

A.P.N. # 1220-09-701-001  
ESCROW NO. 040102120  
RECORDING REQUESTED BY:  
**STEWART TITLE COMPANY**

WHEN RECORDED MAIL TO:

**IRIBARREN, ET. AL.**  
Lagunak, Inc. & Scarpello, Etal  
1490 Glenwood  
Gardnerville, Nevada 89410

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

2004 AUG 24 PM 3:45

WERNER CHRISTEN  
RECORDER

\$21<sup>50</sup> PAID *KJ* DEPUTY

(space above for recorder's use only)

## DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 19th day of August, 2004, between,  
**KIM POSNIEN CONSTRUCTION AND DEVELOPMENT CO., A NEVADA CORPORATION**

(whose address is 440 Foothill Rd., Gardnerville, NV 89410)  
herein called "Trustor", STEWART TITLE OF **DOUGLAS COUNTY**, a Nevada  
Corporation herein called "Trustee", and

**SEE ATTACHMENT FOR BENEFICIARY NAMES**

herein called "Beneficiary"

WITNESSETH:

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

**See Exhibit "A" attached hereto and by reference made a part hereof for complete legal description.  
See Exhibit "B" attached for additional terms**

TOGETHER WITH, the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and reminders, 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 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 sum of \$ **1,000,000.00** and the interest thereon 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; and (2) the performance of each agreement of Trustor incorporated herein by reference or contained herein; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or to his successors or assigns, 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 remove or demolish any building thereon; to complete in a good and workmanlike manner any building 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  
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DEED OF TRUST WITH ASSIGNMENT OF RENTS - Page 2.

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 property 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 at least in the sum of 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 any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this deed of trust or of the Agreement 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 Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this Deed of Trust or of the Agreement secured hereby, 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. 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. At any time, and from time to time, without liability therefor and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the Agreement secured hereby for endorsement and without affecting the personal liability of any person for performance of the Agreement secured hereby or the effect of this deed of trust upon the remainder of said property, Trustee may: reconvey any part of said property; consent in writing to the making of any map or plat thereof; join in granting any easement thereof or join in any extension agreement or subordination agreement in connection herewith.
8. Upon receipt of written request from Beneficiary that the Agreement secured hereby has been performed and upon the surrender of this Deed of Trust and the Agreement 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".
9. Should Trustor default in any term, covenant or condition of the Agreement secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein by reference, Beneficiary may proceed to exercise the remedies herein provided. CONTINUED ON NEXT PAGE

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DEED OF TRUST WITH ASSIGNMENT OF RENTS - Page 3

(a) Should default be made by Grantor in payment of any indebtedness secured hereby and/or in performance of any agreement herein, then Beneficiary may declare all sums secured hereby immediately due by delivery to Trustee of a written declaration of default and demand for sale, and of written notice of default and election to cause said property to be sold (which Trustee shall cause to be filed for record) and shall surrender to Trustee this Deed, the notes and all documentation evidencing any expenditure secured hereby.

(b) After three months shall be elapsed following recordation of such notice of default, Trustee shall sell said property at such time and at such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of such sale as then required by law. Place of sale may be either in the county in which the property is to be sold, or any part thereof, is situated, or at an office of the Trustee located in the State of Nevada.

(c) The Grantor, Pledgor and Mortgagor of the personal property herein pledged and/or mortgaged waives any and all other demands or notices as condition precedent to sale of such property.

(d) Trustee may postpone sale of all, or any portion, of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time previously appointed.

(e) At the time of sale so fixed, Trustee may sell the property so advertised or any part thereof, either as a whole or in separate at its sole discretion, at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to purchaser, a deed conveying the property so sold, but without covenant or warranty, express or implied, Grantor hereby agrees to surrender, immediately and with demand, possession of said property to such purchaser.

10. Trustee shall apply the proceeds of any such sale to payment of, expenses of sale and all charges and expenses of Trustee and of these Trusts, including cost of evidence of title and Trustee's fee in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the rate of ten percent (10%) per annum, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

11. The following covenants No. 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.

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, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

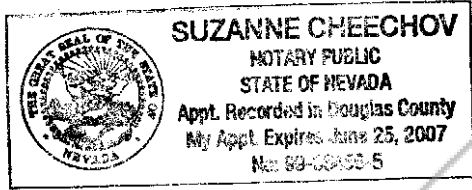
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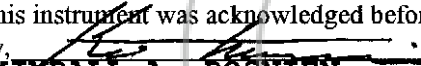
**KIM POSNIEN CONSTRUCTION AND  
DEVELOPMENT CO., A NEVADA CORPORATION**

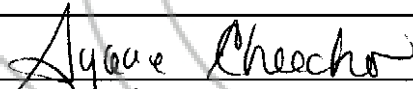
  
**KIMBALL A. POSNIEN**  
**PRESIDENT**



Executed this 23 day of Aug 2004

STATE OF NV }  
COUNTY OF Douglas } ss.

This instrument was acknowledged before me on 8/23/04  
by   
**KIMBALL A. POSNIEN**

Signature   
Notary Public

(One Inch Margin on all sides of document for Recorder's Use Only)

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**EXHIBIT "A"**

**LEGAL DESCRIPTION**

ESCROW NO.: 040102120

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

A parcel of land situated in and located within a portion of Section 9, Township 12 North, Range 20 East, Mount Diablo Meridian, Douglas County, Nevada, described as follows:

**PARCEL 1:**

Commencing at the North one-quarter corner (N 1/4) of said Section 9, from which the Northeast corner of Section 9 bears North 89°50'00" East, 2627.12 feet per the Record of Survey for IDA F. & ANN WENNHOLD as recorded in Book 692 at Page 3256 as Document No. 281266;

thence South 00°15'19" East 2642.95 feet to the center of said Section 9:

thence North 89°50'36" East 1312.00 feet;

thence South 03°34'39" East, 484.23 feet to a nail and tag RLS 1586 in top of a fence post per The Record of Survey for Edwin and Susan Haase and recorded as Document No. 304364;

thence along an existing fence per said Document No. 304364 South 85°28'33" West, 132.07 feet;

thence South 84°48'59" West, 97.48 feet;

thence South 36°12'42" West, 98.70 feet;

thence South 02°17'37" East, 265.60 feet to THE POINT OF BEGINNING, from which the North one-quarter corner of said Section 9 bears North 17°10'23" West, 3649.58 feet;

thence continuing South 02°17'37" East, 475.55 feet;

thence North 89°45'12" West, 1050.28 feet;

thence North 46°11'36" West, 389.13 feet;

thence South 31°35'51" West, 55.41 feet;

thence North 46°38'19" West, 384.90 feet;

thence North 82°48'44" East, 151.89 feet;

thence North 80°00'10" East, 112.76 feet;

thence South 84°28'58" East, 157.60 feet;

thence North 82°10'42" East, 476.07 feet;

thence South 57°17'13" East, 214.29 feet;

thence South 84°54'59" East, 113.31 feet;

thence North 88°09'50" East, 186.84 feet;

thence North 86°22'48" East, 251.27 feet to THE POINT OF BEGINNING.

The Basis of Bearing of this description is the North line

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ESCROW NO.: 040102120

of Section 9, township 12 North, Range 20 East, M.D.M., per Document No. 281266.

Said parcel of land further imposed as Adjusted Parcel 1, set forth on that certain Record of Survey filed for record on March 24, 1995 in Book 0395 of Official Records, at Page 3661, as Document No. 358621.

ASSESSOR'S PARCEL NO. 1220-09-701-001

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED DECEMBER 16, 2003, BOOK 1203, PAGE 7274, AS FILE NO. 0599719, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

PARCEL 2:

An easement for access over existing road to operate and maintain irrigation ditches serving water to Parcel 1 hereinabove, over and across the following described parcel of land to wit;

A parcel of land located within a portion of the Southeast one-quarter (SE 1/4) of Section 9, Township 12 North, Range 20 East, Mount Diablo Baseline and Meridian, Gardnerville, Nevada, described as follows:

Commencing at the one-quarter (1/4) corner common to Sections 9 and 16, Township 12 North, Range 20 East, M.D.B.&M,

thence South 89°34'33" East, 30.00 feet to the centerline of Tillman Lane as per Gardnerville Ranchos Unit No. 2 under Document No. 28377, Douglas County Recorder's Office;

thence along said centerline of Tillman North 00°25'27" East, 1320.89 feet to the northerly right-of-way line of Dresslerville Road;

thence along said northerly right-of-way South 89°47'02" East, 1031.31 feet to THE POINT OF BEGINNING;

thence continuing along said northerly right-of-way South 89°47'02" East, 254.72 feet, more or less, to the west line of the Northeast one-quarter (NE 1/4) of the Southeast one-quarter (SE 1/4) of Section 9, Township 12 North, Range 20 East, M.D.B.&M.;

thence along said westerly line North 00°12'26" East, 840.02 feet;

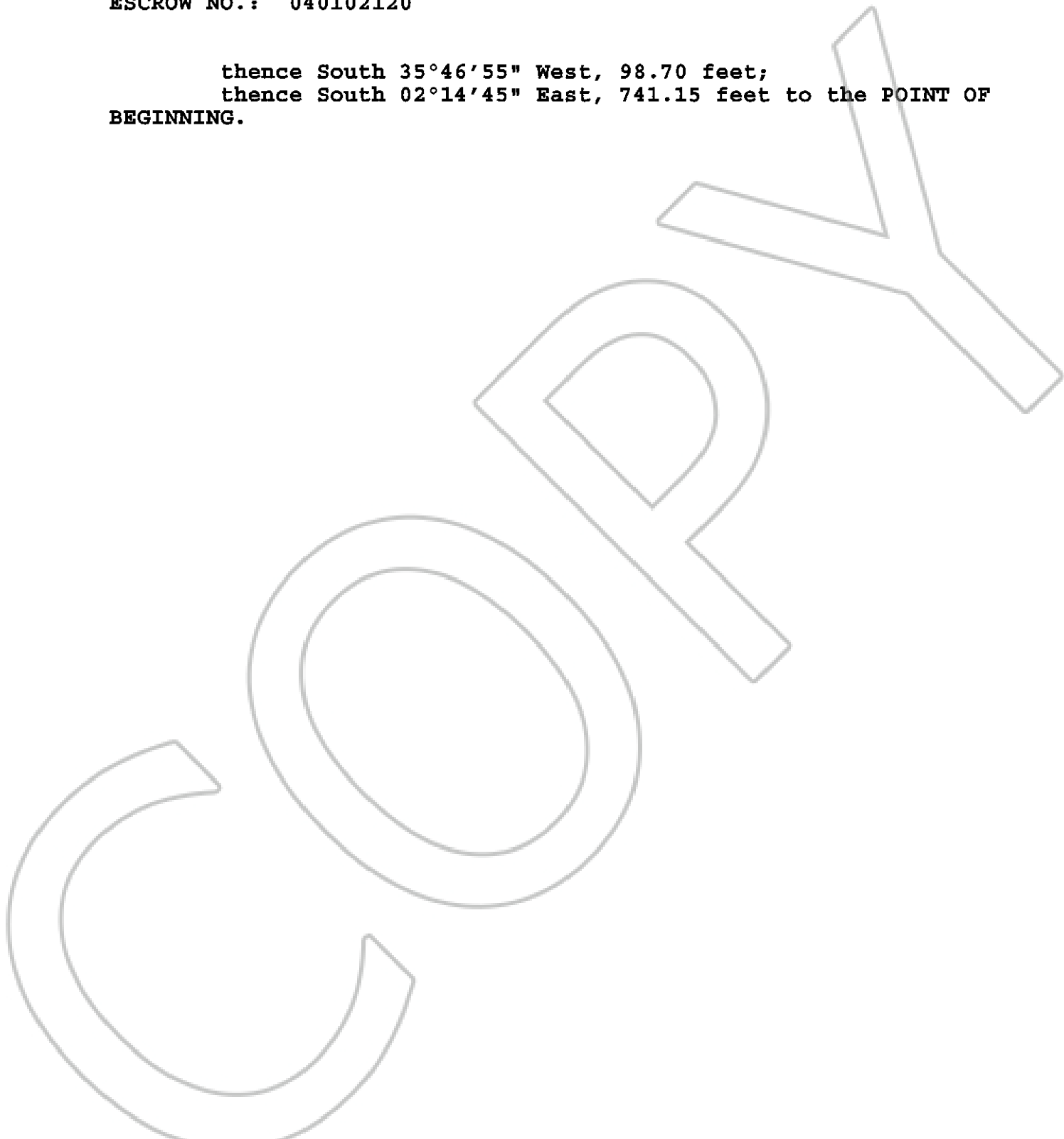
thence South 85°31'48" West, 132.28 feet;

thence South 85°14'13" West, 97.55 feet;

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thence South 35°46'55" West, 98.70 feet;  
thence South 02°14'45" East, 741.15 feet to the POINT OF  
BEGINNING.





**EXHIBIT "B"**

ESCROW NO.: 040102120

**BENEFICIARY NAMES:**

CARLOS IRIBARREN & ISABEL R. IRIBARREN, CO-TRUSTEES OF THE CARLOS IRIBARREN & ISABEL R. IRIBARREN FAMILY TRUST U/D/T 04-13-94, AS TO AN UNDIVIDED 30% INTEREST; LAGUNAK, INC., A NEVADA CORPORATION, AS TO AN UNDIVIDED 30% INTEREST; AND SCARPELLO, HUSS & OSHINSKI LTD., PROFIT SHARING PLAN AND TRUST, AS TO AN UNDIVIDED 40% INTEREST,

**DUE ON SALE CLAUSE:**

IN THE EVENT TRUSTOR SHALL SELL, CONVEY OR ALIENATE SAID PROPERTY, OR ANY PART THEREOF, OR ANY INTEREST THEREIN, OR SHALL BE DIVESTED OF THEIR TITLE OR ANY INTEREST THEREIN IN ANY MANNER OR WAY, WHETHER VOLUNTARY OR INVOLUNTARY, WITHOUT THE WRITTEN CONSENT OF THE BENEFICIARY BEING FIRST HAD AND OBTAINED, BENEFICIARY SHALL HAVE THE RIGHT, AT THEIR OPTION, TO DECLARE ANY INDEBTEDNESS OR OBLIGATIONS SECURED HEREBY, IRRESPECTIVE OF THE MATURITY DATE SPECIFIED IN ANY NOTE EVIDENCING THE SAME, IMMEDIATELY DUE AND PAYABLE.

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