

APN 1419-00-001-033

REQUESTED BY
Stewart Title of Douglas County
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

When Recorded Mail To:

Western Title IC Dept.
500 Damonte Ranch Pkwy
#657-B
Reno NV 89511
ATTN IC # 16301

2003 DEC 16 AM 10:44

WERNER CHRISTEN
RECORDER

\$38⁰⁰ PAID KJ DEPUTY

SEND TAX STATEMENTS TO:

Ascuaga's Nugget
1100 Nugget Avenue
Sparks NV 89431

Escrow 032117338-RR
030504227

Title # 030504227

Space Above This Line For Recorder's Use Only

APN: 1419-00-001-033

**DEED OF TRUST, SECURITY
AGREEMENT AND ASSIGNMENT OF RENTS**

THIS DEED OF TRUST is executed by JOHN J. ASCUAGA and ROSE L. ASCUAGA, also known as ROSE A. ASCUAGA, as community property, individually, and JOHN J. ASCUAGA and ROSE L. ASCUAGA, as Co-Trustees of the John J. Ascuaga Family Trust dated January 8, 1988, to the extent any interest is held by the Trust, with, for purposes herein, a mailing address of 1100 Nugget Ave., Sparks NV 89431, collectively "Trustor", to STEWART TITLE OF DOUGLAS COUNTY, whose address is 1650 North Lucerne, Suite 101, Minden, Nevada 89423, as "Trustee", for the benefit of those Beneficiaries identified, and in the respective percentages set forth, by Exhibit "B", attached hereto and, by reference, made a part hereof, collectively "Beneficiary".

I

CONVEYANCE AND PROPERTY DESCRIPTION

Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, in trust, with power of sale, the real property located in Douglas County, Nevada (the "Real Property"), more particularly described by Exhibit "A" attached hereto and, by reference, made a part hereof.

1

0599664

BK1203PG06956

TOGETHER WITH:

A. All right, title, and interest which Trustor now has or may hereafter acquire to the Real Property; all easements and rights-of-way appurtenant to the Real Property; all water and water rights and shares of stock pertaining to such water and water rights, ownership of which affects the Real Property; all minerals, oil, gas, and other hydrocarbon substances and rights thereto in, on, under, or upon the Real Property, and all royalties and profits from any such rights or shares of stock; all adjacent lands within enclosures or occupied by buildings partly situated on the Real Property; and any other tenements, hereditaments, and appurtenances of the above-described property.

B. All buildings, structures, open parking areas and other improvements and any and all accessions, additions, replacements, substitutions, or alterations thereof or appurtenances thereto, now or at any time hereafter situated, placed, or constructed on the Real Property ("Improvements").

C. All right, title, and interest of Trustor, in and to all materials, supplies, equipment, apparatus, and other items now or hereafter attached to or installed on or in the Real Property, or which in some fashion are deemed to be fixtures under the laws of the State of Nevada, including the Nevada Uniform Commercial Code ("Fixtures"). The term "Fixtures" shall include, without limitations, all items of personalty as described below to the extent that the same may be deemed fixtures under applicable law.

D. All of Trustor's right, title, and interest in and to any award, remuneration, settlement, or compensation heretofore made or hereafter to be made by any governmental entity to Trustor, including those for any vacation of, or a change of grade in, any streets affecting the Real Property.

E. A security interest in all of the right, title, and interest of Trustor, in and to all tangible and intangible personal property, whether now owned or hereafter acquired, including, but not limited to, all equipment, inventory, goods, consumer goods, accounts, chattel paper, instruments, money, general intangibles, documents, minerals, crops, and timber (as those terms are defined in the Nevada Uniform Commercial Code) and which are now or any time hereafter located on, attached to, installed, placed, used on, in connection with or is acquired for such attachment, installation, placement, or use on the property, the Improvements, Fixtures, or on other goods located on the property or Improvements, together with all additions, accessions, accessories, amendments, and modifications thereto, extensions, renewals, and enlargements and proceeds thereof, substitutions therefor, and income and profits therefrom. The personalty includes, but is not limited to, all goods, machinery, tools, equipment, building materials, office air conditioning, heating, refrigerating, electronic monitoring, entertainment, recreational, maintenance, loan

commitments, financing arrangements, bonds, construction contracts, leases, tenants' security deposits, licenses, permits, sales contracts, insurance policies and the proceeds therefrom, maps, plans and specifications, surveys, books and records, funds, bank deposits and all other intangible personal property ("Personalty").

All of the above-described property, both real and personal, is herein referred to as the "Real Property".

II

OBLIGATION SECURED

This Deed of Trust secures the following obligations of Trustor to Beneficiary:

A. Payment of the indebtedness evidenced by a Promissory Note of even date herewith in the original principal amount of SIX MILLION DOLLARS (\$6,000,000.00), (the "Note"), with interest thereon, extension and other fees, late charges, and attorney's fees according to its terms, together with all modifications, extensions, and renewals thereof.

B. Performance of each and every term and provision of any written agreement, including escrow instructions, ("Loan Agreement") by and between Trustor and Beneficiary relating to the Note.

C. This Deed of Trust is governed in part by applicable law regarding future advances which are either optional or obligatory. The maximum amount of advances secured by this Deed of Trust may not exceed the principal amount of the Note and shall have priority to any encumbrance upon the Real Property recorded after the date hereof.

D. Payment of any and all additional loans and advances made by Beneficiary to Trustor and/or to the then record owner or owners of the Real Property (excluding, however, any such loan to an individual for personal, family or household purposes) with interest thereon, late charges, extension and other fees, prepayment premiums and attorney's fees, according to the terms of the promissory note(s) and/or credit agreement(s) evidencing such loans and advances, and all extensions, modifications, renewals or replacements thereof.

III

ASSIGNMENT OF RENTS AND PROFITS

Trustor further irrevocably grants, transfers, and assigns to Beneficiary the rents, income, issues, and profits from the Real Property, absolutely and unconditionally, and not merely as additional security for the indebtedness secured by this Deed of Trust. Prior to the occurrence of an event of default under this Deed of Trust, Beneficiary may grant permission to Trustor to collect and retain the rent, income, issues, and profits of the Real Property as they become due and payable. In the event of a default under the Note or this Deed of Trust, Beneficiary shall have the right, with or without taking possession of the Real Property, to collect all rents, issues, royalties, and profits, and shall be entitled either personally or by attorney or agent, without bringing any action or proceeding, or by a receiver to be appointed by the court, to enter into possession, and hold, occupy, possess, and enjoy the Real Property, make, cancel, enforce, and modify leases, obtain and eject tenants, and set and modify rents and terms of rent. Beneficiary shall have the further right to sue, and to take, receive, and collect all or any part of the rents, issues, royalties, and profits of the Real Property, and after paying all costs of maintenance, operation, and collection, including reasonable attorneys' fees, as Beneficiary may deem proper, to apply the balance upon the entire indebtedness then secured by this Deed of Trust. The receipt and application by the Beneficiary of such rents, issues, and profits, after execution and delivery of the Notice of Default and Election to Sell or during the pendency of the Trustee's sales proceedings under this Deed of Trust, shall not cure such breach or default nor affect the sale proceedings, or any sale made pursuant to this Deed of Trust. All such rents, issues, and profits, less the costs of operation, maintenance, collection and reasonable attorneys' fees, when received by Beneficiary, shall be applied in reduction of the entire indebtedness from time to time outstanding secured by this Deed of Trust, in such order as Beneficiary may determine.

If the rents of the Real Property are not sufficient to satisfy the costs, if any, of taking control of and managing the Real Property and collecting the rents thereof, any funds expended by Beneficiary for such purposes shall become indebtedness of the Trustor to Beneficiary and shall be secured by this Deed of Trust. Such amounts shall be repayable to Beneficiary upon demand and shall bear interest from the date of the disbursement at the default rate as set forth in the Note.

IV

COVENANTS OF TRUSTOR

Trustor agrees, represents, warrants and covenants as follows:

A. Repair, Maintenance and Preservation of the Real Property. During the term of this Deed of Trust, Trustor covenants and agrees to do the following:

1. To maintain the Real Property in good, safe, and insurable condition and repair, subject to ordinary wear and tear, and not to commit or suffer waste;
2. To not remove or demolish any of the Real Property or Improvements thereon without Beneficiary's prior written consent;
3. To complete or restore promptly in a good workmanlike manner any of the Real Property which may be damaged or destroyed or which may be affected by any condemnation or eminent domain proceeding;
4. To comply with all (i) laws, ordinances, regulations, and standards applicable to the Real Property, (ii) covenants, conditions, restrictions and equitable servitudes, whether public or private, of every kind and character which are applicable to the Real Property; and (iii) all requirements of insurance companies for insurability of the Real Property and Trustor's use thereof.
5. To not alter the use of all or any portion of the Real Property without the prior written consent of the Beneficiary;
6. To not abandon the Real Property except in exigent circumstances which make occupancy of the Real Property impossible; and
7. To refrain from impairing or diminishing the value of the Real Property or the security of this Deed of Trust.

B. Real Property Taxes and Assessments. Trustor agrees to pay, not later than the due date and before any penalty or interest attaches, all general taxes and all special taxes, special assessments, water, drainage and sewer charges and all other charges, of any kind whatsoever, ordinary or extraordinary, which may be levied, assessed or imposed on or against the Real Property and, upon the request of Beneficiary, to exhibit to Beneficiary all official receipts evidencing such payments; provided, however, that in the case of any special assessment (or other imposition in the nature of a special assessment) payable in installments, each installment thereof shall be paid prior to the date on which each such installment becomes due and payable; provided further that upon posting a bond in an amount satisfactory to Beneficiary, or, if consented to by Beneficiary, upon establishing adequate reserves in an amount satisfactory to Beneficiary, Trustor may contest the validity of such taxes, in good faith and at Trustor's expense.

C. Insurance.

1. Trustor, at their sole cost and expense, will keep the Real Property insured for the mutual benefit of Trustor and Beneficiary against loss or damage by earthquake and fire, and against loss or damage by other risks embraced by coverage of the type now known as the broad form of extended coverage, including, but not limited to, riot and civil commotion, vandalism, malicious mischief, burglary, theft, and mysterious disappearance, and against any other risks or hazards that Beneficiary may from time to time reasonably designate, in an amount not less than one hundred percent (100%) of the then "full replacement cost" of the Improvements, without deduction for physical depreciation. The Policies of insurance carried in accordance with this section will contain the "Replacement Cost Endorsement".

2. During the term of this Deed of Trust, Trustor agrees to procure and maintain at all times policies of comprehensive public liability insurance insuring against loss, damage or liability for injury or death to persons and loss and damage to property occurring from any cause whatsoever upon, in, or about the Real property in amounts not less than \$2,000,000.00 for injury to any one person and \$2,000,000.00 for personal injuries per occurrence. All such insurance required by the terms of this Deed of Trust shall be written by companies and on forms with endorsements satisfactory to Beneficiary all with suitable loss payable and standard non-contribution mortgagee clauses in favor of Beneficiary (or, in the case of a foreclosure sale, in favor of the purchaser at such sale) and certified copies of the policies evidencing the same shall be kept constantly deposited with Beneficiary. All said policies shall provide for, among other things, written notice to Beneficiary of their expiration of any anticipated cancellation at least thirty (30) days prior to such event occurring. Prior to the expiration of any such policy, a certified copy of an appropriate renewal policy shall be deposited with Beneficiary.

3. All policies of insurance required pursuant to this Deed of Trust will be satisfactory in form and substance to Beneficiary and will be approved by Beneficiary as to amounts, form, risk, coverage, deductibles, insurer, loss payable, and cancellation provisions.

4. Effective on the occurrence of any Event of Default, all of Trustor's right, title, and interest in all policies of property insurance and any unearned premiums paid are assigned to Beneficiary, who may assign them to any purchaser of the Real Property at any foreclosure sale.

D. Repair and Restoration of Improvements. If any Improvement or structure now or hereafter erected on the Real Property shall be destroyed or damaged, Beneficiary shall have the right to require Trustor to restore or rebuild such structure or other

Improvement with materials and workmanship of as good quality as existed before such damage and destruction to substantially their former state, commencing the work of restoration or rebuilding as soon as possible and proceeding diligently with it until completion. Plans and specifications for the restoration shall be submitted to Beneficiary prior to commencement of work and shall be subject to reasonable approval of Beneficiary. Trustor shall be permitted to use all insurance proceeds for restoration of the structure and Improvements according to the foregoing plans and specifications; however, irrespective of the sufficiency of the insurance proceeds Trust shall be obligated to restore the structure and Improvements to completion. If Beneficiary elects, in lieu of restoring the structure and Improvements, all insurance proceeds shall be payable to Beneficiary to be applied to the indebtednesses secured by this Deed of Trust in such order as Beneficiary may determine.

E. Compliance With Laws. Trustor will comply in all material respects with all restrictions affecting the Real Property and with all laws, ordinances, acts, rules, regulations and orders of any legislative, executive, administrative or judicial body, commission or officer (whether federal, state or local) exercising any power of regulation or supervision over Trustor, or any part of the Real Property, whether the same be directed to the repair thereof, manner of use thereof, structural alteration of buildings located thereon or otherwise.

F. Indemnification. Trustor agrees to indemnify Beneficiary from all loss, damage and expense, including reasonable attorneys' and paralegal's fees and expenses and the costs of any settlement or judgment, incurred in connection with any breach by Trustor of any representation, warranty, or covenant contained in this Deed of Trust. This indemnification shall be a personal obligation of the Trustor and shall survive any foreclosure sale of the Real Property conducted pursuant to the terms of this Deed of Trust.

G. Condemnation. Trustor hereby assigns to Beneficiary, as additional security, all awards of damage resulting from condemnation proceedings or the taking of or injury to the Real Property for public use, and Trustor agrees that the proceeds of all such awards shall be paid to Beneficiary or Trustee and shall be applied by Beneficiary or Trustee, first, to the payment of all expenses incurred by Beneficiary or Trustee in connection with such proceedings, including reasonable attorneys' and paralegal's fees and expenses, and secondly to the reduction of the obligations secured hereby. The balance of any such award, after payment of the expenses and obligations hereby secured shall be payable to Trustor, or to any persons claiming by, through or under Trustor.

H. Advances By and Rights of Beneficiary. Trustor agrees that, from and after the occurrence of a default under this Deed of Trust, Beneficiary may, but shall not be required to, make any payment or perform any act herein required of Trustor in any form and manner deemed expedient after reasonably inquiry into the validity thereof. By way of

illustration and not in limitation of the foregoing, Beneficiary may, but shall not be required to, (i) make full or partial payments of insurance premiums which are unpaid by Trustor, and of principal or interest to persons claiming prior or coordinate liens or encumbrances, if any, and (ii) purchase, discharge, compromise or settle any tax lien or any other lien, encumbrance, suit, proceeding, title or claim thereof, or (iii) redeem all or any part of the Real Property from any tax or assessment. All money paid for any of the purposes herein authorized and all other moneys advanced by Beneficiary to protect the Real Property and the lien of this Deed of Trust shall be additional liabilities secured hereby and shall become immediately due and payable without notice and shall bear interest thereon at the default rate set forth in the Note until paid to Beneficiary in full. In making any payment hereby authorized relating to taxes, assessments or prior or coordinate liens or encumbrances, Beneficiary shall be the sole judge of the legality, validity and priority thereof and of the amount necessary to be paid in satisfaction thereof.

I. Inspection. Beneficiary, or any person designated by Beneficiary in writing, shall, upon reasonable advance notice to Trustor, have the right, from time to time hereafter, to make such inspection and verification of the Real Property as Beneficiary may consider reasonable under the circumstances.

J. Reconveyance Fees. Trustor covenants and agrees to pay all reconveyance fees charged by Trustee at the time the lien of this Deed of Trust, or any part hereof, is conveyed.

K. Organization. Trustor, and each of them, is duly organized, validly existing, and in good standing under the laws of their respective states of organization and are qualified to do business in every jurisdiction in which the nature of its business or its properties makes qualification necessary.

L. Power. Trustor, and each of them, have the requisite power and authority to own and manage its properties, to carry on its business as now being conducted, and to own, develop and operate its properties.

M. Authority. The execution, delivery, and performance of this Deed of Trust and Note by each respective person have been duly authorized by all requisite corporate or other entity resolution or, in the event any of the Real Property is held in trust, the trustees have the full power and authority, as appropriate.

N. No Violation. The execution, delivery, and performance of this Deed of Trust and Note will not violate any provision of law, any order of any court or agency of government, the charter documents of any Trustor, or any indenture, agreement, or any other instrument to which any Trustor is a party or by which any Trustor or any of its

property is bound, nor will they conflict with, result in a breach of, or constitute (with due notice and lapse of time) a default under any indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature on any of the property or assets of any Trustor.

O. Enforceability. This Deed of Trust and the Note, when executed and delivered to Beneficiary, will constitute valid and enforceable obligations on the part of each Trustor, jointly and severally, in accordance with their respective terms.

P. Compliance With Leases. Trustor agrees to faithfully perform all of its obligations under all present and future leases or other agreements relative to the occupancy of the Real Property at any time assigned to Beneficiary by separate instrument and to refrain from any action or inaction which would result in termination of any such leases or agreements or in the diminution of the value thereof or of the rents or revenues due thereunder. Trustor further agrees that any lease of the Real Property made after the date of recording of this Deed of Trust shall contain a covenant to the effect that such lessee shall, at Beneficiary's option, agree to attorn to Beneficiary as lessor and upon demand, to pay rent directly to Beneficiary.

Q. Statutory Covenants. To the extent not inconsistent with the express provisions of this Deed of Trust, the following covenants of Section 107.030 of the Nevada Revised Statutes are hereby adopted and made a part of this Deed of Trust: Covenant No. 3, Covenant No. 4 (interest, 15%), Covenant No. 5, Covenant No. 6, Covenant No. 7 (attorneys' fees, reasonable), Covenant No. 8, and Covenant No. 9.

V

RECONVEYANCES

A. Full Reconveyance. When all of the secured obligations set forth in Article II hereof have been paid in full, together with any other obligations owed by Trustor to Beneficiary by the terms hereof, Beneficiary shall request Trustee in writing to reconvey the Real Property, and shall surrender this Deed of Trust and all notes and instruments evidencing the secured obligations to Trustee. When Trustee receives Beneficiary's written request for reconveyance and all fees and other sums owing to Trustee by Trustor have been paid with respect to Trustee's rendering of services in connection with a reconveyance, Trustee shall reconvey the Real Property, or so much of it as is then held under this Deed of Trust, without warranty to the person or persons legally entitled thereto. Such person or persons shall pay any costs of recordation. In the reconveyance, the grantee may be described as "the person or persons legally entitled thereof", and the recitals of any matters of facts shall be conclusive proof of their truthfulness. Neither Beneficiary nor Trustee shall

have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance.

B. Partial Reconveyance. Trustor shall not be entitled to any partial reconveyance of the lien of this Deed of Trust.

VI

HAZARDOUS MATERIALS

Trustor covenants and agrees that it (a) shall not use, generate, store or allow to be generated, stored or used, any "Hazardous Materials" (hereinafter defined) on the Real property, except in the ordinary course of Trustor's business and in accordance with all "Environmental Laws" (hereinafter defined) and (b) shall at all times maintain the Real Property in full compliance with all applicable Environmental laws, including timely remediating the Real property if and when required.

Trustor shall promptly notify Beneficiary in writing of (i) any investigations, claim or other proceeding by any party caused or threatened in connection with any Hazardous Materials on the Real Property, or the failure or alleged failure of the Real Property to comply with any applicable Environmental laws, or (ii) Trustor's discovery of any condition on or in the vicinity of the Real Property that could cause the Real Property to fail to comply with applicable Environmental Laws.

The term "Environmental Laws" shall include any federal, state or local laws or regulations relating to health, safety or protection of the environment. The term "Hazardous Materials" shall include hazardous Substances, as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq., any petroleum or petroleum products (excluding a small quantity of gasoline and oil used in maintenance equipment on the Real Property), asbestos or asbestos containing material, or any other hazardous substances, hazardous wastes or hazardous materials as defined by other Environmental Laws.

VII

DEFAULT AND REMEDIES

A. Default. The occurrence of any of the following events shall constitute a default by the Trustor under this Deed of Trust ("Event of Default"):

1. The failure by the Trustor to pay or perform any obligations secured by the terms of this Deed of Trust, the Note or any other deed of trust or security instrument securing, in whole or in part, payment of the Note within ten (10) days of the date the payment was due or the obligation was otherwise required to be performed. For purposes herein, a default under any one of the foregoing documents shall be deemed a default under each of the foregoing documents.

2. The breach of any representation, warranty, or covenant of Trustor set forth in this Deed of Trust, the Note or any other deed of trust or security instrument securing, in whole or in part, payment of the Note.

3. In the event the Trustor shall sell, convey, transfer, dispose, assign by deed, contract of sale, assignment, execution, or other instrument or otherwise, whether voluntarily or involuntarily, or through operation of law, which results in a divestiture of Trustor's interest or title to the Real Property or further encumber all or any part of the Real Property described herein, or any part thereof, or any interest therein, or agree so to do, without the written consent of the Beneficiary being first obtained, Beneficiary shall have the right, at its option, to declare the entire principal sum of the Note, or any unpaid balance thereof, with unpaid interest due thereon, forthwith due and payable. Consent to one transaction shall not be deemed to be a waiver of the right to require consent to further or successive transactions.

4. The filing of a petition by, on behalf of or against the Trustor, any bankruptcy, reorganization, insolvency, or moratorium, law, or any other law or laws for the relief of, or relating to debtors, any assignment by the Trustor for the benefit of creditors, or the appointment of a custodian, receiver, or Trustee to take possession, custody, or control of the Real Property except as otherwise provided by the Bankruptcy Code and regulations promulgated thereunder.

5. Default by Trustor under any subordinate obligation or instrument securing any subordinate obligation encumbering the Real property if previously permitted by Beneficiary or commencement of any suit or other action to foreclose any subordinate lien on the Real Property.

6. Default by Trustor of any provision of the Note or default by Trustor of any other term or provision of this Deed of Trust, or any term or provision of another deed of trust or security instrument securing, in whole or in part, payment of the Note.

B. Remedies. Upon the occurrence of an Event of Default, Beneficiary may exercise all rights and remedies provided by law on the date of the default, including, but not limited to, the following:

1. Acceleration. Upon the occurrence of an Event of Default, Beneficiary may, at Beneficiary's option, declare immediately due and payable any one or more of the obligations of Trustor to Beneficiary which are secured hereby, including, but not limited to, the Note and, to the extent permitted by law, the same shall, upon notice to or demand on Trustor, become immediately due and payable.

2. Possession and Collection of Rent. Beneficiary shall, at its option, have the right, acting through its agents or attorneys, either with or without process of law, to enter upon and take possession of the Real Property, or any part thereof, to perform such acts of repair or protection as may be necessary or proper to preserve the value thereof, to expel and remove any persons, goods, or chattels occupying or upon the Real Property, to manage, operate, and control the Real Property, and to collect or receive all the rents, issues, and profits as provided in this Deed of Trust.

3. Appointment of Receiver. Beneficiary may make application to a court of competent jurisdiction for appointment of a receiver for the Real Property and Trustor does hereby irrevocably consent to such appointment and expressly waives any right to require a bond of the receiver, to receive notice of application for such appointment, and the right to a hearing prior to such appointment. Any receiver appointed by the court shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain, and operate the Real Property upon such terms as may be approved by the court, and to apply such rents in accordance with the provisions hereof or as otherwise directed by the court.

4. Foreclosure and Sale. Beneficiary may request the Trustee sell the Real Property pursuant to the power of sale granted Trustee herein in accordance with the laws of the State of Nevada or Beneficiary may foreclose this Deed of Trust by judicial action pursuant to the laws of the State of Nevada. Beneficiary may proceed separately or concurrently with a foreclosure sale under any other deed of trust or security instrument securing, in whole or in part, payment of the Note. Trustor hereby waives any law, statute or ordinance requiring Beneficiary to elect to first foreclose under this Deed of Trust or any other deed of trust and Beneficiary may foreclose concurrently thereunder. The proceeds of any foreclosure sale of the Real property shall be distributed and applied in the order of priority set forth in the Note.

5. Right to Deficiency. In the event the proceeds of any foreclosure sale conducted pursuant to the provisions of this Deed of Trust are not sufficient to satisfy all obligations and indebtedness to Beneficiary secured hereby, Beneficiary shall be entitled to recover such deficiency from the Trustor, and each of them, jointly and severally.

6. Remedies With Respect to Personal Property. To the extent this Deed of Trust encumbers both real and personal property, Beneficiary may, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order, proceed with any of the following rights and remedies:

a. Proceed as to both the real and personal property in accordance with Beneficiary's rights and remedies in respect to Real Property; or

b. Proceed as to the Real Property in accordance with Beneficiary's rights and remedies in respect to the Real Property and proceed as to the personal property in accordance with Beneficiary's rights and remedies in respect to the Personalty. Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the personal property in accordance with the Nevada Uniform Commercial Code. Trustor hereby authorizes Trustee to act accordingly.

If Beneficiary should elect to proceed as to both the Real Property and Personalty in accordance with Beneficiary's rights and remedies in respect to Real Property, then the following shall occur:

a. All of the Real Property and all of the Personalty may be foreclosed upon and sold by either private sale or judicial action, in the manner provided in this Deed of Trust, in one lot, or in separate lots consisting of any combination or combinations of Real Property and Personalty, as the Beneficiary may elect, in the sole discretion of Beneficiary.

b. Trustor acknowledges and agrees that a disposition of the personal property collateral in accordance with Beneficiary's rights and remedies in respect to Real Property, as hereinabove provided, is a commercially reasonable disposition of the personal property. Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the Personalty in accordance with Beneficiary's rights and remedies in respect to Real Property. Trustor hereby authorizes Trustee to act accordingly.

If Beneficiary should elect to proceed as to the Personalty in accordance with Beneficiary's rights and remedies in respect to personal property, Beneficiary shall have all of the rights and remedies conferred upon a secured party by the Nevada Uniform Commercial Code.

7. Remedies Cumulative. Each and every remedy provided to Beneficiary by the terms of this Deed of Trust is separate and distinct and is cumulative to all other rights and remedies provided by this Deed of Trust, any other deed of trust or security instrument securing, in whole or in part, payment of the Note, or by law, and each remedy may be exercised concurrently, independently, or successively, in any order. The exercise of any one or more such rights or remedies by Beneficiary, or by the Trustee at the direction of Beneficiary, shall not be construed to be an election of remedies nor a waiver of any other right or remedy which Beneficiary may have.

VIII

TRUSTEE'S POWER AND ACCEPTANCE

A. Acceptance By Trustee. The Trustee shall be deemed to have accepted the terms of this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee shall not be obligated to notify any party thereto of any pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee is a party, unless such sale relates to or reasonably might affect the Real Property, this Deed of Trust, Beneficiary's security for the performance of Trustor's obligations under the Note, or the rights or powers of Beneficiary or Trustee under the Note or this Deed of Trust, or unless such action or proceeding has been instituted by Trustee against the Real Property, Trustor, or Beneficiary.

B. Power of Trustee to Reconvey or Consent. At any time, without liability therefor and without notice to Trustor, upon written request by Beneficiary and presentation of the Note and this Deed of Trust to Trustee for endorsement, and without altering or affecting the personal liability of Trustor or any other person for the payment of the indebtedness secured by this Deed of Trust, or the lien of this Deed of Trust upon the remainder of the Real Property as security for the repayment of the full amount of the indebtedness then or thereafter secured by this Deed of Trust or any right or power of Beneficiary or Trustee with respect to the remainder of the Real Property, Trustee may: (i) reconvey or release any part of the Real Property from the lien of this Deed of Trust; or (ii) enter into any extension or subordination agreement affecting the Real Property or the lien of this Deed of Trust.

C. Substitution of Trustee. Beneficiary, at Beneficiary's option, may from time to time, by written instrument, substitute a successor or successors to any Trustee named in this Deed of Trust or acting under this Deed of Trust, which instrument, when executed and acknowledged by Beneficiary and recorded in the office of the recorder of the county or counties in which the Real Property is located, shall constitute conclusive proof of the proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the predecessor Trustee, succeed to all right, title, estate, powers, and duties of such predecessor Trustee, including, without limitation, the power to reconvey the Real Property. To be effective, such instrument must contain the name of the original Trustor, Trustee, and Beneficiary under this Deed of Trust, the book and page at which, and the county or counties in which, this Deed of Trust is recorded, and the name and address of the substitute Trustee. If any notice of default has been recorded under this Deed of Trust, this power of substitution cannot be exercised until all costs, fees, and expenses of the then acting Trustee shall endorse receipt thereof upon the instrument of substitution. The procedure in this Deed of Trust for substitution of Trustees shall not be exclusive of other provisions for substitution provided by applicable law.

D. Appointment of Agent. Investors Financial LLC, a Nevada limited liability company, has been appointed agent ("Agent") for Beneficiary with the authority to act in the name and place of each Beneficiary and to perform all acts on the part of the Beneficiary as though actually and fully performed by the Beneficiary. With respect to all matters set forth in this Deed of Trust, Trustor shall communicate with Investors Financial LLC in place and instead of each of the Beneficiaries.

IX

SECURITY AGREEMENT; FINANCING STATEMENTS

A. Security Interest. This Deed of Trust shall be construed as a Deed of Trust on real property, and it shall also constitute and serve as a security agreement on personal property within the meaning of, and shall constitute until the obligations secured hereby have been fully paid and performed by Trustor, a first and prior pledge and assignment and a first and prior lien security interest under the Uniform Commercial Code with respect to the Personalty, fixtures and rents. Trustor has granted, bargained, conveyed, assigned, transferred and set over, and by these presents does grant, bargain, convey, assign, transfer and set over unto Beneficiary and Trustee (acting as both a trustee and agent for Beneficiary under the terms hereof) a first and prior security interest in and to all of Trustor's right, title and interest in, to and under the personalty, fixtures, leases and rents in trust, to secure the full and timely payment of the indebtedness and the performance of the obligations secured hereby. Upon an event of default, Trustor shall gather all of the personal property which

is personalty at a location designated by Beneficiary for sale pursuant to the terms hereof.

B. Financing Statements. Trustor shall execute and deliver to Beneficiary, in form and substance satisfactory to Beneficiary, such financing statements and such further assurances as Beneficiary may, from time to time, consider reasonably necessary to create, perfect and preserve Beneficiary's security interest herein granted, and Beneficiary may cause such statements and assurances to be recorded and filed at such times and places as may be required or permitted by law to so create, perfect and preserve such security interest. Pursuant to the Nevada Uniform Commercial Code, this Deed of Trust shall be effective as a financing statement filed as a fixture filing from the date of its filing for record covering the Fixtures and Personalty. The address of Trust, as Debtor, and Beneficiary, as Secured Party, are as set forth herein.

C. Remedies. Trustor agrees that all property of every nature and description, whether real or personal, covered by this Deed of Trust, together with all personal property covered by such security interests, are encumbered as one unit, and that upon an Event of Default, this Deed of Trust and such security interests, at Beneficiary's option, may be foreclosed or sold in the same proceeding, and all of the property (both realty and personalty) may, at Beneficiary's option, be sold as such in one unit as a going business, as more specifically provided in Article VII above. The filing or recording of any financing statement relating to any personal property or rights or interests generally or specifically described herein shall not be construed to diminish or alter any of the Beneficiary's rights or priorities hereunder. Trustee and Beneficiary shall have all the rights, remedies, and recourses with respect to the Personalty, Fixtures, leases and rents afforded to a secured party the Nevada Uniform Commercial Code in addition to, and not in limitation of, the other rights, remedies and recourse afforded by the security documents and at law or in equity.

D. No Obligation of Trustee or Beneficiary. The security interest herein granted shall not be deemed or construed to constitute Trustee or Beneficiary as a trustee or mortgagee in possession of the Real property, to obligate Trustee or Beneficiary to operate the Real Property or attempt to do the same, or take any action, incur expenses or perform or discharge any obligation, duty or liability whatsoever.

X

WARRANTY OF TITLE

The following provisions relating to ownership of the Real Property are a part of this Deed of Trust:

A. Title. Trustor warrants that (i) Trustor, and each of them respectively, holds good and marketable title of record to the Real Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Beneficiary in connection with this Deed of Trust, and (ii) Trustor, and each of them, has the full right, power, and authority to execute and deliver this Deed of Trust to Beneficiary.

B. Defense of Title. Subject to the exception in the paragraph above, Trustor warrants and will forever defend the title to the Real Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Trustor's title or the interest of Trustee or Beneficiary under this Deed of Trust, Trustor shall defend the action at Trustor's expense. Trustor 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 Beneficiary's own choice, and Beneficiary will deliver, or cause to be delivered, to Beneficiary such instruments as Beneficiary may request from time to time to permit such participation.

IX

MISCELLANEOUS

A. Notices. Any notice, request, demand, statement, authorization, approval, consent or acceptance made hereunder shall be in writing and shall be (a) hand delivered or (b) sent by overnight delivery via United Parcel Service or other reputable overnight courier service, or (c) sent by registered or certified mail, postage prepaid with return receipt requested, or (d) sent by facsimile (with a confirmatory duplicate copy sent by United Parcel Service or any other reputable overnight courier service for overnight delivery) and shall be deemed given (i) upon delivery, if delivered in person, (ii) one (1) business day after being deposited with United Parcel Service or any other reputable overnight courier service for overnight delivery, or (iii) three (3) business days after being postmarked if sent by registered or certified mail, return receipt requested, or (iv) upon receipt if sent by facsimile, in each case addressed as follows:

If to Beneficiary: c/o Investors Financial, LLC
4790 Caughlin Parkway, #519
Reno, NV 89509

If to Trustor: John Ascuaga
~~1100 Nugget Avenue~~
~~Sparks NV 89431~~

Any person identified above may designate a change of address or facsimile number by notice to the other party sent pursuant to this paragraph, given at least fifteen (15) days before such change of address is to become effective.

B. Effect of Modifications or Extension. Trustor agrees that, without affecting the liability of any person for payment of the liabilities secured hereby or affecting the lien of this Deed of Trust upon the Real Property or any part thereof (other than persons or property explicitly released as a result of the exercise by Beneficiary of its rights and privileges hereunder), Beneficiary may at any time and from time to time, on request of the Trustor, without notice to any person liable for payment of any liabilities secured hereby, extend the time, or agree to modify the terms of payment of such liabilities.

C. Consent and Approval. Whenever the consent and approval of the Beneficiary is specified as a condition of any provision of this Deed of Trust, such consent or approval by the Beneficiary shall not be effective unless such consent or approval is in writing, signed by the duly appointed agent of Beneficiary as set forth in Article VIII D. hereof.

D. Application of Payment. Except as otherwise expressly provided by applicable law or any other provision of this Deed of Trust, if applicable, all payments received by Beneficiary from Trustor shall be applied by Beneficiary first, to the cost, fees, charges, advances, and interest thereon paid or incurred by Beneficiary or payable to Beneficiary, pursuant to any provision of this Deed of Trust, in such order as Beneficiary, in Beneficiary's sole discretion shall determine, second, to accrued interest, and third, to principal.

E. Time of the Essence. Time is of the essence of this Deed of Trust.

F. Waiver. The waiver of the time for performing any act shall not constitute a waiver of the time for performing any other act or of an identical act required to be performed at a later time. The exercise of any remedy provided for in this Deed of Trust shall not constitute a waiver of any other remedy.

G. Severability. The unenforceability, invalidity, or illegality of any provision of this Deed of Trust shall not render any other provision unenforceable, invalid, or illegal.

H. Gender and Number. As used in this Deed of Trust, the masculine, feminine, or neuter gender, and the singular or plural number, shall each be considered to include the others whenever the context so indicates.

I. Binding Effect. This Deed of Trust shall inure to the benefit of, and be binding upon, the heirs, assigns, transferees, personal representatives, and successors in interest of the parties hereto.

J. Captions. The captions in this Deed of Trust shall have no effect on its interpretation.

K. Further Assurance. At any time, and from time to time, upon request of Beneficiary, Trustor will make, execute and deliver, or will cause to be made, executed or delivered, to Beneficiary or to Beneficiary's designee, and when requested by Beneficiary, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Beneficiary may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Beneficiary, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (i) the obligations of Trustor under the Note and this Deed of Trust, and (ii) the liens and security interests created by this Deed of Trust as first and prior liens on the Real Property, whether now owned or hereafter acquired by Trustor. Unless prohibited by law or agreed to the contrary by Beneficiary in writing, Trustor shall reimburse Beneficiary for all costs and expenses incurred in connection with the matters referred to in this paragraph.

L. Attorney-in-Fact. If Trustor fails to do any of the things referred to in the preceding paragraph, Beneficiary may do so for and in the name of Trustor and at Trustor's expense. For such purposes, Trustor hereby irrevocably appoints Beneficiary as Trustor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Beneficiary's sole opinion, to accomplish the matters referred to in the preceding paragraph.

M. Waiver of Statute of Limitations. Trustor hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien created by this Deed of Trust or to any action brought to enforce the Note or any other obligation by this Deed of Trust.

N. Jury Trial Waiver. TRUSTOR AND BENEFICIARY BY THEIR ACCEPTANCE OF THIS DEED OF TRUST, HEREBY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THE NOTE OR DEED OF TRUST. THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY TRUSTOR AND BY BENEFICIARY, AND TRUSTOR ACKNOWLEDGES THAT NEITHER BENEFICIARY NOR ANY PERSON ACTING ON BEHALF OF

BENEFICIARY HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR HAS TAKEN ANY ACTIONS WHICH IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. TRUSTOR AND BENEFICIARY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT TRUSTOR AND BENEFICIARY HAVE ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THE NOTE AND THAT EACH OF THEM WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. TRUSTOR AND BENEFICIARY FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED (OR HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THE NOTE AND THIS DEED OF TRUST AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL.

O. Governing Law; Severability. This Deed of Trust shall be governed by the law of the State of Nevada, provided, however, that to the extent the mandatory provisions of the laws of another jurisdiction relating to (a) the perfection or the effect of perfection or non-perfection of the security interests in any of the Real Property, (b) the lien, encumbrance or other interest in the Real Property granted or conveyed by this Deed of Trust, or (c) the availability of and procedures relating to any remedy hereunder or related to this Deed of Trust are required to be governed by such other jurisdiction's laws, such other laws shall be deemed to govern and control. If any provision of this Deed of Trust conflicts with applicable law, such conflict shall not affect other provisions of which can be given effect without the conflicting provisions, and to this end the provisions of this Deed of Trust are declared to be severable.

P. Loss of Note. Upon notice from Beneficiary of the loss, theft, or destruction of the Note and upon receipt of indemnity reasonably satisfactory to Trustor from Beneficiary, or in the case of mutilation of the Note, upon surrender of the mutilated Note, Trustor shall make and deliver a new note of like tenor of the then to be superseded Note.

[SIGNATURES CONTAINED ON NEXT PAGE]

EACH TRUSTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS DEED OF TRUST, AND EACH TRUSTOR AGREES TO ITS TERMS.

EXECUTED this 16 day of December, 2003.

TRUSTORS:

JOHN J. ASCUAGA and
ROSE L. ASCUAGA, aka
ROSE A. ASCUAGA

John J. Ascuaga
JOHN J. ASCUAGA

Rose L. Ascuaga
ROSE L. ASCUAGA, aka
ROSE A. ASCUAGA

JOHN J. ASCUAGA and ROSE L.
ASCUAGA, Co-Trustees of the John L.
Ascuaga Family Trust dated January 8,
1988

By John J. Ascuaga
JOHN J. ASCUAGA, Trustee

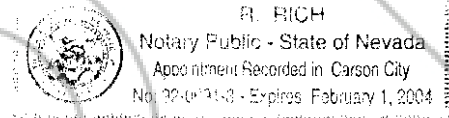
By Rose L. Ascuaga
ROSE L. ASCUAGA, Trustee, aka
ROSE A. ASCUAGA

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on December 15, 2003, by
JOHN J. ASCUAGA and ROSE L. ASCUAGA, aka ROSE A. ASCUAGA.

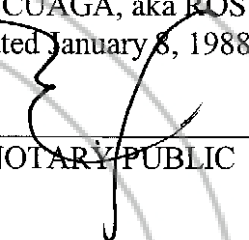


NOTARY PUBLIC

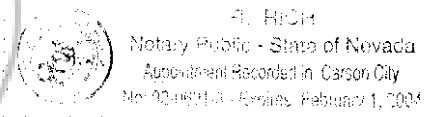


STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on December 15, 2003, by
JOHN J. ASCUAGA and ROSE L. ASCUAGA, aka ROSE A. ASCUAGA, as Co-Trustees
of the John J. Ascuaga Family Trust dated January 8, 1988.



NOTARY PUBLIC



December 12, 2003

EXHIBIT "A"

LEGAL DESCRIPTION

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

Township 14 North, Range 19 East, M.D.B.&M.

SECTION 9: The South half of the Southeast quarter.

EXCEPTING THEREFROM the following described parcel of land:

A portion of the Southeast quarter of said Section 9 which is described as follows:

Commencing at the corner common to Sections 9, 10, 15 and 16 in said Township and Range; thence Northerly along the line common to Sections 9 and 10 a distance of 340.00 feet to an iron bar on the Section line; the True Point of Beginning; thence Westerly, normal to said Section line, 217.80 feet; thence Northerly along a line parallel to said Section line 200.00 feet; thence Easterly along a line normal to said Section line, 217.80 feet to said Section line; thence Southerly along said Section line 200.00 feet to the True Point of Beginning.

SECTION 14: All land lying West of Jacks Valley Road in the South half of the Northwest quarter and the Southwest quarter.

SECTION 15: The West half; the East half, EXCEPTING THEREFROM all land lying North of the following described line:

Commencing at the one-quarter common to Sections 10 and 15; thence South $0^{\circ}08'$ West along the fence line a distance of 3152.00 feet to a fence corner; the Point of Beginning; thence North $71^{\circ}09'$ East along the fence line 2796.49 feet to a point on the West line of Section 14, the Point of Ending.

SECTION 16: The East half.

SECTION 21: The Northeast quarter of the Northeast quarter.

SECTION 22: The Northeast quarter of the Northwest quarter; the North half of the Northeast quarter.

Continued on next page

0599664

BK1203PG06978

SECTION 23: All land lying West of Jacks Valley Road in the North half of the Northwest quarter.

TOGETHER WITH a non-exclusive easement for roadway purposes as conveyed to Lawrence B. Grant by Deed recorded April 17, 1969, in Book 66, Page 66, Document No. 44186, Official Records.

Said easement was assigned of record to John J. Ascuaga, et ux, by Assignment recorded April 17, 1969, in Book 66, Page 76, Official Records.

ASSESSOR'S PARCEL NO. 1419-00-001-033

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED APRIL 17, 1969, BOOK 66, PAGE 70, AS FILE NO. 44188, AND RECORDED DECEMBER 2, 1971, BOOK 94, PAGE 108, AS FILE NO. 55767, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

0599664

BK1203PG06979

Exhibit "B"

1. John and Carol Douglass, Joint Tenants with Rights of Survivorship as to an undivided 3.33% interest;
2. **Kathy Boyce Trustee of the Boyce Living Trust as to an undivided 6.67% interest;**
3. **Mark and Franna Combs Pension Plan, Mark Combs Trustee as to an undivided 7.5% interest;**
4. William F. Miller Jr. Trustee V.T.D. 11/22/2000 as to an undivided 6.67% interest;
5. **Sam Jaksick Jr. as to an undivided 21.67% interest;**
6. **Randi McHugh, an unmarried woman as to an undivided 4.17% interest;**
7. **First Savings Bank Admin for Randi E. McHugh Trustee as to an undivided 2.0% interest;**
8. **William McHugh, an unmarried man as to an undivided 4.58% interest;**
9. **Tomie S. Ford, an unmarried woman as to an undivided 3.33% interest;**
10. **Elaine James-Lieberstein, a married woman and Erin Laine Fuller, a single woman, as Joint Tenants with Rights of Survivorship as to an undivided 1.67% interest;**
11. **Loth E. Lieberstein and Elaine James-Lieberstein Grantors and Trustees of the Lieberstein Family Trust dated July 24, 2002 as to an undivided 1.67% interest;**
12. **Loth E. Lieberstein, Grantor and Trustee of the Loth E. Lieberstein Trust dated July 24, 2002 as to an undivided 11.75% interest;**
13. **Loth E. Lieberstein, Trustee of the Digestive Health Associates Profit Sharing Plan as to an undivided 21.66% interest; and**
14. **David L. Sanford, Trustee of the David L. Sanford 1981 Trust as to an undivided 3.33% interest.**

0599664

BK1203PG06980