

2001-503469B

WHEN RECORDED MAIL TO:

Rural Nevada Development Corporation
1320 E. Aultman
Ely, NV 89301

APN 1022-15-001-119

DEED OF TRUST

THIS DEED OF TRUST is made this 24th day of Dec, ²⁰⁰¹~~2002~~, among, JACK L. FERREL sole trustee of the Ferrel Family Trust UTD June 8, 1994 (Grantor) whose address is 3636 Quail Run Trail, Wellington, Nevada 89444, First American Title Company of Nevada, ("Trustee"), and, Rural Nevada Development Corporation (Beneficiary) organized and existing under the laws of the State of Nevada, whose address is 1320 East Aultman, Ely, Nevada 89301, ("Beneficiary").

Grantor, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Douglas, State of Nevada which is further described in the attached Exhibit A, the address of which is commonly known as 1490 Albrite Road, Wellington Nevada and which bears Assessor's Parcel Number 1022-15-001-119, together with all the tenements, hereditaments and improvements now or hereafter erected on the property, and all easements, rights, and appurtenances, all of which shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property are hereinafter referred to as the "Property";

ASSIGNMENT OF RENTS

Grantor also presently, absolutely and irrevocably assigns to Beneficiary all of Grantor's right, title and interest in and to all present and future leases of the Property and all rents issues and profits received from the Property.

This Deed of Trust, including the assignment of rents, is given to secure to Beneficiary (1) the payment of FIFTY THOUSAND DOLLARS (\$50,000.00) with interest thereon according to the terms of that certain promissory note even date herewith ("Note") executed by Grantor which is in the face amount of FIFTY THOUSAND DOLLARS (\$50,000.00) and which provides for monthly payments with the balance of the indebtedness, if not sooner paid, due and payable on January 1, 2007; (2) to secure to Beneficiary the payment of all other sums with interest, advanced in accordance herewith to protect the security of this Deed of Trust; and (3) to secure the performance of the covenants and agreements of Grantor contained in this Deed of Trust, the Note and in the security agreement signed by Grantor of even date herewith (Security Agreement) and in the loan agreement signed by Grantor and referencing exhibits attached thereto of even date herewith (collectively referred to hereafter as "Loan Agreement").

Use of Property. Until the occurrence of a default by Grantor, Grantor may remain in possession and control of the Property and may collect any rents, issues and profits from the Property.

Warranty and Representations. Grantor warrants that Grantor is the lawful owner of the estate hereby conveyed, has good and marketable title in fee simple free and clear of all liens and encumbrances except for any encumbrances of record. Grantor covenants that Grantor will warrant and defend generally the title to the Property against all claims and demands, subject to

encumbrances of record. Grantor's warranties and representations survive the execution of this Deed of Trust and are continuing in nature until the sums due under this Deed of Trust, the Note the Security Agreement and the Loan Agreement are paid in full.

Statutory Covenants. The following Statutory Covenants are hereby adopted and incorporated into this Deed of Trust: Covenants Nos. 1, 3, 4, 5, 6, 7 and 8 of N.R.S. 107.030. The rate of interest for Covenant No. 4 shall be seven and one-half percent (7.50%). The percent of counsel fees under Covenant No. 7 shall be ten percent (10%). Except for Covenants Nos. 6, 7, and 8, to the extent any terms of this Deed of Trust are inconsistent with the Statutory Covenants, the terms of this Deed of Trust shall control. Covenants 6, 7 and 8 shall control over the express terms of any inconsistent terms of this deed of trust.

Grantor and Beneficiary further covenant and agree as follows:

1. *Payment and Performance.* Grantor shall promptly pay when due the principal and interest indebtedness evidenced by the Note and late charges as provided in the Note and shall timely perform all of Grantor's other obligations under the Note, this Deed of Trust, the Security Agreement and the Loan Agreement.
2. *Application of payments.* Unless applicable law provides otherwise, all payments received by Beneficiary under the Note and paragraph 1 shall be applied by Beneficiary first in payment of all other sums due Beneficiary and then to interest payable on the Note, and then to the principal of the Note.
3. *Hazard insurance.* Grantor shall keep all existing or future improvements on the Property insured against loss by fire, hazards included within the term "extended coverage," and all other hazards Beneficiary may require and in such amounts and for such periods as

Beneficiary may require. The insurance carrier providing the insurance shall be chosen by Grantor subject to Beneficiary's approval, which shall not be unreasonably withheld. All insurance policies and renewals shall be in form acceptable to Beneficiary and include a standard mortgage clause in favor of and in form acceptable to Beneficiary. Beneficiary shall have the right to hold the policies and renewals. In the event of loss, Grantor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantor. If the Property is abandoned by Grantor, or if Grantor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Grantor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds either to the restoration or the repair of the Property or to the sums secured by this Deed of Trust.

4. *Preservation and Maintenance of Property.* Grantor shall keep the Property in good repair, shall not commit waste or permit impairment or deterioration of the Property, and shall not demolish or remove any improvements from the real property without Beneficiary's prior written consent. Grantor agrees to promptly comply with all laws, ordinances and regulations whether now in existence or hereafter enacted of any government having jurisdiction over the property regarding the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, so long as Grantor has notified Beneficiary in writing prior to doing so and so long as in Beneficiary's sole opinion Beneficiary's interests in the Property are not jeopardized. Beneficiary may require Grantor to post adequate security or a surety bond, reasonably necessary to Beneficiary to protect Beneficiary's

interest. Grantor further agrees to neither abandon the Property or to leave it unattended. Grantor further agrees to pay when due all taxes, assessments, charges, fines and impositions levied against or on account of the Property. Grantor shall pay when due all claims for work done on or for the property and for materials supplied to and incorporated into the property and to keep the property free of all liens having priority over this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

5. *Protection of Beneficiary's security.* If Grantor fails to perform the covenants and agreements contained in this Deed of Trust, the Note, the Security Agreement or the Loan Agreement, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, upon notice to Grantor, may make such appearances, disburse such sums, and take all action necessary to protect Beneficiary's interests. Any amounts disbursed by Beneficiary under this paragraph 5, will bear interest, at the Note rate, and shall become additional indebtedness of Grantor secured by this Deed of Trust. Unless Grantor and Beneficiary agree to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof. Nothing contained in this paragraph 5 shall require Beneficiary to incur any expense or take any action.
6. *Inspection.* Beneficiary and/or its agents may make or cause to be made entries upon the Property at reasonable times to attend to Beneficiary's interest in the property and to ascertain Grantor's compliance with the terms of this Deed of Trust.

7. *Grantor not released; forbearance by Beneficiary not waiver.* Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantor shall not operate to release, in any manner, the liability of the original Grantor and Grantor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantor and Grantor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.
8. *Successors and assigns bound; joint and several liability.* The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Grantor.
9. *Notice.* Unless otherwise provided by applicable law, (a) any notice to Grantor under this Deed of Trust shall be given by certified mail, return receipt requested, addressed to Grantor at the address set forth above or at any other address Grantor designates by notice to Beneficiary, and (b) any notice to Beneficiary shall be given by certified mail, return receipt requested, to Beneficiary's address stated herein or to any other address Beneficiary designates by notice to Grantor. Any notice under this Deed of Trust shall be deemed to have been given to Grantor or Beneficiary when given in the manner designated above.

10. *Governing law; severability.* This Deed of Trust shall be construed in accordance with and be governed by the laws of the State of Nevada, as well as by the local laws of the jurisdiction in which the Property is located. The preceding sentence shall not limit the applicability of federal law to this Deed of Trust. If any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of either instrument if the provisions can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable.
11. *Grantor's copy.* Grantor shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation.
12. *Transfer of property; assumption.* If all or any part of the Property or an interest therein is sold or transferred by Grantor, excluding, (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) a transfer by devise, descent or by operation of law upon the death of a joint tenant, or (c) the grant of any leasehold interest of three years or less not containing an option to purchase, all of the sums secured by this deed of trust shall, at Beneficiary's option be immediately due and payable. If Beneficiary exercises such option to accelerate, it shall mail Grantor notice of acceleration in accordance with paragraph 9. Such notice shall provide a period of not less than ten days from the date the notice is mailed within which Grantor may pay the sums declared due. If Grantor fails to pay such sums before the ten-day period expires, Beneficiary may, without further notice or demand on Grantor, invoke any remedies permitted by paragraph 15.

13. *Condemnation* If any proceeding in condemnation is filed, Grantor shall promptly notify Beneficiary in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Beneficiary shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Beneficiary such instruments and documentation as may be requested by Beneficiary from time to time to permit such participation.

If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Beneficiary may at its election require that all or any portion of the net proceeds of the award be applied to the sums owed under this Deed of Trust, the Note, the Security Agreement or the Loan Agreement or to the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Beneficiary in connection with the condemnation. Grantor waives any legal or equitable interest in the net proceeds and any right to require any apportionment of the net proceeds of the award. Grantor agrees that Beneficiary is entitled to apply the award in accordance with this paragraph without demonstrating that its security has been impaired.

14. *Occurrence of Default* Each of the following occurrences shall be considered an occurrence of default:
- a) Grantor's failure to pay when due any sums secured by this Deed of Trust, or to make any payment for taxes or insurance or which is necessary to avoid the filing of a lien.

- b) Grantor's failure to comply with any obligation imposed upon Grantor by this Deed of Trust, the Note or the Loan Agreement.
- c) Grantor's failure to comply with the terms of any other agreement presently existing between Grantor and Beneficiary or which may hereafter be agreed to between Grantor and Beneficiary.
- d) Grantor's failure to pay when due any other debt secured by any other deed of trust which is a lien against the Property or failure to comply with any obligations in any other agreement the performance of which is secured by any other deed of trust which is a lien against the Property.
- e) Any representation or warranty made or furnished to Beneficiary by Grantor or on Grantor's behalf in the Note, the Loan Agreement, the Security Agreement, this Deed of Trust or to induce Beneficiary to lend money to Grantor is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time hereafter.
- f) The insolvency of Grantor, the commencement of any bankruptcy or insolvency proceeding by or against Grantor, any assignment for the benefit of creditors, the appointment of a receiver for any part of Grantor's property.
- g) This Deed of Trust, the Note the Security Agreement or the Loan Agreement cease to be in full force or effect.
- h) A material adverse change occurs in Grantor's financial condition, or Beneficiary believes the prospect of payment or performance of any of Grantor's obligations

under the Note, the Loan Agreement the Security Agreement or the Deed of Trust is impaired.

15. *Remedies upon default.* Upon the occurrence of a default by Grantor, Beneficiary may exercise one or more of the following rights and remedies:

- a) Beneficiary may at its option and without notice to Grantor declare all sums due under the Note, the Security Agreement, the Deed of Trust or the Loan Agreement and related documents due and payable in full immediately.
- b) Beneficiary shall have the right to cause the Trustee to foreclose on the Property by notice and sale, or may seek a judicial foreclosure of Grantor's interest in the Property, in either case in compliance with the laws of the State of Nevada.
- c) Beneficiary shall have the right to take possession of and manage the Property, and whether or not Beneficiary takes possession of the property, to collect rents, including amounts past due and apply the proceeds over and above Beneficiary's costs against any sums due under the Note, this Deed of Trust, the Security Agreement or the Loan Agreement and related documents. Beneficiary may require any tenant or other user of the Property to make payments of rent or user fees directly to beneficiary. If the rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as Grantor's attorney-in-fact to endorse instruments received in payment in the name of Grantor and to negotiate the same and collect the proceeds. Payment by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed.

Beneficiary may exercise its rights under this provision either in person, by agent, or through a receiver.

- d) Beneficiary shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds over and above the cost of the receivership, against any sums due under the Note, the Loan Agreement, the Security Agreement or the Deed of Trust. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the sums due under the Note, this Deed of Trust, the Security Agreement, or the Loan Agreement by a substantial amount.
- e) Beneficiary or Trustee shall have any other right or remedy allowed to them by this Deed of Trust, the Note, and the Loan Agreement or as allowed by law or equity.
- f) Election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform shall not affect Beneficiary's right to declare a default and exercise its remedies.

16. *Attorneys' fees.* If Beneficiary institutes any suit or action to enforce any of the terms of this Deed of Trust, Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law all reasonable expenses

Beneficiary incurs that in Beneficiary's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the sums payable under this Deed of Trust and shall bear interest at the rate set forth in the Note from the date of expenditure until repaid. Expenses covered by this paragraph include without limitation, subject, however, to any limits under applicable law, Beneficiary's attorneys' fees and Beneficiary's legal expenses, whether or not there is a lawsuit including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and any appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. Fees and expenses shall include attorneys' fees that Beneficiary, Trustee, or both incur, if either or both are made parties to any action to enjoin foreclosure or to any legal proceeding that Grantor institutes. The fees and expenses are secured by the Deed of Trust and are recoverable from the Property.

17. *Reconveyance.* Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by it to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

18. *Substitute trustee.* Beneficiary may, from time to time, remove Trustee or any trustee appointed hereunder and appoint a successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.
19. *Environmental laws.* Grantor represents and warrants to Beneficiary that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Beneficiary in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Beneficiary in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Beneficiary and its agents to enter upon the Property to make such inspections and tests, at Grantor' expense, as Beneficiary may deem appropriate to determine compliance of the Property with this section of the

Deed of Trust. Any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Beneficiary for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agree to indemnify and hold harmless Beneficiary against any and all claims, losses, liabilities, damages, penalties, and expenses which Beneficiary may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the sums due under the Note, this Deed of Trust and the Loan Agreement and the satisfaction and reconveyance of the lien of this deed of Trust shall not be affected by Beneficiary's acquisition of any interest in the Property, whether by foreclosure or otherwise.

For the purposes of this paragraph the term Environmental Laws means any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitations the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and

Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

For the purposes of this paragraph the term Hazardous Substance means 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. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or wastes as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

20. *Request for notices.* Grantor requests that copies of the notice of default and notice of sale be sent to Grantor's address as provided in paragraph 9.

GRANTOR ACKNOWLEDGES READING ALL OF THE TERMS OF THIS DEED OF TRUST AND AGREES TO THEM.

FERREL FAMILY TRUST

By: Jack L Ferrel
JACK L. FERREL
Sole Trustee of the Ferrel Family Trust

STATE OF NEVADA)
Carson)
City COUNTY)

This instrument was acknowledged before
me on this 24th day of Dec, ²⁰⁰¹2002,

by JACK L. FERREL

Gayle Bernard
Notary Public

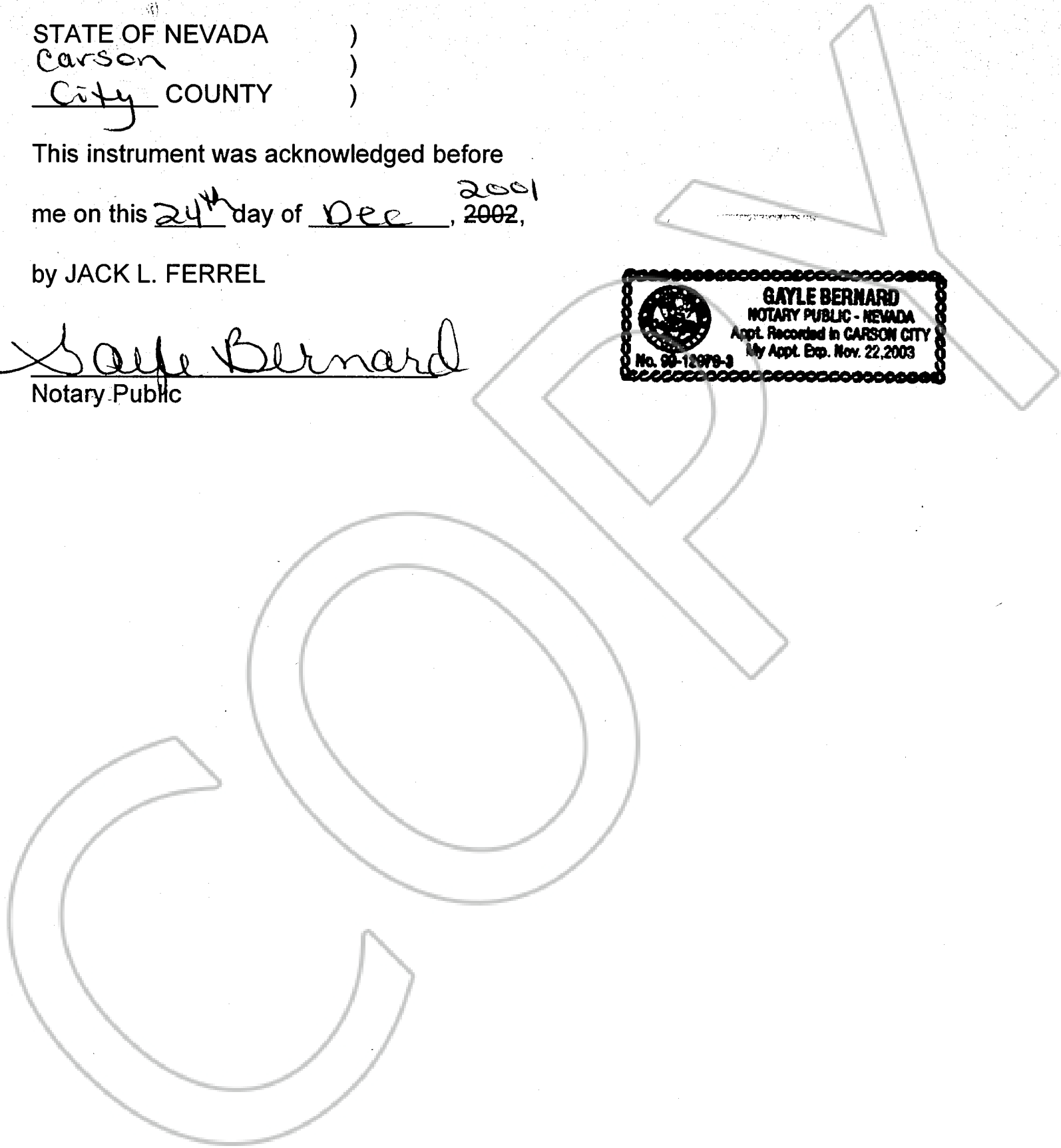
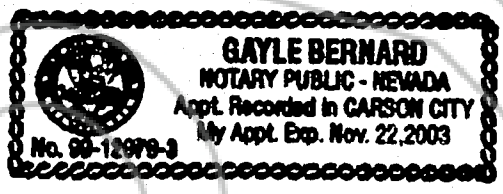


EXHIBIT A

LEGAL DESCRIPTION

ALL THAT REAL PROPERTY SITUATED IN THE COUNTY OF DOUGLAS, STATE OF NEVADA, BOUNDED AND DESCRIBED AS FOLLOWS:

A parcel of land lying entirely within Parcel "A" as shown on the official plat. Topaz Ranch Estates. Unit No. 4. as filed for record in the office of the County Recorder, Douglas County, Nevada, more particularly described as follows:

COMMENCING at the Southeast corner of Lot 33, Block "H", of Topaz Ranch Estates, Unit No. 4, and proceeding thence along the West side of Albite Road South $12^{\circ} 23' 37''$ East, 382.28 feet continuing South $12^{\circ} 23' 37''$ East 57.83 feet to the beginning of a curve to the left, the tangent of which bears the last described courses; thence along said curve, having a central angle of $01^{\circ} 18' 05''$, a radius of 1030.00 feet, through and arc length of 23.40 feet to the true point of beginning; thence along a curve to the left, having a central angle of $08^{\circ} 48' 20''$ a radius of 40.00 feet, through and arc length of 62.83 feet to a point on the Northerly line of Nevada State Highway No. 3: thence along said Northerly line South $67^{\circ} 29' 50''$ West 244.61 feet; thence North $17^{\circ} 24' 09''$ West 223.23 feet: thence North $72^{\circ} 34' 51''$ East 278.08 feet to the true point of beginning.

NOTE: The above metes and bounds description appeared previously in that certain document recorded August 2, 2000, in Book 800, page 337, as instrument No. 497002.

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

2002 JAN -2 AM 11: 40

LINDA SLATER
RECORDER

\$ 30⁰⁰ PAID KJ DEPUTY

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