

A.P.N. # 1320-08-002-006
ESCROW NO. 10802573

RECORDING REQUESTED BY:
STEWART TITLE COMPANY
WHEN RECORDED MAIL TO:

Lagunak Inc.,
1490 Glenwood Dr.
Gardnerville, NV 89410

DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this **22nd** day of **January, 2002**, between,
THE MILKY WAY FARM INC., A NEVADA CORPORATION

herein called "Trustor", **STEWART TITLE OF DOUGLAS COUNTY**, a Nevada corporation,
herein called "Trustee", and **LAGUNAK, INC., RESTATED PROFIT SHARING PLAN AS TO
AN UNDIVIDED \$225,000.00 AND LAGUNAK, INC., MONEY PURCHASE PENSION
PLAN AS TO AN UNDIVIDED \$75,000.00**, or order

herein called "Beneficiary"

WITNESSETH:

That Trustor irrevocably grants to Trustee in trust, with power of sale, all interest of Trustor in that certain property
situate in **DOUGLAS** County, State of Nevada, more particularly described as follows:
See Exhibit "A" attached hereto and by reference made a part hereof for complete legal description.
See exhibit "B" attached hereto and made a part hereof

TOGETHER WITH, the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion
and reversions, remainder and reminders, rents, issues and profits thereof, subject, however, to the right of Beneficiary,
during any period of default hereunder, and without waiver of such default, to collect said rents, issues, and profits by any
lawful means, and to apply the same, less costs and expenses of collection, to any indebtedness secured hereby.

FOR THE PURPOSE OF SECURING: (1) payment of the sum of \$ **300,000.00** and the interest thereon according
to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and all
extensions or renewals thereof; and (2) the performance of each agreement of Trustor incorporated herein by reference or
contained herein; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or to his
successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

AND THIS INDENTURE FURTHER WITNESSETH:

1. Trustor agrees to properly care for and keep said property in good condition and repair; not to remove or demolish any
building thereon; to complete in a good and workmanlike manner any building which may be constructed thereon, and to
pay when due all claims for labor performed and materials furnished therefor; to comply with all laws, ordinances and
regulations relating to any alterations or improvements made thereon; not to commit or permit any waste thereof; not to
commit, suffer, or permit any act to be done in or upon said property in violation of any law, covenant, condition, or
restriction affecting said property, to cultivate, irrigate, fertilize, fumigate, prune, and/or do any other act or acts, all in
a timely and property manner, which, from the character or use of said property, may be reasonably necessary, the specific
enumerations herein not excluding the general.
2. Trustor agrees to pay and discharge all costs, fees and expenses of this trust incurred in connection with any default by
Trustor.
3. During the continuance of this trust, Trustor covenants to keep all buildings that may now or at any time be on said
property in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies

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authorized to issue such insurance in the State of Nevada. Said insurance shall be at least in the sum of all obligations having priority over this deed of trust, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this deed of trust or of the Agreement hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary or to the collection agent of Beneficiary, as further security, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this Deed of Trust or of the Agreement secured hereby, or, at the 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.

4. Trustor promises and agrees that if, during the existence of this trust, there be commenced or pending any suit or action affecting said property, or any part thereof, or the title thereto, or if any adverse claim for or against said property, or any part thereof, be made or asserted, he will appear in and defend any such matter purporting to affect the security and will pay all costs and damages arising because of such action.

5. 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 affect as herein provided for disposition of proceeds of insurance.

6. Trustee shall be under no obligation to notify any party hereto of any pending sale of said property, whether such sale is by foreclosure or otherwise or of any action or proceeding in which Trustor or Beneficiary or Trustee shall be a party, unless brought by Trustee.

7. At any time, and from time to time, without liability therefor and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the Agreement secured hereby for endorsement, and without affecting the personal liability of any person for performance of the Agreement secured hereby or the effect of this deed of trust upon the remainder of said property, Trustee may: reconvey any part of said property; consent in writing to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or subordination agreement in connection herewith.

8. Upon receipt of written request from Beneficiary that the Agreement secured hereby has been performed and upon the surrender of this Deed of Trust and the Agreement secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto".

9. Should Trustor default in any term, covenant or condition of the Agreement secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein by reference, Beneficiary may proceed to exercise the remedies herein provided.

(a) Should default be made by Grantor in payment of any indebtedness secured hereby and/or in performance of any agreement herein, then Beneficiary may declare all sums secured hereby immediately due by delivery to Trustee of a written declaration of default and demand for sale, and of written notice of default and election to cause said property to be sold (which Trustee shall cause to be filed for record) and shall surrender to Trustee this Deed, the notes and all documentation evidencing any expenditure secured hereby.

(b) After three months shall be elapsed following recordation of such notice of default, Trustee shall sell said property at such time and at such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of such sale as then required by law. Place of sale may be either in the county in which the property is to be sold, or any part thereof, is situated, or at an office of the Trustee located in the State of Nevada.

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(c) The Grantor, Pledgor and Mortgagor of the personal property herein pledged and/or mortgaged waives any and all other demands or notices as condition precedent to sale of such property.

(d) Trustee may postpone sale of all, or any portion, of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time previously appointed.

(e) At the time of sale so fixed, Trustee may sell the property so advertised or any part thereof, either as a whole or in separate at its sole discretion, at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to purchaser, a deed conveying the property so sold, but without covenant or warranty, express or implied, Grantor hereby agrees to surrender, immediately and with demand, possession of said property to such purchaser.

10. Trustee shall apply the proceeds of any such sale to payment of, expenses of sale and all charges and expenses of Trustee and of these Trusts, including cost of evidence of title and Trustee's fee in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the rate of ten percent (10%) per annum, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

11. The following covenants No. 1, 3, 4 (interest 12%), 5, 6, 7 (counsel fees - a resonable percentage), 8 and 9 of Nevada Revised Statutes 107.030, are hereby adopted and made a part of this Deed of Trust.

12. 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.

13. 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. It is expressly agreed that the Trust created hereby is irrevocable by Trustor.

14. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged is made a public record as provided by law, reserving, however, unto the Trustee, the right to resign from the duties and obligations imposed herein whenever Trustee, in its sole discretion, deems such resignation to be in the best interest of the Trustee. Written notice of such resignation shall be given to Trustor and Beneficiary.

15. 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. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

MILKY WAY FARM INC.,

Executed this 24 day of January 2002



Craig Witt
CRAIG WITT
PRESIDENT
Caren Anne Witt
CAREN ANNE WITT
SECRETARY

STATE OF Nevada }
COUNTY OF Douglas } ss.

This instrument was acknowledged before me on 1-24-02,
by, CRAIG WITT and CAREN ANNE WITT

Signature Mary H. Kelsh
Notary Public

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LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

PARCEL A:

Parcel 1 and 4, as set forth on that certain Map of Division of Land into Large Parcels for Milky Way Farm, Inc., filed for record in the office of the County recorder of Douglas County, Nevada, on April 5, 2001 in Book 401, at Page 952, as Document No. 511704.

APN's 1320-08-002-005 and 1320-08-002-006

PARCEL B:

Parcel 1 located within the Northeast one-quarter of Section 7, Township 13 North, Range 20 East, MDM, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at a point on the Southeast corner of Parcel 3 as shown on the Map of Division into Large Parcels for Milky Way Farms, Inc., Document No. 511704 of the Douglas County Recorder's Office, being a point on the Westerly line of Heybourne Road which bears South 89°54'46" West, 30.00 feet from the center of said Section 8;
thence South 89°54'46" West, along the Southerly line of Parcels 2 and 2 of said map, 2586.88 feet to the Southwest corner thereof;
thence North 00°02'17" West, along the Westerly line of Parcel 2 of said map, 1324.13 feet;
thence North 00°17'48" West, along the Westerly line of Parcel 2 of said map, 4.99 feet to the Northwest corner thereof;
thence North 89°58'45" East, along the Northerly line of Parcel 2 of said map, 1293.79 feet to the Northeast corner thereof;
thence South 00°01'26" East, along the Easterly line of Parcel 2 of said map, 673.42 feet;
thence North 89°58'45" East, 1293.61 to a point on the Westerly line of Heybourne Road;
thence South 00°00'34" East, along said Westerly line of Heybourne Road, 652.71 to the POINT OF BEGINNING.

Basis of Bearing: The Northerly line of Parcel 3 as shown on the Map of Division into Large Parcels for Milky Way Farm, Inc., Document No. 511704 of the Douglas County Recorder's Office (North 89°58'45" East).

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Order No. 010802573B

Said premises more fully imposed as Parcel 2A as set forth on that certain Record of Survey recorded January 11, 2002 as Document No. 532066.

APN's 1320-08-001-008 and a portion of 1320-08-001-009

PARCEL 2:

A parcel of land located within the Northeast one-quarter of Section 7 and the Northwest one-quarter of Section 8, Township 13 North, Range 20 East, MDM, Douglas County, Nevada, being more particularly described as follows:

A non-exclusive easement for egress, ingress, utilities and incidental purposes over, under and across the Northerly 60 feet of Parcel 3A as set forth on that certain Record of Survey recorded January 11, 2002 as Document No. 532066.

"IN COMPLIANCE WITH NEVADA REVISED STATUE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED JANUARY 11, 2002, BOOK 0102, PAGE 2750, AS FILE NO. 532067, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

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EXHIBIT "B"

ESCROW NO.: 010802573

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 OF 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 of Douglas County

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2002 JAN 25 AM 11:59

LINDA SLATER
RECORDER

\$19⁰⁰ PAID KY DEPUTY

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