

2004 JUN -2 PM 3: 14

WERNER CHRISTEN
RECORDER

\$51⁰⁰ PAID *KJ* DEPUTY

APN 1420-07-618-002

DEED OF TRUST

THIS DEED OF TRUST, made and entered into this ^{as of} 2nd day of June, in the year 2004 by and between The Badger Group, LLC a Nevada limited liability company, a corporation organized and existing under the laws of the State of Nevada, having its principal place of business at c/o Jeffrey K. Rahbeck, Esq., 120 McFaul Way, Zephyr Cove, NV 89448, party hereto of the first part, hereinafter sometimes referred to as the "Grantor," and Stewart Title of Douglas County 1650 N. Lucerne, Minden, NV, as Trustee, party of the second part, hereinafter sometimes referred to as the "Trustee," and Love Funding Corporation a corporation organized and existing under the laws of the State of Commonwealth of Virginia with its principal office in the City of Washington, D.C., State of , party hereto of the third part and hereinafter sometimes referred to as the "Beneficiary" (which designations shall include the respective successors and assigns and the successors in the interest of the several parties).

WHEREAS, the party of the first part is justly indebted to the party of the third part in full sum of Two Million Seven Hundred Forty Five Thousand Nine Hundred Dollars (\$ 2,745,900.00),

evidenced by its Note of even date herewith, bearing interest from date on outstanding balance at Five and Four Tenths (5.4%) per cent per annum, payable in monthly installments beginning on the first day of the month following the date hereof with a final maturity of June 1, 2039, which Note is identified as being secured hereby by a certificate thereon. Said Note and all of its terms are incorporated herein by reference; however evidenced.

AND WHEREAS, the Grantor desires to secure to the Beneficiary the full and punctual payment of said debt and interest thereon, and to secure the performance of the covenants herein contained, as well as any and all renewals or extensions of said Note, or of any part thereof, with interest thereon; and also to secure the reimbursement to the holder or holders of said Note and to the Trustee or substitute trustee, for all money which may hereafter be advanced for any purpose provided for by the terms of this Deed of Trust or the covenants hereof adopted by reference, and for any and all costs and expenses (including reasonable attorney's fees) incurred or paid on account of any litigation at law or in equity which may arise in respect to this trust, or to the indebtedness or to the property herein mentioned, or in obtaining possession of the premises after any sale which may be made as hereinafter provided for;

NOW, THEREFORE, THIS DEED OF TRUST WITNESSETH: That the said Grantor, in consideration of the premises and of One Dollar (\$), to it in hand paid by the Trustee (the receipt of which, before the sealing and delivery of these presents, is hereby acknowledged), has granted, bargained, sold, conveyed, and confirmed and does hereby grant, bargain, sell, convey, and confirm unto the Trustee, his successors and assigns in trust forever, the following-described land and premises with the improvements thereon, together with all privileges, hereditaments, water rights, mineral rights, easements, rights, ways and appurtenances thereunto belonging, situated and lying in Carson City, in the County of Douglas, State of Nevada, more particularly described as follows:

See Schedule A attached hereto and made a part hereof.

Rider to Deed of Trust attached hereto and made a part hereof.

LLC Rider to Note, Security Deed and Regulatory Agreement attached hereto and made a part hereof.

TOGETHER with all of the rents, issues, and profits which may arise or be had therefrom; and all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

TOGETHER with all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, furniture, shades, awnings, screens, venetian blinds and other furnishings; and

All articles of personal property owned by the party of the first part and now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all goods and chattels and personal property as are ever used or furnished in operating a building or the activities conducted therein similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner. It is hereby agreed that to the extent permitted by law all of the foregoing property and fixtures are to be deemed and held to be a part of and affixed to the realty.

TO HAVE AND TO HOLD the above granted and bargained premises, together with all the privileges and appurtenances, unto said Trustee, its successors in this trust, and assigns, forever, to its and their proper use and behoof.

AND the said Grantor does hereby covenant for itself, its successors and assigns, that it is seized of said land and premises in fee simple and has the right to convey the same to the said Trustee, that the said Trustee shall have quiet possession thereof, free from all encumbrances, and that it, the said Grantor, will execute such further assurances thereof as may be requisite.

IN AND UPON THE USES AND TRUSTS FOLLOWING, that is to say:

Until any default in payment of any matter of indebtedness hereby secured as herein provided for, or until breach of any of the covenants herein contained, to permit the said Grantor, its successors and assigns, to possess and enjoy said land and premises, and to receive the rents, issues, and profits thereof; and on full payment of said Note, and of any extensions or renewals thereof, and interest thereon, and all sums advanced or expended as herein provided, and all other proper costs, charges, expenses, commissions, and half-commissions, at any time before the sale hereinafter provided for, to release and reconvey unto and at the cost of the said Grantor, or the party or parties then claiming under it, the aforesaid land and premises.

Upon any default being made in the payment of any installment of principal and/or interest under said Note or payment of any monthly sum as hereafter provided in paragraph 9 (a) or (b) hereof, not made good prior to the due date of the next such payment, or in payment of any ground rent, tax or assessment or water rate, or hazard insurance premium (it being hereby agreed that in default thereof, the Beneficiary may pay same and that any sum so paid or paid by Beneficiary for mortgage insurance premiums not otherwise provided for, or for repairs or for any proper cost or expense of this trust, shall be secured hereby, shall bear interest at the rate specified in the Note and shall be payable on demand), or upon failure to keep or perform any covenant agreement or condition hereunder, the entire unpaid balance of the principal sum and all advances with unpaid interest to date shall immediately become due at the option of the Beneficiary and thereupon the Trustee, or his successor in this trust, shall have power and it shall be his duty, after (1) the lapse of 15 days during which the Grantor shall have failed to make good such default, (2) after due recording in the office of the recorder in the county where the property lies of notice of such default and election by the Beneficiary to cause the trust property to be sold in payment of the debt after (3) the elapse of at least 3 months and (4) after the Trustee shall have given notice by publication and/or otherwise as of the time and place of such sale, all as required by law, to sell and in case of any default of any purchaser, to resell at public auction for cash in one or more parcels, the mortgaged premises and property herein described and to convey the same in fee simple upon compliance with the terms of the sale to and at the cost of the purchaser or purchasers thereof, who shall not be required to see to the application of the purchase money; and to apply the proceeds of said sale or sales; Firstly, to pay all proper costs, charges and expenses, including all attorneys' and other fees, herein provided for, and all moneys advanced for costs or expenses of litigation as aforesaid, or taxes or assessments, water rates, or insurance or mortgage insurance with interest thereon as aforesaid, and all taxes, general and special, and assessments, due upon said land and premises at time of sale; Secondly, to retain as compensation a commission of one percentum (1%) on the gross amount of the said sale or sales; Thirdly, to pay whatever may then remain unpaid of the principal of the said Note whether same shall be due or not, and the interest thereon to date of payment; and, Lastly, to pay the remainder of said proceeds, if any, to said Grantor, or assigns, upon the delivery of and surrender to the purchaser, his, her, or their heirs or assigns, of possession of the premises as aforesaid sold and conveyed, less the expense, if any, of obtaining possession.

Party of the first part grants to the holder or holders of the note secured hereby the right and power to appoint a substitute Trustee or Trustees hereunder for any reason whatsoever by instrument of appointment duly executed and acknowledged by the holder or holders of the note and to be filed for record in the office wherein this Deed of Trust is recorded. Such power of appointment may be exercised as often as deemed necessary by the holder or holders of the note. Upon such appointment, the substitute Trustee or Trustees shall be vested with all the rights, powers, authority, and duties vested in the Trustee hereunder.

The Grantor, in order more fully to protect the security hereof, covenants and agrees as follows:

1. That Grantor will pay the Note at the times and in the manner provided therein;
2. That Grantor will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed;
3. That the Regulatory Agreement, if any, executed by the Grantor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which is being recorded simultaneously herewith, is incorporated in and made a part of this Deed of Trust. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;
4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Grantor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;
5. That upon default hereunder Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
6. That at the option of the Grantor the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner if a partial prepayment results from an award in condemnation in accordance with provisions of Paragraph 8 herein, or from an insurance payment made in accordance with provisions of Paragraph 7 herein, where there is a resulting loss of project income;
7. That the Grantor will keep the improvements now existing or hereafter erected on the deeded property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner upon the insurance of the Deed of Trust and other hazards as may be required from time to time by the Beneficiary, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or Policies, in amounts not less than necessary to comply with the applicable Co-insurance Clause percentage, but in no event shall the amounts of coverage be less than 80% of the Insurable Values or not less than the unpaid balance of the insured Deed of Trust, whichever is the greater, and in default thereof the Beneficiary shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Beneficiary and the Secretary of Housing and Urban Development as interest may appear, and shall be deposited with the Beneficiary;

That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Beneficiary, and, at its option, may be applied to the debt or released for the repairing or rebuilding of the premises;

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8. That all awards of compensation in connection with condemnation for public use of or a taking of any of that property, shall be paid to the Beneficiary to be applied to the amount due under the Note secured hereby in (1) amounts equal to the next maturing installment or installments of principal and (2) with any balance to be credited to the next payment due under the Note. That all awards of damages in connection with any condemnation for public use of or injury to any residue of that property, shall be paid to the Beneficiary to be applied to a fund held for and on behalf of the Grantor which fund shall, at the option of the Beneficiary, and with the prior approval of the Secretary of Housing and Urban Development, either be applied to the amount due under the Note as specified in the preceding sentence, or be disbursed for the restoration or repair of the damaged residue. No amount applied to the reduction of the principal amount due in accordance with (1) shall be considered an optional prepayment as the term is used in this Deed of Trust and the Note secured hereby, nor relieve the Grantor from making regular monthly payments commencing on the first day of the first month following the date of receipt of the award. The Beneficiary is hereby authorized in the name of the Grantor to execute and deliver valid acquittances for such awards and to appeal from such awards.

9. That, together with and in addition to the monthly payments of interest or of principal and interest, payable under the terms of the Note secured hereby, Grantor will pay to the Beneficiary, on the first day of each succeeding month after the date hereof until the Note is fully paid, the following sums:

- (a) An amount sufficient to provide the Beneficiary with funds to pay the next mortgage insurance premium if this instrument and the Note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:
- (I) If and so long as said Note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the Beneficiary one month prior to its due date the annual mortgage insurance premium, in order to provide such Beneficiary with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or;
 - (II) If and so long as said Note of even date and this instrument are held by the Secretary of Housing and Urban Development, a monthly service charge in an amount equal to 1/12 of 1/4% of the average outstanding principal balance due on the Note computed for each successive year beginning with the first day of the month following the date of this instrument, if the Secretary of Housing and Urban Development is the Beneficiary named herein or the first day of the month following assignment, if the Note and this instrument are assigned to the Secretary of Housing and Urban Development without taking into account delinquencies or prepayment;
- (b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other property insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Beneficiary) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Beneficiary in trust to pay said ground rents, premiums, water rates, taxes, and special assessments.
- (c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the Note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Beneficiary to the following items in the order set forth:
- (I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development or service charge;
 - (II) ground rents, taxes, special assessments, water rates, fire and other property insurance premiums;
 - (III) interest on the Note secured hereby;
 - (IV) amortization of the principal of said Note;

10. In the event the Grantor fails to pay any sums provided for in this Deed of Trust, the Beneficiary, at its option, may pay the same. Any excess funds accumulated under (b) of the preceding paragraph remaining after payment of the items therein mentioned, shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such item shall exceed the estimate therefor, or if the Grantor shall fail to pay any other governmental or municipal charge, the Grantor shall forthwith make good the deficiency or pay the charge before the same become delinquent or subject to interest or penalties and in default thereof the Beneficiary may pay the same. All sums paid by the Beneficiary and any sums which the Beneficiary may be required to advance to pay mortgage insurance premiums shall be added to the principal of the debt secured hereby and shall bear interest from the date of payment at the rate specified in the Note and shall be due and payable on demand. In case of termination of the Contract of Mortgage Insurance by prepayment of the Deed of Trust in full, or otherwise (except as hereinafter provided), accumulations under (a) of the preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Grantor. If the property is sold under foreclosure or is otherwise acquired by the Beneficiary after default, any remaining balance of the accumulations under (b) of the preceding paragraph shall be credited to the principal of the Deed of Trust as of the date of the commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under (a) thereof shall be likewise credited unless required to pay sums due the Secretary of Housing and Urban Development under the Contract of Mortgage Insurance;

11. The Grantor will pay all grounds rents, taxes, assessments, water rates, and other governmental or municipal charges, fines, or impositions, for which provision has not been made by payments as hereinbefore provided, and in default thereof the Beneficiary may pay the same. That in pursuance of the provisions of Nevada Revised Statutes 361.250, the parties hereby agree and stipulate that all taxes levied and assessed under the provisions of said act or any amendment or revision thereof which shall be a lien upon the premises and property herein described shall be paid by the owner of the property and not by the Beneficiary hereunder or any subsequent owner of the debt secured hereby;

12. To keep said land and premises and the improvements now or hereafter erected thereon free from all statutory liens and claims of every kind;

13. To keep all buildings, fences, and other improvements now or hereafter erected on said land and premises in good order and repair and not to do or permit waste;

14. The Grantor will not demolish or remove any building now or hereafter erected on said land and premises, without the written consent of the Trustee;

15. That the Beneficiary under this Deed of Trust, in any action to foreclose, shall be entitled to the appointment of a receiver of the rents and profits of the mortgaged premises as a matter of right and without notice, with power to the Trustee to collect the rents, issues, and profits of said mortgaged premises, due and becoming due during the pendency of such foreclosure suit, such rents and profits being hereby expressly assigned and pledged as additional security for the payment of the indebtedness secured by this Deed of Trust, without regard to the value of the mortgaged premises or the solvency of any person or persons liable for the payment of the mortgage indebtedness. The Grantor for itself and any subsequent owner hereby waives any and all defenses to the application for appointment of a receiver as above, and hereby specifically consents to such appointment without notice, but nothing herein contained is to be construed to deprive the Beneficiary of any other right, remedy, or privilege it may now have under the law to have a receiver appointed. The provision for the appointment of a receiver of the rents and profits, and the assignment of such rents and profits, is made an express condition upon which the loan hereby secured is made. The rights and remedies provided for herein shall be deemed to be cumulative and in addition to, and not in limitation of, those provided by law;

16. The Trustee may act hereunder and may sell and convey said land and premises under the power granted by this instrument, although the Trustee has been, may now be, and may hereafter be, attorney or agent of the Beneficiary in respect to the loan made by the Beneficiary evidenced by the Note or this Deed of Trust, or in respect to any matter or business whatsoever. The Beneficiary may bid and become the purchaser at any sale under this Deed of Trust. ~~It is further agreed that, if said property be advertised for sale as herein provided and not sold, the Trustee shall be entitled to a reasonable commission not exceeding one-half of the commission provided in case of sale, to be computed on the amount of principal then unpaid.~~

17. That Grantor will not voluntarily create or permit to be created against the property subject to this Deed of Trust any lien or liens superior or inferior to the lien of this Deed of Trust; and further, that it will 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;

18. Any notice, demand, or request required or permitted hereunder to be given to the Grantor shall be sufficiently given if in writing and either (a) sent to the owner of the land and premises last appearing on the records of the Beneficiary by registered first-class mail, postage prepaid, at the address last appearing on said records; or (b) delivered to or served upon an officer of the owner or at the site of the mortgaged property upon the superintendent or assistant superintendent of the owner, or upon a person performing the functions of superintendent or assistant superintendent;

19. The Grantor covenants and agrees that so long as this Deed of Trust and the said Note secured hereby are insured under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, or creed;

20. That this Deed of Trust and the Note secured hereby were executed and delivered to secure moneys advanced or to be advanced and to be used in the construction of certain improvements on the lands herein described, in accordance with a Building Loan Agreement between the Grantor and the Beneficiary dated _____, 19____ which Building Loan Agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this Deed of Trust, which said Building Loan Agreement Grantor hereby covenants to perform; and if the construction of the improvements to be made pursuant to said Building Loan Agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Trustee, at the request and on behalf of the Beneficiary after due notice to the Grantor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depreciation or injury, and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into contracts and obligations wherever necessary, either in its own name or in the name of the Grantor, or other owner, and in the name and for the account of the Beneficiary to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by and for the account of the Beneficiary (exclusive of advances of the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this Deed of Trust and shall be due and payable on demand with interest at the rate specified in the Note, per annum, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum, with interest and other charges provided for herein shall, at the option of the Beneficiary or holder of this Deed of Trust and the Note secured hereby, become due and payable on the failure of the Grantor, or owner, to keep and perform any of the covenants, conditions, and agreements of said Building Loan Agreement, anything contained herein to the contrary notwithstanding. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Beneficiary and the making of the final advances as provided in said Building Loan Agreement;

21. The following covenants, to wit, Nos. 3, 5, 6, 7, 8, and 9 of Section 107.030, Title 9, Chapter 107 of the Nevada Revised Statutes, as amended, are hereby adopted and made a part of this Deed of Trust. Counsel fees under covenant No. 7 shall be one (1) percent of the amount secured but not to exceed Two Thousand Dollars (\$2,000.00);

22. The Grantor shall not permit or suffer: (a) the use of any of the mortgaged property for any purpose other than that for which the same is now agreed upon to be used; (b) any alteration of or addition to the buildings or improvements hereafter constructed in or upon said real property without consent of the Beneficiary.

IN TESTIMONY WHEREOF, the said party hereto of the first part has caused these presents to be executed in its corporate name by _____ its Secretary, and its corporate seal to be hereunto affixed, said officers being thereunto duly authorized, all as of the day, month, and year first hereinabove written.

See separate signature page attached hereto:

ATTEST: _____ By _____
Secretary President

STATE OF _____)
COUNTY OF _____) ss.
On this _____ day of _____, A.D. 19____, personally appeared before me, _____ in and for _____ County, _____, known to me to be the President of _____, the corporation that executed

the foregoing instrument, and upon oath did depose and say that he is the _____ President of said corporation; that he is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, that the signatures to said instrument were made by officers of said corporation as indicated after said signatures; and that the said corporation executed the said instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the said County of _____, the day and year in this certificate first above written.

My commission expires _____, 19____

STATE OF NEVADA

Deed of Trust

The Badger Group, LLC
a Nevada Limited Liability
Company

TO

Love Funding Corporation,
a Virginia Corporation

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SCHEDULE A

LEGAL DESCRIPTION

Order No.: 030502891

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

All that real property situate in the Southwest Quarter of the Northeast Quarter and the Northwest Quarter of the Southeast Quarter of Section 7, Township 14 North, Range 20 East, M.D.B.&M., Douglas County, Nevada, described as follows:

Beginning at the Northwest corner of Lot 2, Block "B", Highland Estates Unit 4, as shown on the map thereof filed in the office of the County Recorder, Douglas County, Nevada on May 2, 1978, thence along the North line of said Lot 2, North $89^{\circ}38'07''$ East 530.00 feet to the Northeast corner of said Lot 2; thence North $89^{\circ}38'07''$ East 11.00 feet; thence South $00^{\circ}08'40''$ West 549.82 feet to the beginning of a tangent curve concave to the Northeast with a radius of 20.00 feet and a central angle of $90^{\circ}30'33''$; thence along said curve an arc length of 31.59 feet; thence South $89^{\circ}38'07''$ West 101.00 feet to the beginning of a tangent curve concave to the Northwest with a radius of 20.00 feet and a central angle of $89^{\circ}29'27''$; thence along said curve an arc length of 31.24 feet; thence North $00^{\circ}08'40''$ East 150.18 feet; thence South $89^{\circ}38'07''$ West 480.00 feet; thence North $00^{\circ}08'40''$ East 20.00 feet to the Southwest corner of said Lot 2; thence along the West line of said Lot 2, North $00^{\circ}08'40''$ East 380.00 feet to the Point of Beginning.

ASSESSOR'S PARCEL NO. 1420-07-618-002

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED FEBRUARY 26, 1991, BOOK 291, PAGE 3027, AS FILE NO. 245546, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

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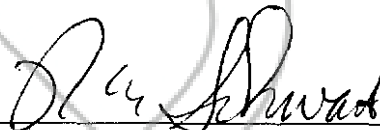
Signature Page to Deed of Trust

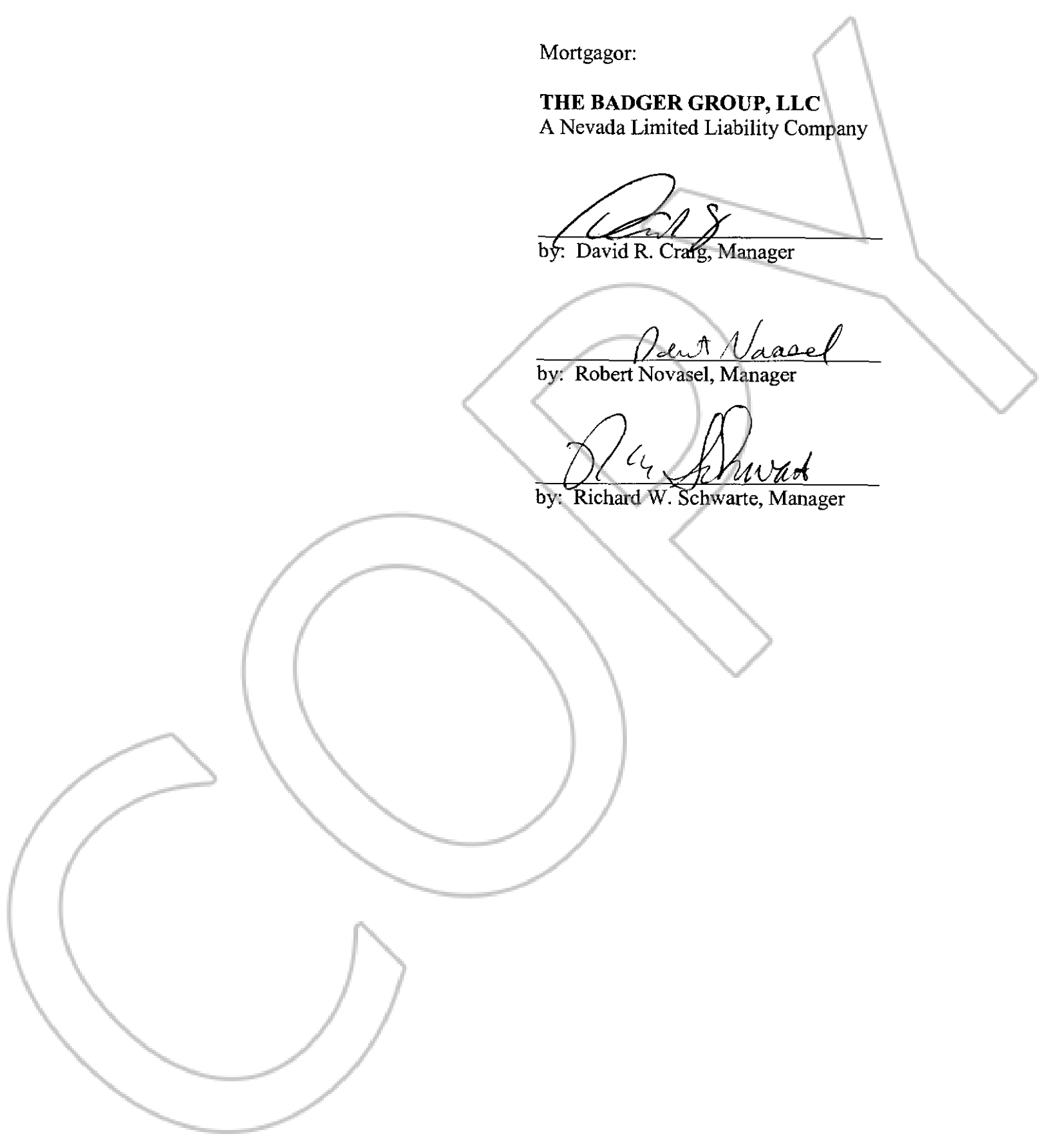
Mortgagor:

THE BADGER GROUP, LLC
A Nevada Limited Liability Company


by: David R. Craig, Manager


by: Robert Novasel, Manager


by: Richard W. Schwarte, Manager



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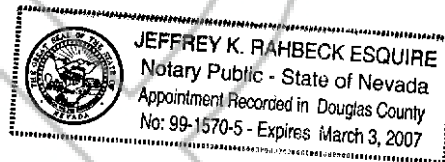
STATE OF NEVADA :
 : SS:
COUNTY OF Douglas :

The foregoing document was acknowledged before me this 21 day of May, 2004, by David R. Craig, Manager, Robert Novasel, Manager, and Richard W. Schwarte, Manager, of THE BADGER GROUP, LLC, a Nevada limited liability company, on behalf of the company. .

My Commission Expires: March 3, 2007

[Notarial Seal]

Jeffrey K. Rahbeck [SEAL]
Name:
Notary Public



Highland Manor Apartments
3501 Vista Grande Boulevard
Carson City, Nevada
FHA Project No. 12511067

RIDER TO DEED OF TRUST

This Rider is attached to and made part of that certain Deed of Trust dated as of June 2, 2004 (the "Deed of Trust"), made by Badger Group, LLC, a Nevada limited liability company (the "Grantor"), to Love Funding Corporation, a Virginia corporation (the "Mortgagee").

A. The following is added to the end of Paragraph 7 of the Deed of Trust: "The insurance company providing such coverage shall be selected by the Grantor subject to approval by the Mortgagee, which approval shall not be unreasonably withheld, conditioned or delayed."

B. The following is added to the end of Paragraph 19 of the Deed of Trust: "sex, familial status or handicapping condition; and the Grantor agrees to prohibit any form of discrimination on the basis of race, color, creed, sex, familial status or handicapping condition in connection with the mortgaged property."

C. The following is added as Paragraph 20 of the Deed of Trust: "Notwithstanding any other provisions contained in this Deed of Trust, or in the note secured by this Deed of Trust (the "Note"), it is agreed that the execution of the Note shall impose no personal liability upon the Grantor for the payment of the indebtedness evidenced by the Note and in the event of a default, the holder of the Note shall look solely to the property and to the rents, issues and profits thereof in satisfaction of the indebtedness evidenced by the Note and will not seek or obtain any deficiency or personal judgment against the Grantor except such judgment or decree as may be necessary to foreclose or bar its interest in the property subject to this Deed of Trust and all other property mortgaged, pledged, conveyed or assigned to secure payment of the Note; provided, however, that nothing in this condition and no action taken under this provision shall operate to impair any obligation of the Grantor under the Regulatory Agreement referred to in and made a part of this Deed of Trust."

This Conveyance is made in trust to secure payment of a just indebtedness of the party of the first part to **LOVE FUNDING CORPORATION**, a corporation organized and existing under the laws of Virginia, in the principal sum of **TWO MILLION SEVEN HUNDRED FORTY-FIVE THOUSAND NINE HUNDRED and NO/100ths Dollars (\$2,745,900.00)**, evidenced by its note of even date herewith, bearing interest from date on outstanding balances at 5.4% per annum, said principal and interest being payable in monthly installments as provided in said note with a final maturity of **July 1, 2039**, which note is identified as being secured hereby by a certificate thereon.

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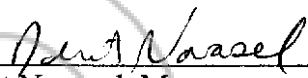
Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

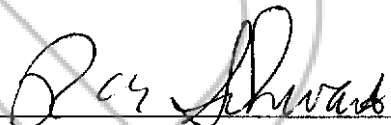
LLC Rider to Note, Security Deed and Regulatory Agreement attached hereto and made a part hereof.

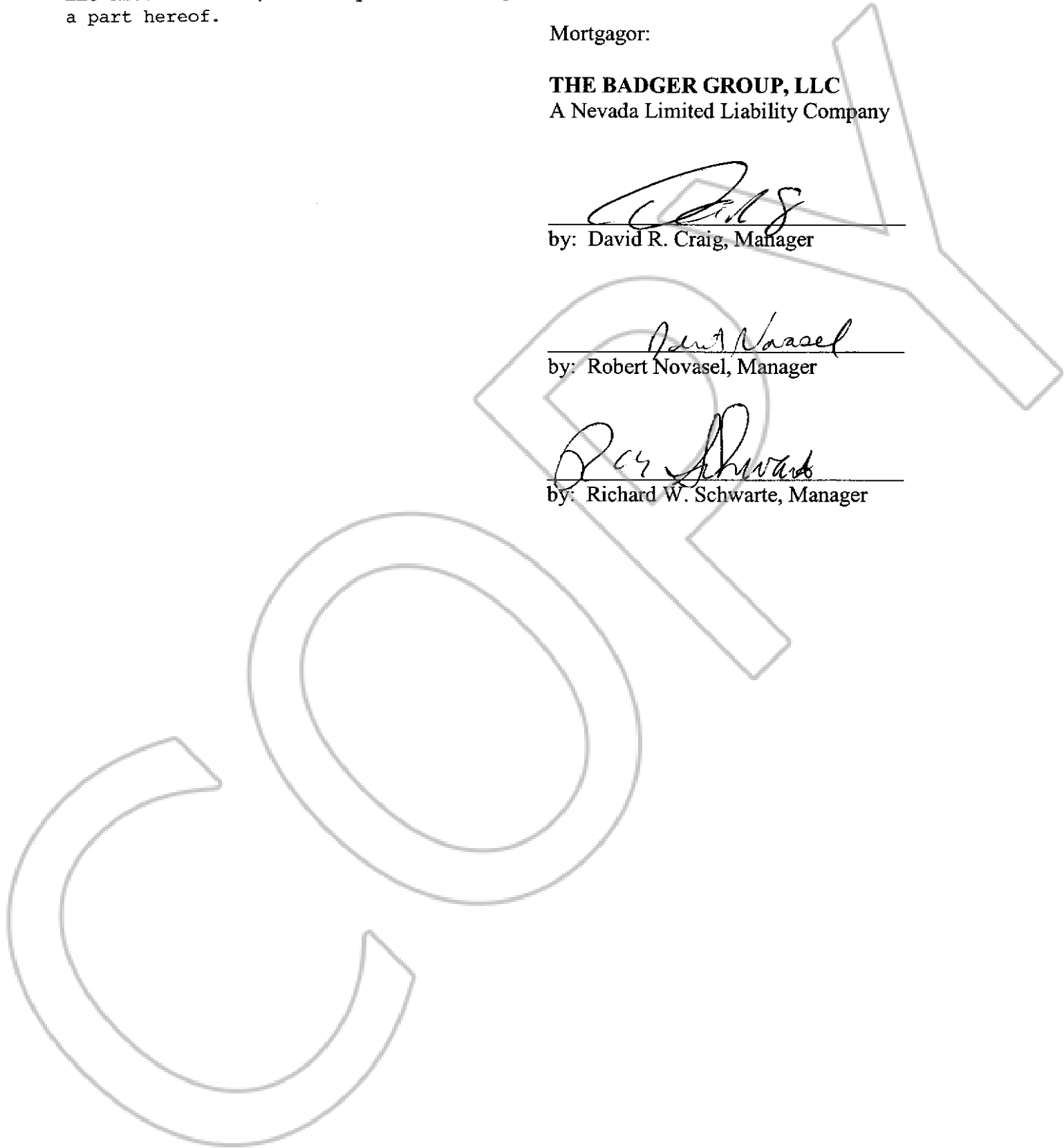
Mortgagor:

THE BADGER GROUP, LLC
A Nevada Limited Liability Company


by: David R. Craig, Manager


by: Robert Novasel, Manager


by: Richard W. Schwarte, Manager



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LLC RIDER TO NOTE, SECURITY DEED AND REGULATORY AGREEMENT

In further consideration of the endorsement for insurance by the Secretary of Housing and Urban Development (the "Secretary") of the note between The Badger Group, LLC, (the "Owner") and Love Funding Corporation, dated as of June 2, 2004, and in order to comply with the requirements of the National Housing Act, as amended and the regulations adopted by the Secretary pursuant thereto, the Owners agree as described below for themselves, their successors, heirs and assigns, in connection with the mortgaged property and Love Funding Corporation, FHA Project No. 125-11067, (the "Project") operated thereon and so long as the contract of mortgage insurance continues in effect and during such further period of time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgaged property. The signatories to this Rider undertake the following obligations in their individual capacities as guarantors and members of the Owner, and the consideration described above runs to the signatories in both capacities. The following provisions are added to and made part of the Project's Note, Security Deed and Regulatory Agreement and Security Agreement, all dated as of June 2, 2004.

1. If any provision of the Owner's Articles of Organization, Operating Agreement, other organizational documents, or any later amendment to those documents, conflicts with the terms of the Project loan documents (e.g., the Deed of Trust Note, Deed of Trust, Security Agreement, and/or the Regulatory Agreement), the provisions of the Project loan documents will control.
2. Notwithstanding any provision of state law to the contrary, any signatory to this Rider receiving funds of the Project other than- by distribution of surplus cash as authorized in paragraph 6(e) of the Regulatory Agreement shall immediately deposit such funds in the Project's bank account and failing to do so in violation of this Rider shall hold such funds in trust. Notwithstanding any provision of state law to the contrary, any signatory to this Rider receiving property of the Project in violation of the Regulatory Agreement shall immediately deliver such property to the Project and failing to do so shall hold such property in trust.
3. Notwithstanding any provision of state law to the contrary, all signatories to this Rider are liable for:
 - a. Funds or property of the Project coming into their hands which, by the provisions of this Rider and the Regulatory Agreement, they are not entitled to retain; and
 - b. Their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions of this Rider and the Regulatory Agreement.
4. Notwithstanding any provision of state law to the contrary, any manager-member, member with interests equaling or exceeding 10 percent, who, on the date of the Regulatory Agreement to which this Rider is attached, include the following: David R. Craig, Robert Novasel and Richard W. Schwarte, shall be liable on a joint and several basis, in the amount of any loss, damage or cost (including but not limited to attorneys fees) resulting

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from fraud or intentional misrepresentation by the mortgagor, the mortgagor's agents or employees, or a member of mortgagor in connection with obtaining the loan evidenced by the Note, or in complying with any of the mortgagor's obligations under the loan documents.

5. All signatories to this Rider will be considered agents of the Owner for the purpose of establishing liability under the double damages provision at 12 U.S.C. §1715z-4a and the equity skimming penalty under 12 U.S.C. §1715z-19.
6. Each signatory of this Rider and Member of the Owner will be individually liable for the payment of the entire amount of any civil money penalty imposed on the mortgagor pursuant to Section 537 of the National Housing Act, 12 U.S.C. §1735f-15.
7. The Owner has designated David R. Craig, Manager, PO Box 1813 Zephyr Cove, NV 89448, as its official representatives for all matters concerning the Project which require the Secretary's consent or approval. The signature of this person will bind the Owner in all such matters. The Owner may from time to time appoint a new representative to perform this function, but within three (3) business days of doing so, will provide the Secretary with written notification of the name, address, and telephone number of its new representative. When a member other than the member identified above has full or partial authority for management of the Project, the owner will promptly provide the Secretary with the name of that member and the nature of that member's management authority.
8. Notwithstanding any provision of state law to the contrary, no signatory to this Rider shall have any right of subrogation or indemnification against the Owner or the property of the Project by reason of any payment made or liability incurred pursuant to this Rider or any statute to which this Rider refers.

See Signature Page Attached Hereto and Made a Part Hereof.

Mortgagor:

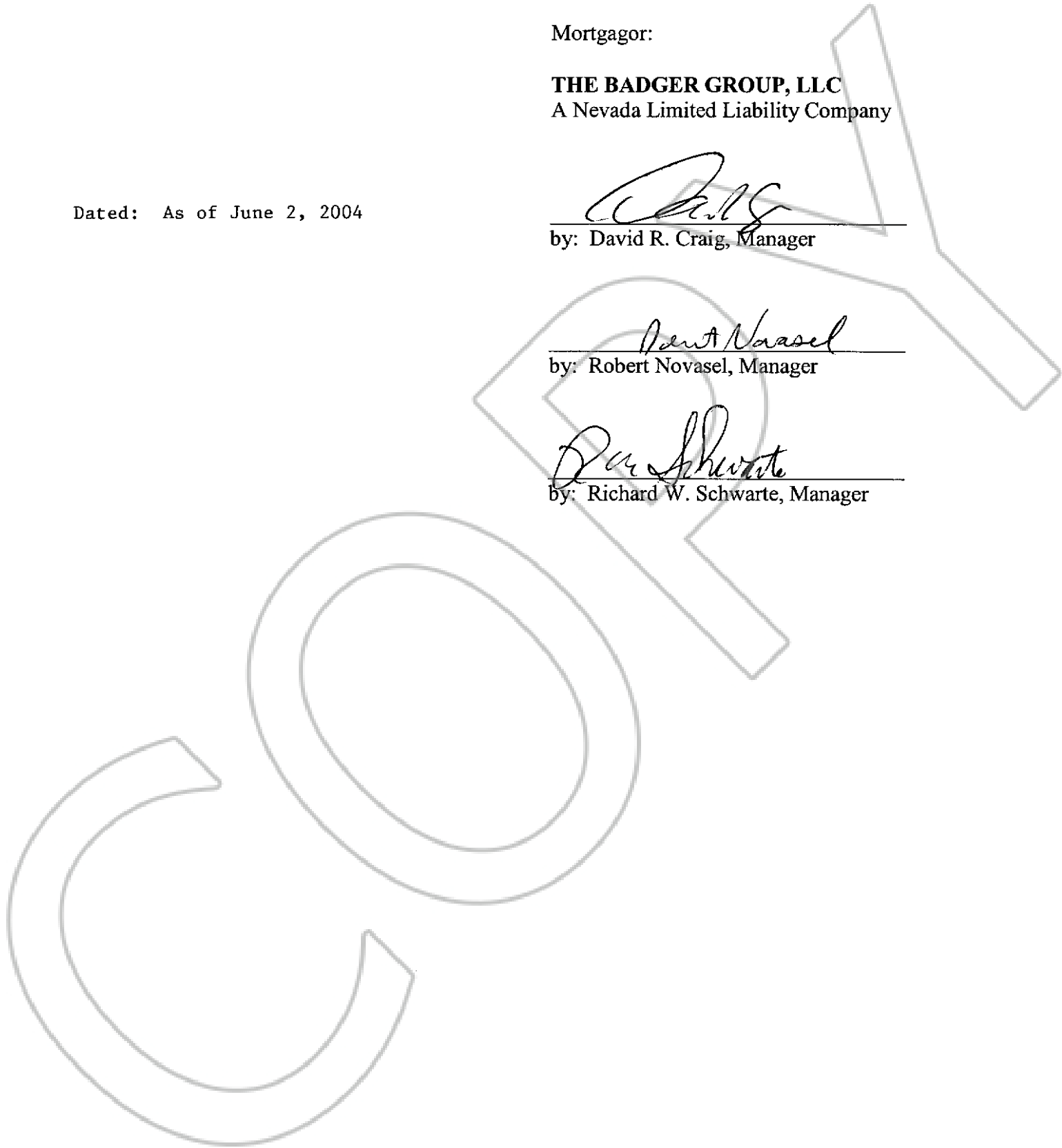
THE BADGER GROUP, LLC
A Nevada Limited Liability Company

Dated: As of June 2, 2004


by: David R. Craig, Manager


by: Robert Novasel, Manager


by: Richard W. Schwarte, Manager



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STATE OF NEVADA :
 : SS:
COUNTY OF Douglas :

The foregoing document was acknowledged before me this 21 day of May, 2004, by David R. Craig, Manager, Robert Novasel, Manager, and Richard W. Schwarte, Manager, of THE BADGER GROUP, LLC, a Nevada limited liability company, on behalf of the company. .

My Commission Expires: March 3, 2007

Jeffrey K. Rahbeck [SEAL]
Name:
Notary Public

[Notarial Seal]

