustor agrees:

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

(2) To provide, maintain and deliver to Beneficiary fire/all risk and, if required by Beneficiary, other insurance satisfactory to and with loss payable to Beneficiary in an amount at least equal to the remaining value of the Promissory Note of even date. The amount collected under any fire/all risk or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in any order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part of it may be released to Trustor. Any application or release will not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to the notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or trustee. To the extent permitted by law, to pay all costs and expenses, including the cost of evidence of title and attorneys' fees, in any action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust or enforce the rights of Beneficiary or Trustee hereunder.

(4) To pay, at least ten days before delinquency, all taxes and assessments affecting the property, including assessments on appurtenant water stock, when due, all encumbrances, charges and liens, with interest, on the property or any part of it, which appear to be prior or superior hereto and all costs, fees and expenses of this Trust to the extent permitted by law.

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

(6) To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the terms of this Deed of Trust, with interest from the date of expenditure at the rate set forth in the Promissory Note.

(7) That any award of damages in connection with any condemnation for public use or injury to the property or any part of it, is hereby assigned and shall be paid to Beneficiary who may apply or release any moneys received in the same manner and with the same effect as above provided for disposition of proceeds of fire/all risk or other insurance.

(8) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

(9) That at any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Promissory Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may reconvey any part of the property; consent to the making of any map or plat of it; join in granting any easement on it or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(10) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Promissory Note to Trustee for cancellation and retention and upon repayment of its fees, Trustee shall reconvey, without warranty, the property held hereunder. The

recitals in the reconveyance of any matters or facts will be conclusive proof of the truthfulness of it. The grantee in the reconveyance may be described as "the person or persons legally entitled thereto"

(11) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during continuance of this Deed of Trust, to collect the rents, issues and profits of the property, reserving unto Trustor the right, before any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain the rents, issues and profits as they become due and payable. Upon any default, Beneficiary may, at any time without notice, either in person, by agent or a receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the property or any part of it, in his own name, sue for or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby and in any order as Beneficiary may determine. The entering upon and taking possession of the property, the collection of the rents, issues and profits and the application of it as aforesaid, will not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to the notice.

(12) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivering to Trustee a written declaration of default and demand for sale and a written notice of default and an election to cause the property to be sold, which notice Trustee shall cause to be filed for record. Beneficiary shall also deposit with Trustee this Deed of Trust, the Promissory Note and all documents evidencing expenditures secured hereby.

After the lapse of time as may then be required by law following the recordation of the notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, will sell the property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels and in any 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 the sale of all or any portion of the property by public announcement at the time and place of the sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, expressed or implied. The recitals in the deed of any matters or facts will be conclusive proof of the

truthfulness of it. Any person, including Trustor, Trustee or Beneficiary as hereinafter defined, may purchase the property at the sale.

After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, to the extent permitted by law, including the cost of evidence of title in connection with the sale, Trustee shall apply the proceeds of the sale to payment of all sums expended under the terms hereof not then repaid with accrued interest at the rate set forth in the Promissory Note; all other sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

Immediately after the sale, Trustor shall surrender possession of the property to the purchaser. In the event Trustor has not previously surrendered possession and upon failure to vacate the property, Trustor shall pay to the purchaser the reasonable rental value of the property, and/or at purchasers' option, may be dispossessed in accordance with the law applicable to tenants' holding over.

(13) That Trustor, or if the property has been transferred, the then record owner, together with Beneficiary, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by each and recorded in the office of the recorder of the county or counties where the property is situated, will be conclusive proof of proper substitution of the successor Trustee or Trustees, who will, without conveyance from the trustee predecessor, succeed to all its title, estate, rights, powers and duties. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, the name and address of the new Trustee, and any other matters as may be required by law. If notice of default has been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee have been paid to Trustee who will endorse receipt of it upon any instrument of substitution. The procedure herein provided for substitution of Trustees will be exclusive of all other provisions for substitution, statutory or otherwise, to the extent permitted by law.

(14) 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 will mean the owner and holder, including pledgees, of the Promissory Note secured hereby, whether or not the named 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 and all obligations of each Trustor hereunder are joint and several.

(15) That Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of a pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee will be a party unless brought by Trustee.

(16) Without affecting the liability of Trustee or any other party now or hereafter bound by the terms hereof for any obligation secured hereby, Beneficiary may, from time to time and with or without notice as he determines, release any person now or hereafter liable for the performance of any obligation, extend the time for payment or performance, accept additional security and alter, substitute or release any security.

(17) Trustee or Beneficiary may enter upon and inspect the premises at any reasonable time.

(18) No remedy hereby given to Beneficiary or Trustee is exclusive of any other remedy hereunder or under any present or future law. No delay by Trustee or Beneficiary in enforcing their respective rights or remedies hereunder will constitute a waiver of it.


(19) Trustor waives the right to assert, at any time, any statute of limitations as a bar to any action brought to enforce any obligation hereby secured.

(20) Should Trustor, without Beneficiary's written consent, voluntarily sell, transfer or convey his interest in the property or any part of it, or if by operation of law, it is sold, transferred or conveyed, then Beneficiary may, at its option, declare all sums secured hereby immediately due and payable. Consent to one such transaction will not be deemed a waiver of the right to require consent of any future or successive transactions.

(21) The invalidity or unenforceability of any provision herein will not affect the validity and enforceability of any other provision.

Each undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder shall be mailed to him at the address hereinabove set forth.

TRUSTOR:



Michael K. Johnson


Notary Acknowledgment Follows:

STATE OF Nevada

COUNTY OF Douglas

On 10/10, 2001 before me, ~~Michael K. Johnson~~ Deby O'Gorman
personally appeared Michael K. Johnson
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

Deby O'Gorman
(SIGNATURE)

 **DEBY O'GORMAN**
Notary Public - State of Nevada
Recorded in Douglas County - Nonresident
No: 00-63652-5 - Expires July 10, 2004

(SEAL)

COPY

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

2001 OCT 16 PM 12: 29

LINDA SLATER
RECORDER

\$20⁰⁰ PAID KO DEPUTY

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BK 1001 PG 5022