

REQUESTED BY
FIRST AMERICAN TITLE CO.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

A. P. No. 1420-29-001-004
Escrow No. 2118709-NP

2004 FEB 18 PM 12:37

When recorded mail to:
Donald C. James, Trustee
P.O. Box 2954
Carson City, NV 89702

WERNER CHRISTEN
RECORDER

\$18⁰⁰ PAID *KJ* DEPUTY

DEED OF TRUST
WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made February 13, 2004, between
MERRILL CONSTRUCTION, INC., a Nevada corporation, herein called
"Trustor", whose address is: P.O. Box 2262
Minden, NV 89423, FIRST AMERICAN TITLE COMPANY OF NEVADA, a
Nevada corporation, herein called "Trustee", and DONALD C. JAMES
and LORETTA S. JAMES, Trustees of THE JAMES FAMILY TRUST dated
June 13, 2000, herein called "Beneficiary", whose address is:
P.O. Box 2954 Carson City, NV 89702,

W I T N E S S E T H:

That Trustor irrevocably grants to Trustee in trust, with
power of sale, all interest of Trustor in that certain property
situate in the County of Douglas, State of Nevada, more
particularly described as follows:

Lot 322, as shown on the Map of SARATOGA SPRINGS ESTATES
UNIT 7 (Final Map #PD99-02-07), filed in the office of the
Douglas County Recorder on August 19, 2003, File No. 587125.

TOGETHER WITH, the tenements, hereditaments and
appurtenances thereunto belonging or appertaining, and the
reversion and reversions, remainder and remainders, rents, issues
and profits thereof, subject, however, to the right of
Beneficiary, during any period of default hereunder, and without
waiver of such default, to collect said rents, issues and profits

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by any lawful means, and to apply the same, less costs and expenses of collection, to any indebtedness secured hereby.

FOR THE PURPOSE OF SECURING: (1) Payment of the principal sum of \$180,000.00, according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and all extensions or renewals thereof; (2) the performance of each agreement of Trustor incorporated herein by reference or contained herein; and (3) payment of such additional sums which may hereafter be loaned to Trustor by Beneficiary when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

AND THIS INDENTURE FURTHER WITNESSETH:

1. Trustor agrees to properly care for and keep said property in good condition and repair; not to alter, remove, damage or demolish any building or improvement thereon; to complete in a good and workmanlike manner any building or improvement which may be constructed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws, ordinances and regulations relating to any alterations or improvements made thereon; not to commit or permit any waste thereof; not to commit, suffer or permit any act to be done in or upon said property in violation of any law, covenant, condition or restriction affecting said property; to cultivate, irrigate, fertilize, fumigate, prune and/or do any other act or acts, all in a timely and proper manner, which, from the character or use of said property, may be reasonably necessary, the specific enumerations herein not excluding the general.

2. Trustor agrees to pay and discharge all costs, fees and expenses of this trust incurred in connection with any default by Trustor.

3. During the continuance of this trust, Trustor covenants to keep all buildings that may now or at any time be on said property in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada. Said insurance shall be in such sum or sums as shall equal the total indebtedness secured by this Deed of Trust and all obligations having priority over this Deed of Trust, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of the unsatisfied obligation to Beneficiary hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary

or to the collection agent of Beneficiary, as further security, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums as Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon the indebtedness 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 done pursuant to such notice.

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

5. Any award of damages in connection with any condemnation for public use of, or injury to said property, or any part thereof, is hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received by him in the same manner and with the same affect as herein provided for disposition of proceeds of insurance.

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

7. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment, when due, of all other sums so secured or to declare default, as herein provided, for failure to so pay.

8. At any time, and from time to time, without liability therefor, upon written request of Trustor and Beneficiary, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon said property, Trustee may consent in writing to the making of any map or plat thereof or join in granting any easement thereon.

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

10. Should Trustor default in the payment of any indebtedness secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein by reference, Beneficiary may declare all sums secured hereby immediately due and payable.

11. The following covenants Nos. 1, 3, 4 (interest 12%), 5, 6, 7 (counsel fees - a reasonable percentage), 8 and 9 of Nevada Revised Statutes 107.030, are hereby adopted and made a part of this Deed of Trust, and, notwithstanding any provision of said covenant No. 7 to the contrary, proceeds of any foreclosure sale shall be distributed pursuant to the provisions of Nevada Revised Statutes 40.462.

12. Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

13. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. It is expressly agreed that the Trust created hereby is irrevocable by Trustor.

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

15. In this Deed of Trust, unless the context requires otherwise, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term

