

Order No. 010300454
Escrow No. 010300454
Loan No.
APN 1320-33-715-016

WHEN RECORDED MAIL TO:
WEST RIDGE HOMES, INC.
1528 HIGHWAY 395, STE. 215
GARDNERVILLE, NV 89410

SPACE ABOVE THIS LINE FOR RECORDER'S USE

ALL-INCLUSIVE DEED OF TRUST AND ASSIGNMENT OF RENTS
(LONG FORM)

This ALL-INCLUSIVE DEED OF TRUST, made October 29, 2001, between

JAMES T. CONNELLY and CHRISTY R. CONNELLY, husband and wife, herein called TRUSTOR,

whose address is 1335 GRANBOROUGH DRIVE GARDNERVILLE NV
(Number and Street) (City) (State)

Stewart Title of Douglas County, Nevada corporation, herein called TRUSTEE, and

WEST RIDGE HOMES, INC. a Nevada corporation, herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the County of DOUGLAS, State of Nevada, described as:

Lot 24, in Block H as set forth on Final Subdivision Map No. 1006-7 for Chichester Estates Phase 7, filed in the office of the County Recorder of Douglas County, State of Nevada, on October 13, 2000, in Book 1000, Page 2398, as Document No. 501336.

See Exhibit "A" attached hereto and made a part hereof for Due-on-Sale clause.

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

For the Purpose of Securing (1) payment of the sum of \$ 164,304.00 with interest thereon according to the terms of an all-inclusive promissory note of even date herewith (hereinafter "the Secured Note") made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein.

A. Senior Deed(s) of Trust:

This is an All-Inclusive Deed of Trust, securing the Secured Note and is subject and subordinate to the following instruments:

(1) A Deed of Trust recorded December 11, 2000, as Document No. 504816, in Book 1200, Page 1881, of Official Records of Douglas County, Nevada, in the original principal sum of One Million and no/100ths Dollars (\$ 1,000,000.00) in favor of Novasel & Schwarte Investments, Inc. dba Western Highland Mortgage as Payee, securing a note in the original amount of \$ 1,000,000.00, the unpaid principal of which is \$95,000.00 as of October 31, 2001.

(2) A Deed of Trust recorded December 11, 2000, as Document No. 504817, in Book 1200, Page 1886, of Official Records of Douglas County, Nevada, in the original principal sum of Two Hundred Seventy-five thousand and no/100ths Dollars (\$ 275,000.00) in favor of Novasel & Schwarte Investments, Inc. Profit Sharing Plan as to an undivided 50% interest, and Novasel & Schwarte Investments, Inc. as Payee, securing a note in the original amount of \$ 275,000.00, the unpaid principal of which is \$30,000.00 as of October 31, 2001.

The Promissory Note(s) secured by said Deed(s) of Trust is (are) hereinafter referred to as the "Senior Note(s)."

B. To protect the Security of the All-Inclusive Deed of Trust, Trustor agrees:

(1) 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) To provide, maintain and deliver to Beneficiary fire, vandalism and malicious mischief insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The provisions hereof are subject to the mutual agreements of the parties as below set forth.

(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 and to pay all costs and expenses, including cost of evidence of title and attorneys' 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 All-Inclusive Deed of Trust.

(4) To pay: (a) at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; (b) when due, subject to the mutual agreements of the parties as below set forth, all incumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; (c) all allowable expenses of this Trust.

*Inc. Pension Plan, as to an undivided 50% interest.

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Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said 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 incumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay allowable expenses.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof.

(6) At Beneficiary's option, Trustor will pay a "late charge" not exceeding four per cent (4%) of any instalment 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 thereby.

C. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) 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 so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this All-Inclusive Deed of Trust and the Secured 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 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) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this All-Inclusive Deed of Trust and the Secured Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by 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, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, 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 allowable expenses of operation, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) 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 delivery of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this All-Inclusive Deed of Trust, the Secured Note 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, 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, 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. 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. Trustee shall deliver to such 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 as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto. However, all costs, fees and expenses set forth in this paragraph shall not be applicable to or changed by the Trustor or his successor in interest.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, 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 by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper 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 this All-Inclusive Deed of Trust is recorded and the name and address of the new Trustee.

(8) That this All-Inclusive 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 pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this All-Inclusive Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this All-Inclusive 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 pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(10) The following covenants: Nos. 1, 3, 4, (interest 10%) 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.

(11) 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.

(12) It is expressly agreed that the trust created hereby is irrevocable by Trustor.

(13) 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.

D. The Parties Further Agree:

(1) By Beneficiary's acceptance of this All-Inclusive Deed of Trust, Beneficiary agrees that, provided Trustor is not in default on the Secured Note, Beneficiary shall pay all installments of principal and interest which become due under the terms of the Senior Note(s). In the event Trustor shall be in default on the Secured Note, Beneficiary's obligation under the Senior Note(s) is deferred until the default under the Secured Note is cured. Should the Beneficiary default in any of the installments as to the payment on the Senior Note(s) at a time when Trustor is not in default in the performance of the obligations of the Trustor under the Secured Note or this All-Inclusive Deed of Trust, the Trustor may make said payments directly to the holder of such Senior Note(s); any and all payments so made shall be credited to the Secured Note against the next succeeding installments of principal and interest. Nothing contained herein shall be construed to create a third party beneficiary relationship between the Beneficiary and any other person.

(2) Notwithstanding any covenants contained in the Senior Note(s) or Deed(s) of Trust securing same, Beneficiary shall have no further duty under this All-Inclusive Deed of Trust when: (i) the lien of this All-Inclusive Deed of Trust has been extinguished by foreclosure sale or (ii) this All-Inclusive Deed of Trust has been duly reconveyed after payment in full of the Secured Note and subsequent to the payment by the Beneficiary herein of Trustor's portion of the Senior Note(s) which the Beneficiary herein is required to pay to the holder of said Senior Note(s).

Should Trustor be in default under the terms of the Secured Note and if Beneficiary consequently incurs any penalties, charges, or other expenses on account of the Senior Note(s) during the period of such default, the amount of such penalties, charges and expenses shall be immediately added to the principal amount of the Secured Note and shall be immediately payable by Trustor to Beneficiary.

If at any time the total of: the unpaid balance of the Secured Note, the accrued interest thereon, all other sums due under the terms thereof and all sums advanced by Beneficiary pursuant to the terms of this All-Inclusive Deed of Trust, is equal to or less than the unpaid principal balance of the Senior Note(s) and accrued interest thereon, the Secured Note, at the option of Beneficiary, shall be cancelled and said property shall be reconveyed from the lien of this All-Inclusive Deed of Trust.

(3) Trustor and Beneficiary agree that in the event the proceeds of any condemnation award or settlement in lieu thereof, or the proceeds of any casualty insurance covering destructible improvements located upon said property, are applied by the holder of the Senior Note(s) in reduction of the unpaid principal amount thereof, the unpaid principal balance of the Note secured hereby shall be reduced by an equivalent amount and be deemed applied to the last sums due under the Secured Note.

(4) At such time as the Secured Note becomes fully due and payable, the unpaid indebtedness of principal and interest owing thereon shall be reduced by the then unpaid balance of principal and interest due on the Senior Note(s).

(5) Any demand hereunder delivered by Beneficiary to Trustee for the foreclosure of the lien of this All-Inclusive Deed of Trust may be not more than the sum of the following amounts: (i) The equity of Beneficiary in the note secured hereby being the difference between the then unpaid balance of principal and interest accrued and unpaid on the Secured Note on the date of such foreclosure sale and the then unpaid balance of principal and interest so accrued and unpaid on the Senior Note(s) as of the date of such foreclosure sale; plus (ii) The aggregate of all amounts theretofore paid by Beneficiary pursuant to the terms of this All-Inclusive Deed of Trust prior to the date of such foreclosure sale, for taxes and assessments, insurance premiums, delinquency charges, foreclosure costs, and any other sums advanced by Beneficiary pursuant to the terms of this All-Inclusive Deed of Trust, to the extent the same were not previously repaid by Trustor to Beneficiary; plus (iii) The costs of foreclosure together with attorney's fees and costs incurred by Beneficiary in enforcing this All-Inclusive Deed of Trust or the Note secured hereby as permitted by law.

(6) Notwithstanding any provision to the contrary herein contained, Beneficiary agrees, that in the event of a foreclosure of this All-Inclusive Deed of Trust, he will, at the trustee's sale, bid an amount representing the then actual total balance due upon any obligations secured by any and all deeds of trust having priority over this All-Inclusive Deed of Trust and covering the above described real property or any portion thereof, plus any advances or other disbursements which Beneficiary, his successors, or assigns may, by law, be permitted to be included in his bid. The Trustee may rely on any statements received from Beneficiary as to the unpaid total balance, advances or disbursements, and such statements shall be deemed binding and conclusive as between Beneficiary and Trustor, on the one hand, and the Trustee, on the other hand, to the extent of such reliance.

(7) Trustor covenants and agrees that Trustor shall perform and observe all obligations to be performed and observed by Trustor under the All-Inclusive Deed of Trust(s) securing the Underlying Note(s).

(8) TRUSTOR AND BENEFICIARY UNDERSTAND THAT THE SENIOR NOTES AND DEEDS OF TRUST MAY CONTAIN AN ACCELERATION OR DUE ON SALE CLAUSE, AND THIS DEED OF TRUST IS EXECUTED WITH FULL KNOWLEDGE OF THAT FACT. TRUSTOR AND BENEFICIARY UNDERSTAND THAT THE BENEFICIARY UNDER THE SENIOR NOTES COULD ACCELERATE THE SENIOR NOTES AND DECLARE THE ENTIRE PRINCIPAL BALANCE DUE AND PAYABLE IN FULL, OR REQUIRE TRUSTOR TO ASSUME THE SENIOR NOTES, AND IN CONNECTION THEREWITH, TRUSTOR MAY BE REQUIRED TO AGREE TO A MODIFICATION OF THE TERMS OF THE EXISTING OBLIGATION WHICH COULD REQUIRE AN INCREASE IN THE INTEREST RATE AND/OR A LOAN ASSUMPTION FEE. IN THE EVENT THAT ANY OF THE AFOREMENTIONED MATTERS OCCUR, TRUSTOR SHALL HAVE THE DUTY TO CURE THE SENIOR NOTES DEFAULT OR TO DEFEND AGAINST SUCH ALLEGED DEFAULT AND TO HOLD BENEFICIARY HEREIN HARMLESS THEREFROM. IT IS ALSO UNDERSTOOD THAT A PREPAYMENT PENALTY MAY EXIST FOR ANY PREPAYMENT ON SAID SENIOR NOTES, EITHER VOLUNTARY OR INVOLUNTARY, AND TRUSTOR SHALL PAY ANY SUCH PREPAYMENT PENALTY. DOUGLAS COUNTY TITLE COMPANY, INC., SHALL HAVE NO LIABILITY TO ANY OF THE PARTIES EXECUTING THIS DEED OF TRUST IN THE EVENT THE BENEFICIARY UNDER THE SENIOR NOTES OR ITS SUCCESSORS IN INTEREST SHALL BRING ANY PROCEEDING, OF ANY TYPE WHATSOEVER, TO ENFORCE SUCH ACCELERATION OR DUE ON SALE CLAUSE, INCLUDING, BUT NOT LIMITED TO, JUDICIAL PROCEEDINGS OR EXERCISE OF THE POWER OF SALE CONTAINED IN THE PRIOR DEED OF TRUST ABOVE DESCRIBED.

Signature of Trustor
James T. Connelly
JAMES T. CONNELLY

Signature of Trustor
Christy R. Connelly
CHRISTY R. CONNELLY

Signature of Beneficiary
WEST RIDGE HOMES, INC.
BY: Peter M. BEEKHOF, JR.
PETER M. BEEKHOF, JR., President

Signature of Beneficiary

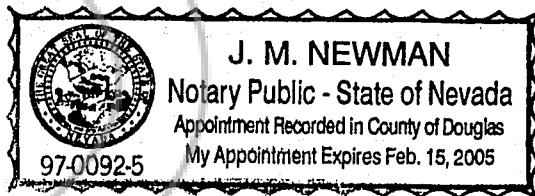
STATE OF NEVADA, }
COUNTY OF DOUGLAS } ss.

On November 5, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared JAMES T. CONNELLY and CHRISTY R. CONNELLY

known to me to be the person s whose name s are subscribed to the within instrument and acknowledge that they executed the same.

WITNESS my hand and official seal.

Signature J. M. Newman



(This area for official notarial seal)

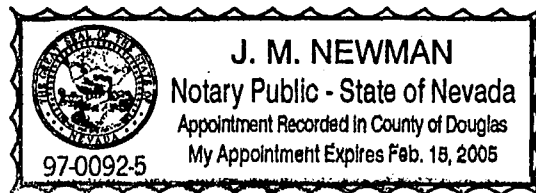
STATE OF NEVADA, }
COUNTY OF DOUGLAS } ss.

On November 6, 2001, before me, the undersigned, a Notary Public in and for said State, personally appeared PETER M. BEEKHOF, JR.

known to me to be the person _____ whose name is subscribed to the within instrument and acknowledge that he executed the same.

WITNESS my hand and official seal.

Signature J. M. Newman



(This area for official notarial seal)

(IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS ALL-INCLUSIVE DEED OF TRUST, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT TO SAME.)

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO: Stewart Title of Douglas County, Trustee:

The undersigned is the legal owner and holder of the note and of all indebtedness secured by the foregoing Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust, Note and Reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

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EXHIBIT "A"

DUE-ON-SALE CLAUSE

IN THE EVENT TRUSTOR SHALL SELL, CONVEY OR ALIENATE SAID PROPERTY, OR ANY PART THEREOF, OR ANY INTEREST THEREIN, OR SHALL BE DIVESTED OF THEIR TITLE OR ANY INTEREST THEREIN IN ANY MANNER OR WAY, WHETHER VOLUNTARY OR INVOLUNTARY, WITHOUT THE WRITTEN CONSENT OF THE BENEFICIARY BEING FIRST HAD AND OBTAINED, BENEFICIARY SHALL HAVE THE RIGHT, AT THEIR OPTION, TO DECLARE ANY INDEBTEDNESS OR OBLIGATIONS SECURED HEREBY, IRRESPECTIVE OF THE MATURITY DATE SPECIFIED IN ANY NOTE EVIDENCING THE SAME, IMMEDIATELY DUE AND PAYABLE.

COPY

REQUESTED BY
STEWART TITLE & DOUGLAS COUNTY
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2001 NOV -6 PM 3: 53

LINDA SLATER
RECORDER

\$ 1700 PAID BY DEPUTY

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