

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO

AMERICAN CONTRACTORS INDEMNITY COMPANY
9841 Airport Blvd., 9th Floor
Los Angeles, CA 90045

COLLATERAL AGREEMENT NO. 13069

86633FLW

APN# 1220-16-401-003

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

This Deed of Trust and Assignment of Rents, is made this 11TH day of JULY, 2002 among GARY THOMAS WILSON AND KATHLEEN ANN WILSON, herein called Trustor, whose address is 793 RUBIO WAY, GARNERVILLE, NV 89410, OCCIDENTAL SERVICES, INC., herein called Trustee and AMERICAN CONTRACTORS INDEMNITY COMPANY, herein called Beneficiary, whose address is 9841 AIRPORT BLVD., 9th FLOOR, LOS ANGELES, CALIFORNIA 90045. Trustor, in consideration of the obligations 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:

The Legal Description is attached hereto, made a part hereof for all purposes and marked for identification as Exhibit "A." and has the address of 812 SHORT STREET, GARDNERVILLE, NV 89410, together with all of the improvements now or hereafter erected on the Property; all existing and future leases pertaining thereto; all easements, rights, appurtenances, rents, issues and profits (subject however to the rights and authorities given herein to Beneficiary to collect and apply such rents, issues and profits); all royalties, mineral, oil and gas rights and profits, all water, water rights and water stock, and all fixtures now or hereafter attached to the Property, covered by this Deed of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leaseholder) are herein referred to as the Property.

This Deed of Trust is given for purpose of securing any and all obligations of the Trustor to the Beneficiary under that certain General Indemnity Agreement (hereinafter referred to as Indemnity Agreement) dated 15TH DAY OF JUNE, 2002 which is made a part of this Deed of Trust by reference as though fully set forth herein, and any and all obligations, liabilities and losses incurred by Beneficiary under any and all bonds executed by Beneficiary on behalf of WILSON CONSTRUCTION, INC. or on behalf of any entity or entities that Trustor has an interest in or for whom Trustor has requested a bond to be issued by Beneficiary, (all herein referred to as Principal) whether or not such bond(s) are executed contemporaneously with or subsequent to the Indemnity Agreement or this Deed of Trust. **The principal sum of this Deed is (\$ 300,000.00).**

The obligations herein secured include the performance of each agreement of Trustor incorporated by reference or contained herein and any and all of the Beneficiary's liabilities, losses, damages, attorneys' fees or expenses of whatever kind or nature which may arise by reason of, or in consequence of the execution of such bond(s) by the Beneficiary whether or not the Beneficiary shall have paid any sums in partial or complete payment of said liabilities, losses, damages, attorneys' fees and expenses, including but not limited to: (1) sums paid or liabilities incurred in settlement of claims against said bond(s); (2) expenses paid or incurred in connection with claims, suits or judgments under such bond(s); (3) expenses and attorneys' fees paid or incurred in connection with claims, suits or judgments under such bond(s); (4) expenses and attorneys' fees paid or incurred in enforcing the terms of the Indemnity Agreement; (5) expenses and attorneys' fees paid or incurred by the Beneficiary in procuring or attempting to procure a release from liability under the bond(s); (6) expenses incurred in recovering or attempting to recover losses or expenses paid or incurred in connection with said bond(s); (7) attorneys' fees and all legal expenses relating to any item hereunder including investigation, accounting or engineering services; (8) expenses incurred in the adjustment of claims; (9) premiums on bonds issued by Beneficiary on behalf of Principal; (10) monies advanced or loaned to Principal in accordance with the Indemnity Agreement; and (11) the expenses to enforce this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property; and that Trustor will warrant and defend generally the title to the Property against all claims and demands.

A. TRUSTOR AGREES:

1. MAINTENANCE AND REPAIR. To keep the Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly in a 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 therefore. To comply with all laws affecting the Property or requiring any alterations or improvements to be made therein. Not to commit or permit waste of Property.

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Not commit 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 of use of the Property may be reasonably necessary.

2. **INSURANCE.** Until the obligations secured hereunder are extinguished, Trustor shall maintain, or cause to be maintained a policy or policies of insurance with premiums thereon fully paid in advance issued by and binding upon an insurance company of good financial standing, insuring the Property against loss or damage by fire and other insurable hazards and contingencies for the full insurable value thereof, or, in the alternative, insuring for eighty percent (80%) of the replacement cost thereof (or such minimum amount as shall be required to eliminate operation of a co-insurance provision). Such policy of insurance shall contain an endorsement showing that Beneficiary is included as an additional insured and an endorsement whereby an insurer agrees not to cancel or alter the policy without not less than thirty- (30) day's prior written notice to Beneficiary. In the event the Trustor fails to provide evidence of insurance required to be provided by Trustor hereunder, at or prior to the date of the Deed of Trust, and thereafter within fifteen (15) days prior to the expiration date of any such coverage, Beneficiary shall be authorized (but not required) to procure such coverage to the amount stated and all costs thereof to be charged to Trustor and payable upon written invoice therefore. The amount collected under any such policy or policies may be applied by Beneficiary upon any obligations secured hereby and in such order as Beneficiary may determine, 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 not pursuant to such notice.

3. **DEFENSE.** To appear in and defend any action or proceeding purporting to affect the Property or the rights or powers of Beneficiary or Trustee and to pay all costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4. **PAYMENT OF LIENS AND TAXES.** To pay: at least ten (10) 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 thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Deed of Trust. Should Trustor fail to make any payment or fail to do any act as herein provided, the 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 such manner and to such 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 which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers pay necessary expenses, employ counsel and pay reasonable attorneys' fees.

5. **REIMBURSEMENT OF COSTS.** To pay immediately and without demand all sums so expended by Beneficiary or Trustee with interest from date of expenditure at the rate allowed by law in effect at the date of expenditure, and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. FUTURE ADVANCES. The Beneficiary has extended surety credit that requires advances subsequent to the date of this Deed of Trust and all such advances shall be covered by this Deed of Trust. The Trustor has stipulated not to encumber the Property without the prior written consent of Beneficiary. Therefore it is the intent of the Beneficiary and Trustor that any advances made by Beneficiary as surety credit or advances contemplated by the Indemnity Agreement shall be considered advanced as of the date of this Deed of Trust and be prior in right to any advances or loans by third parties after the date of this Deed of Trust.

C. IT IS MUTUALLY AGREED:

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

2. **RECONVEYANCE.** That upon written request of the Beneficiary stating that all obligations secured hereby have been extinguished, and upon surrender of this Deed of Trust to Trustee for cancellation, 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 person legally entitled thereto." Reconveyance fee of \$45.00 shall be paid by Trustor.

3. **ASSIGNMENT OF RENTS.** As additional security, Trustor hereby assigns and conveys to Beneficiary the title, right, power and authority, during the continuance of this trust, to collect the rents, issues and profits of the Property, reserving unto the Trustor the right, prior to any default by Trustor 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 obligations hereby secured, enter upon and take possession of the Property or any part thereof, in his own name, sue for or otherwise collect 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 obligations secured hereby, and in such order as the Beneficiary may determine. The entering upon and taking possession of said Property, the

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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.

4. **RELEASE AND SUBORDINATION.** That at any time, or from time to time, without liability thereof, and without notice, upon written approval of the Beneficiary and without affecting the personal liability of any person for payment of the obligations secured hereby, Trustee may, reconvey any part of the 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.

5. **DEFAULT AND FORECLOSURE.** That upon default by Trustor of any obligation of Trustor secured hereby as is more fully set forth in the Indemnity Agreement referred to above or upon default by Trustor in the performance of any agreement herein, Beneficiary may declare all obligations secured hereby immediately due and payable by delivery to Trustee of a written notice of default and Beneficiary's election to cause the Property to be sold to satisfy the obligations hereof. As evidence of the amount due upon default, a sworn declaration by an officer of the Beneficiary, shall be *prima facie* evidence of the amount then due. Beneficiary shall also deposit with the Trustee this Deed of Trust, the Indemnity Agreement and all documents evidencing expenditures secured hereby.

6. **SALE BY TRUSTEE.** That if default be made in the performance of the obligation, or in the payment of the debt, or interest thereon, or any part thereof, or in the payment of any of the other moneys agreed to be paid, or of any interest thereon, or if any of the conditions or covenants in this section adopted by reference be violated, and if the notice of breach and election to sell, required by this chapter, be first recorded, then trustee, its successors or assigns, on demand by beneficiary, or assigns, shall sell the above-granted premises, or such part thereof as in its discretion it shall find necessary to sell, in order to accomplish the objects of these trusts, in the manner following, namely:

The trustees shall first give notice of the time and place of such sale, in the manner provided by the laws of this state for the sale of real property under execution, and may from time to time postpone such sale by such advertisement as it may deem reasonable, or without further advertisement, by proclamation made to the persons assembled at the time and place previously appointed and advertised for such sale, and on the day of sale so advertised, or to which such sale may have been postponed, the trustee may sell the property so advertised, or any portion thereof, at public auction, at the time and place specified in the notice, either in the county in which the property, or any part thereof, to be sold, is situated, or at the principal office of the trustee, in its discretion, to the highest cash bidder. The beneficiary, obligee, creditor, or the holder or holders of the promissory note, indemnity agreement or notes secured thereby may bid and purchase at such sale. The beneficiary may, after recording the notice of breach and election, waive or withdraw the same or any proceedings thereunder, and shall thereupon be restored to his former position and have and enjoy the same rights as though such notice had not been recorded.

That the trustee, upon such sale, shall make (without warranty), execute and, after due payment made, deliver to purchaser or purchasers, his or their heirs or assigns, a deed or deeds of the premises so sold which shall convey to the purchaser all the title of the grantor in the trust premises, and shall apply the proceeds of the sale thereof in payment; firstly, of the expenses of such sale, together with the reasonable expenses of the trust, including counsel fees, in an amount equal to thirty percent (30%) of the amount secured thereby and remaining unpaid, which shall become due upon any default made by grantor in any of the payments aforesaid; and also such sums, if any, as trustee or beneficiary shall have paid, for procuring a search of the title to the premises, or any part thereof, subsequent to the execution of the deed of trust; and in payment; secondly, of the obligation or debts secured, and interest thereon then remaining unpaid, and the amount of all other moneys with interest thereon herein agreed or provided to be paid by grantor; thirdly, all of Beneficiary's payments made and costs incurred, including advances, attorneys' fees and expenses of whatever kind or nature which have arisen by reason of, or in consequence of the execution by the Beneficiary of any bond(s) on behalf of the Principal; and finally the balance or surplus of such proceeds of sale it shall pay to any person legally entitled thereto, including grantor, his heirs, executors, administrators or assigns.

That in the event of a sale of the premises conveyed or transferred in trust, or any part thereof, and the execution of a deed or deeds therefor under such trust, the recital therein of default, and of recording notice of breach and election of sale, and of the elapsing of the 3-month period, and of the giving of notice of sale, and of a demand by beneficiary, his heirs or assigns, that such sale should be made, shall be conclusive proof of such default, recording, election, elapsing of time, and of the due giving of such notice, and that the sale was regularly and validly made on due and proper demand by beneficiary, his heirs and assigns; and any such deed or deeds with such recitals therein shall be effectual and conclusive against grantor, his heirs and assigns, and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligation to see to the proper application of the purchase money, according to the trusts aforesaid.

7. **ACCEPTANCE BY TRUSTEE.** 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 shall be a party unless brought by the Trustee.

8. **SUBSTITUTION OF TRUSTEE.** Beneficiary, or any successor in ownership of the obligations 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 alone 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 proper public recording where this Deed of Trust is recorded and the name and address of the new Trustee.

9. SUCCESSORS. 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 shall mean the owner and holder of the Indemnity Agreement secured hereby, whether or not named as Beneficiary herein.

10. EVENTS OF DEFAULT. Beneficiary may declare a default under the Indemnity Agreement and this Deed of Trust if Trustor, without Beneficiary's prior written consent: (a) sells, conveys, contracts to sell, alienates or further encumbers all or any part of the Property, or (b) leases all or any part of the Property for a term, together with all exercisable options, of 5 years or more; or (c) suffers the title or any interest in the secured Property to be divested, whether voluntarily or involuntarily; or (d) changes or permits to be changed the character or use of the Property; or (e) is a partnership and any of the general partners' interests are transferred or assigned, whether voluntarily or involuntarily; or (f) is a corporation with fewer than 100 stockholders at the date of execution of this Deed of Trust and more than 10% of its capital stock is sold, transferred or assigned during a 12-month period.

11. WAIVER OF STATUTE OF LIMITATIONS. Trustor hereby waives, to the fullest extent permissible by law, the statute of limitations as a defense to any demand or obligation secured by this Deed of Trust.

12. GENERAL PROVISIONS.

A. The term "Trustor" shall mean all parties executing this Deed of Trust as Trustor, their respective heirs, legatees, devisees, administrators, executors, successors in interest and assigns, provided that Beneficiary shall not be obligated to give Notice of Default or Notice of Sale hereunder to any Trustor other than as shown on the face page hereof.

B. The term "Beneficiary" shall mean the owner and holder of the Indemnity Agreement secured hereby, whether or not named a Beneficiary herein.

C. Every provision of the Deed of Trust imposing upon Trustor an obligation to perform an act, shall be construed as obligating Trustor to pay all costs and expenses relating thereto.

D. In the event any provision hereof shall be declared invalid or unenforceable through a final judgment in a court having competent jurisdiction, the validity or enforceability of any of the remaining terms hereof shall not be thereby impaired.

E. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa, and if more than one person is named as Trustor, the obligation of Trustor shall be the joint and several obligations of each person.

F. Captions and paragraph headings used herein are for convenience only and are not a part of this agreement and shall not be used in construing it.

G. No power or remedy herein conferred is exclusive of, or shall prejudice any other power or remedy of the Trustee or Beneficiary given by law. Each such power or remedy of this Deed of Trust may be exercised from time to time as often as deemed necessary.

H. The laws of the State of California shall govern the validity, performance, and enforcement of the terms and conditions hereof. The parties agree that any proceeding with respect to the performance or enforcement of this Deed of Trust shall be brought in a court of competent jurisdiction in the State of Nevada. The parties agree to Clark County as the proper venue.

13. The following covenants, Nos. 3 and 4 of Nevada Revised Statutes 107.030 are hereby adopted and made a part of this Deed of Trust. The interest rate in Covenant No. 4 shall be twelve percent (12%) annual percentage rate, compounded monthly.

14. REQUEST FOR NOTICE. The undersigned Trustor(s) request(s) that a copy of any Notice of Default and of any Notice of Sale hereunder is mailed to each Trustor named on the face page hereof, at the address set forth thereon.

TRUSTOR (S): GARY THOMAS WILSON AND KATHLEEN ANN WILSON


By: GARY THOMAS WILSON

By: _____


By: KATHLEEN ANN WILSON

By: _____

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Aknowledgements

STATE OF Nevada §
§
COUNTY OF Douglas §

On this 13th day of July, 2002 before me, the undersigned Notary Public, personally appeared GARY THOMAS WILSON, 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 Deed of Trust and Assignment of Rents 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), or the entity upon behalf of which the person(s) acted, executed the instrument for the purposes and consideration therein expressed.

Witness my hand and official seal.

[SEAL]

Suzann Rokusek
Notary Public, State of Nevada
Suzann Rokusek
Printed Name of Notary
My commission expires: July 3, 2004



STATE OF Nevada §
§
COUNTY OF Douglas §

On this 13th day of July, 2002 before me, the undersigned Notary Public, personally appeared KATHLEEN ANN WILSON, 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 Deed of Trust and Assignment of Rents 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), or the entity upon behalf of which the person(s) acted, executed the instrument for the purposes and consideration therein expressed.

Witness my hand and official seal.

[SEAL]

Suzann Rokusek
Notary Public, State of Nevada
Suzann Rokusek
Printed Name of Notary
My commission expires: July 3, 2004



STATE OF _____ §
§
COUNTY OF _____ §

On this _____ day of _____, _____ before me, the undersigned Notary Public, personally appeared _____, 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 Deed of Trust and Assignment of Rents 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), or the entity upon behalf of which the person(s) acted, executed the instrument for the purposes and consideration therein expressed.

Witness my hand and official seal.

[SEAL]

Notary Public, State of _____

Print Name of Notary
My commission expires: _____

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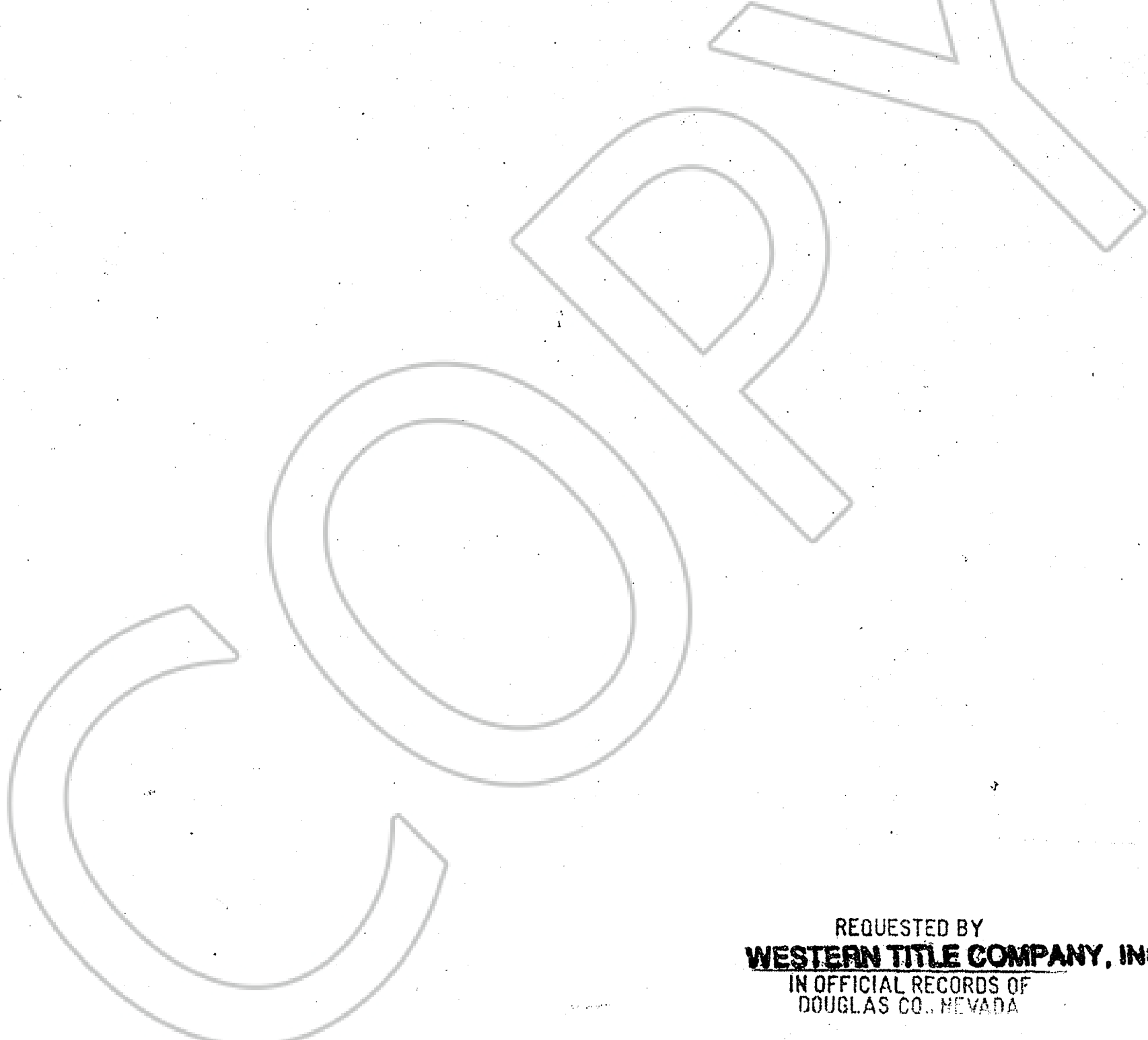
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Exhibit A

The real property in the County of Douglas, State of Nevada, described as:

Lot 1 "A" as set forth on the Anderson Parcel Map, being Lot 1 of the Joel F. Anderson & Muriel R. Anderson Parcel Map, lying within the Southwest ¼ of Section 16, Township 12 North, Range 20 East, M. D. B. & M., filed for record August 10, 1979, in Book 879, Page 754, Document No. 35438, Official Records of Douglas County, State of Nevada.

Together with a non-exclusive easement for road purposes for ingress and egress over the South 50 feet of the Southeast ¼ of the Southeast ¼ of the Southwest ¼ of said Section 16, Township 12 North, Range 20 East, M. D. B and M.



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

2002 JUL 18 PM 12: 20

LINDA SLATER
RECORDER

\$19⁰⁰ PAID *KO* DEPUTY

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