

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

APN: 1220-31-001-012
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
Nevada State Development Corporation
6572 S. McCarran Blvd.
Reno, NV 89509

2003 OCT -7 PM 12:16

WERNER CHRISTEN
RECORDER

\$22⁵⁰ PAID *WJ* DEPUTY

MAIL TAX STATEMENTS TO:
GBE, LLC
P.O. Box 756
Gardnerville, NV 89410

Above for recorder's use only

DEED OF TRUST
(Participation)

THIS DEED OF TRUST (the "Deed of Trust") is made as of this 1st day of October, 2003 by **GBE, LLC, a Nevada limited liability company** ("Trustor"), whose address is **320 Highway 88, Gardnerville, Nevada 89410** to **First American Title Company of Nevada** ("Trustee"), whose address is **5310 Kietzke Lane, Ste. 100, Reno, Nevada 89511**, for the benefit of **NEVADA STATE DEVELOPMENT CORPORATION** (together with its successors and assigns, "Beneficiary"), who maintains an office and place of business at **6572 South McCarran Blvd. Reno, NV 89509** in participation with the Small Business Administration, an agency of the United States.

For and in consideration of \$1.00 and other good and valuable consideration, receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers and assigns to Trustee, in trust, with power of sale and right of entry and possession, all right, title and interest of Trustor in and to that certain real property situated in the County of **DOUGLAS**, State of **NEVADA**:

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

Parcel 5a as set forth on that certain Parcel Map for **CHRISTOPHER JOSEPH GARRETT**, filed in the office of the County Recorder of Douglas County, State of Nevada on December 19, 2001 in Book 1201, Page 6239 as Document No. 530404.

TOGETHER WITH and including all buildings, all fixtures, including but not limited to all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air conditioning apparatus, and elevators (Trustor hereby declaring that it is intended that the items herein enumerated shall be deemed to have been permanently installed as part of the realty), and all other improvements now or hereafter existing thereon; rights, rights of way, easements,

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licenses, privileges, tenements, hereditaments and appurtenances, now or hereafter in any way appertaining and belonging to or used in connection with the such land, or any part thereof or any improvements thereon; any after acquired title and reversion in or to each and every part of all streets, roads, highways and alleys adjacent to and adjoining the same; and the reversion and reversions, remainder and remainders; all rents, issues, profits, earnings, income, accounts, accounts receivable, deposits, security deposits, receipts, royalties, revenues and proceeds which may now or in the future accrue from the foregoing property any improvements thereon or any leases thereof; and all water and water rights (whether riparian, appropriative, or otherwise, and whether or not appurtenant), and pumps and pumping stations used in connection therewith.

1. This Deed of Trust is given for the purpose of securing, in such order of priority as Beneficiary may determine:

(a) payment of a promissory note of this date, in the principal sum of **\$317,000.00** signed by Trustor favor of Beneficiary (the "Note"); and

(b) payment of all other moneys herein agreed or provided to be paid by Trustor and performance of all other obligations of Trustor contained herein, in the Note, and any other loan documents executed in connection with the Note and this Deed of Trust, and any amendment, modification or change hereto or thereto; and

(c) performance of each agreement of Trustor contained in any other agreement given by Trustor to Beneficiary which is for the purpose of further securing any indebtedness or obligation secured hereby.

2. This conveyance is made upon and subject to the further trust that the said Trustor shall remain in quiet and peaceable possession of the above granted and described premises and take the profits thereof to his own use until default be made in any payment of an installment due on said note or in the performance of any of the covenants or conditions contained therein or in this Deed of Trust; and, also to secure the reimbursement of the Beneficiary or any other holder of said note, the Trustee or any substitute trustee of any and all costs and expenses incurred, including reasonable attorneys' fees, on account of any litigation which may arise with respect to this Trust or with respect to the indebtedness evidenced by said note, the protection and maintenance of the property hereinabove described or in obtaining possession of said property after any sale which may be made as hereinafter provided.

3. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this deed and said 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”.

4. Upon default in any of the covenants or conditions of this instrument or of the note or loan documents secured hereby, Beneficiary may without notice and without regard to the adequacy of security for the indebtedness secured, either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by the court, enter upon and take possession of said property or any part thereof, and do any acts which Beneficiary deems proper to protect the security hereof, and either with or without taking possession of said property, collect and receive the rents, royalties, issues, and profits thereof, including rents accrued and unpaid, and apply the same, less costs of operation and collection, upon the indebtedness secured by this Deed of Trust, said rents, royalties, issues, and profits, being hereby assigned to Beneficiary as further security for the payment of such indebtedness. Exercise of rights under this paragraph shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice but shall be cumulative to any right and remedy to declare a default and to cause notice of default to be recorded as hereinafter provided, and cumulative to any other right and/or remedy hereunder, or provided by law, and may be exercised concurrently or independently. Expenses incurred by Beneficiary hereunder including reasonable attorneys' fees shall be secured hereby.

5. 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 to Trustee of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be recorded. Beneficiary also shall deposit with Trustee this Deed of Trust, said 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 for the sale of real property under writ of execution, Trustee, without demand on Trustor, shall sell said property or any part thereof 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, in the event that any indebtedness secured hereby shall not have been fully satisfied by said sale, Trustee may give notice of sale of any property not previously noticed for sale in the manner set forth above and sell the same in the manner set forth above. Trustee shall deliver to any purchaser its deed conveying the property so sold, but without any covenant or warranty, express implied. The recitals of such deed of time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement, in the event that any indebtedness secured hereby shall not have been fully satisfied by said sale, Trustee may give notice of sale of any property not previously noticed for sale in the manner set forth above and sell the same in the manner set forth above. Trustee shall deliver to any purchaser its deed conveying the property so sold, but without any covenant or

warranty, express or implied. The recitals of 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, including a reasonable fee for the attorney of Trustee, and of this trust, including cost 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; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto. The Beneficiary may take any other appropriate action pursuant to state or Federal statute either in state or Federal court or otherwise for the disposition of the property.

6. In the event said property is sold pursuant to the authorization contained in this instrument or at a judicial foreclosure sale and the proceeds are not sufficient to pay the total indebtedness secured by this instrument and evidenced by said promissory note, the Beneficiary will be entitled to a deficiency judgment for the amount of the deficiency.

7. The following covenants: Nos. 1, 3, 4 (legal rate), 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.

8. 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.

9. The Trustor covenants and agrees as follows:

(a) Promptly to pay the indebtedness evidenced by said promissory note at the times and in the manner therein provided.

(b) To pay prior to delinquency all taxes, assessments, water rates, and other governmental or municipal charges, fines or impositions, for which provision has not been made hereinbefore, and will promptly deliver the official receipts therefor to the Beneficiary.

(c) To pay such expenses and fees as may be incurred in the protection and maintenance of said property, including the fees of any attorney employed by the Beneficiary for the collection of any or all of the indebtedness hereby secured, of such expenses and fees as may be incurred in any foreclosure sale by the Trustee, or court proceedings or in any other litigation or proceeding affecting said property, and attorneys' fees reasonably incurred in any other way.

(d) The rights created by this conveyance shall remain in full force and effect during any postponement or extension of the time of the payment of the

indebtedness evidenced by said note or any part thereof secured hereby.

(e) To continuously maintain hazard insurance of such type or types and in such amounts as the Beneficiary may from time to time require, on the improvements now or hereafter on said property, and will pay promptly when due any premiums therefor. All insurance shall be carried in companies acceptable to Beneficiary and the policies and renewals thereof shall be held by Beneficiary and have attached thereto loss payable clauses in favor of and in form acceptable to the Beneficiary. In the event of loss, Trustor will give immediate notice in writing to Beneficiary and Beneficiary may make proof of loss if not made promptly by Trustor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Trustor and Beneficiary jointly, and the insurance proceeds, or any part thereof, may be applied by Beneficiary at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of a Trustee's sale or other transfer of title to said property in extinguishment of the indebtedness secured hereby, all right, title, and interest of the Trustor in and to any insurance policies then in force shall pass at the option of the Beneficiary to the purchaser or Beneficiary.

(f) To keep the said premises in as good order and condition as they are now and will not commit or permit any waste thereof, reasonable wear and tear excepted; 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. In the event of the failure of the Trustor to keep the buildings on said premises and those to be erected on said premises, or improvements thereon, in good repair, the Beneficiary may make such repairs as in the Beneficiary's discretion it may deem necessary for the proper preservation thereof, and any sums paid for such repairs shall bear interest from the date of payment at the rate specified in the note, shall be due and payable on demand and shall be fully secured by this Deed of Trust.

(g) Without the prior written consent of the Beneficiary, not to voluntarily create or permit to be created against the property subject to this Deed of Trust any lien or liens inferior or superior to the lien of this Deed of Trust and further to keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises.

(h) Not to rent or assign any part of the rent of said property or demolish, remove, or substantially alter any building without the written consent of the Beneficiary.

(i) 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 attorney's 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 Deed of Trust.

10. 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, is hereby authorized to: 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 any Federal, state, or local tax assessment, income tax or other tax lien, charge, fee, or other expense charged to the property; 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 his reasonable fees. Any sum so paid or amounts expended by the Beneficiary in connection with the foregoing shall be added to and become a part of the principal amount of the indebtedness evidenced by said promissory note.

11. The Trustor covenants that he is lawfully seized and possessed of and has the right to sell and convey said property; that the same is free from all encumbrances except as hereinabove recited; and that he hereby binds himself and his successors in interest to warrant and defend the title aforesaid thereto and every part thereof against the lawful claims of all persons whomsoever.

12. For better security of the indebtedness hereby secured the Trustor, upon the request of the Beneficiary, its successors or assigns, shall execute and deliver a supplemental mortgage or mortgages covering any additions, improvements, or betterments made to the property hereinabove described and all property acquired after the date hereof (all in form satisfactory to Grantee). Furthermore, should Trustor fail to cure any default in the payment of a prior or inferior encumbrance on the property described by this instrument, Trustor hereby agrees to permit Beneficiary to cure such default, but Beneficiary is not obligated to do so; and such advances shall become part of the indebtedness secured by this instrument, subject to the same terms and conditions.

13. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received by Beneficiary in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance, and the Beneficiary is hereby authorized, in the name of the Trustor, to execute and deliver valid acquittances thereof and to appeal from any such award.

14. That Beneficiary, or its assignee, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged 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, or document or file number under which, this Deed of Trust is recorded, and the name and address of the new Trustee.

15. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

(a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.

(b) CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this Instrument.

16. 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, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

17. The Beneficiary may, without notice to or consent of Trustor, extend the time of the payments of any indebtedness secured hereby to any successor in interest of the Trustor without discharging the Trustor from liability thereon. If the Trustor shall sell, convey, or alienate said property, or any part thereof, or any interest therein, or shall be divested of this title in any manner or way whether voluntary or involuntary, any indebtedness or obligation secured hereby, irrespective of the maturity dated expressed in any note evidencing the same, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. At any time, or from time to time, without liability therefore and without

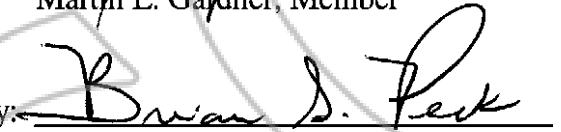
notice, upon written request of the Beneficiary, and without affecting the personal liability of any person for the payment of indebtedness secured hereby, or the effect of this Deed of Trust upon the remainder of the said property, Trustee may; (i) reconvey any part of said property, (ii) consent to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement, or any agreement subordinating the lien or charge hereof. Acceptance by Beneficiary of any sum in payment of any indebtedness secured hereby, after the date when the same is due, or after the filing of breach and election to sell, shall not constitute a waiver of the right either to require prompt payment when due of all other sums so secured, or to declare default as herein provided for failure so to pay, or to proceed with the sale under any such notice of breach and election to sell, for any unpaid balance of said indebtedness, If the Beneficiary holds any additional security for any obligation secured hereby, it may enforce the sale thereof, at its option, either before or after a sale is made hereunder. It is expressly agreed that the trust created hereby is irrevocable by Trustor. A judicial decree, order, or judgment holding any provision or portion of this instrument invalid or unenforceable shall not in any way impair or preclude the enforcement of the remaining provisions or portions of this instrument.

18. Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at the address set forth above.

IN WITNESS WHEREFORE, the Trustor has executed this instrument and the Trustee and Beneficiary have accepted the delivery of this instrument as of the day and year aforesaid.

TRUSTOR:
GBE, LLC, a Nevada limited liability company

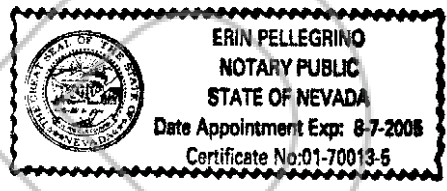
By: 
Martin L. Gardner, Member

By: 
Brian S. Peck, Member

STATE OF NEVADA)
) ss.
COUNTY OF Douglas)

This instrument was acknowledged before me on 10-1, 2003, by Martin L. Gardner, Member of GBE, LLC, a Nevada limited liability company.

Erin Pellegrino
Notary Public
My Commission Expires: 8-7-05



STATE OF NEVADA)
) ss.
COUNTY OF Douglas)

This instrument was acknowledged before me on 10-1, 2003, by Brian S. Peck, Member of GBE, LLC, a Nevada limited liability company.

Erin Pellegrino
Notary Public
My Commission Expires: 8-7-05

