

APN 1220-17-601-001  
When recorded mail to:  
JADI Limited Partnership  
P.O. Box 1330  
Gardnerville, Nv 89410  
040800474

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

2004 OCT 12 PM 3:29

WERNER CHRISTEN  
RECORDER

\$22<sup>00</sup> PAID *KJ* DEPUTY

**DEED OF TRUST**

THIS DEED OF TRUST entered into this 7th day of October, 2004, by and between GREGORY C. LYNN and SUZANNE TOWSE, Trustees of the 1995 GREGORY C. LYNN SUZANNE TOWSE TRUST AGREEMENT dated May 16, 1995, hereinafter called the "Trustors", STEWART TITLE OF DOUGLAS COUNTY, hereinafter called the "Trustee", and JADI LIMITED PARTNERSHIP, a Nevada limited partnership, hereinafter called the "Beneficiary",

**WITNESSETH:**

That Trustors hereby grant, bargain, sell, convey and confirm unto Trustee, in trust with power of sale, all that certain property situate in the County of Douglas, State of Nevada, being Assessor's Parcel No. 1220-17-601-001, more particularly described in Exhibit "A" attached hereto and made a part hereof as if set out in full herein.

AND, ALSO, all of the estate, interest, homestead or other claim, as well in law as in equity, which Trustors now have or may hereafter acquire in and to said property, together with all easements and rights of way used in connection therewith or as a means of access thereto, and all water and water rights in connection therewith or share of stock evidencing such water or water rights, and all fixtures now or hereafter attached to or used in connection with the premises above described, together with all and singular the tenements, the hereditaments and the appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors for the purpose of securing payment of an indebtedness in the sum of ONE MILLION NINE HUNDRED and no/100's DOLLARS (\$1,900,000.00) as follows:

\$1,900,000.00 evidenced by a Promissory Note of even date herewith with interest thereon, according to the terms of said Note, which Note is specifically referred to, and by said reference is made a part hereof, as if set out in full, executed by Trustors and delivered to Beneficiary, and payable to its order and any and all extensions or renewals thereof; payment of such additional sums with interest thereon, as may be hereafter loaned by the Beneficiary to the Trustors when evidenced by a Promissory Note or notes of

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Trustors; payment of all other sums with interest thereon becoming due and payable under the provisions hereof to Trustee or to the Beneficiary and the performance and discharge of each and every obligation, covenant and agreement of Trustors herein contained.

AND THIS INDENTURE FURTHER WITNESSETH:

FIRST: The Trustors promise and agree to pay when due all claims for labor performed and materials furnished for construction, alteration or repair upon the above described premises; to comply with all laws affecting said property or relating to any alterations or improvements that may be made thereon; not to commit or permit waste thereon, not to commit, suffer or permit any acts upon said property in violation of any law, covenant, condition or restriction affecting said property.

SECOND: The following covenants, Nos. 1; 3; 4 (10%); 5; 6; 7 (10%); 8, and 9 of Section 107.030, Nevada Revised Statutes, are hereby adopted and made a part of this Deed of Trust.

THIRD: The Trustors will continuously maintain extended coverage, hazard and other insurance, of such type or types and amounts as the Beneficiary may from time to time require, on the improvements now or hereafter on said premises; all insurance, including the insurance above mentioned, shall be in companies approved by the Beneficiary. The Policies and renewals thereof shall be held by the Beneficiary and have attached thereto loss payable clauses in favor of and in form acceptable to the Beneficiary. In the event of loss, the Trustors will give immediate notice by mail to the Beneficiary, who may make proof of loss if not made promptly by Trustors. Each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Trustors and the Beneficiary jointly. The insurance proceeds, or any part thereof, may be applied by the Trustors at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of the foreclosure of this Deed of Trust or other transfer of title to said premises in extinguishment of the indebtedness secured hereby, all right, title and interest of the Trustors in and to any insurance policies then in force shall pass to the purchaser or grantee.

FOURTH: Trustors agree that they will pay any deficiency arising from any cause after application of the proceeds of a sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

FIFTH: If the premises or any part thereof be condemned under any power of eminent domain, or acquired for a public use, the damages, proceeds and the consideration for such acquisition, to the extent of the full amount of indebtedness upon this Deed of Trust and the Note secured hereby remaining unpaid, are hereby assigned by the Trustors to the Beneficiary and shall be paid forthwith to the Beneficiary to be applied by it on account of the last maturing installments of such indebtedness.

SIXTH: Trustors will pay all reasonable costs, charges and expenses, including attorneys' fees, reasonably incurred or paid at any time by the Beneficiary because

of the failure on the part of the Trustors to perform, comply with, and abide by each and every stipulation, agreement, condition and covenant of the Promissory Note and this Deed of Trust or either of them.

SEVENTH: Trustors hereby assign to the Trustee all rents, income, maintenance fees and other benefits to which Trustors may now or hereafter be entitled from the property described hereinabove and to be applied against the indebtedness or other sums secured hereby provided, however, that permission is hereby given to Trustors so long as no event of default has occurred hereunder to collect and use such rents, income, maintenance fees and other benefits as they become due and payable but not in advance thereof. Upon the occurrence of any such event of default, the permission hereby given to Trustors to collect such rents, income, maintenance fees and other benefits from the property described hereinabove shall automatically terminate.

EIGHTH: The lien of this instrument shall remain in full force and effect during any postponement or extension of the time of payment of the indebtedness or any part thereof secured hereby. The Beneficiary may, without notice to or consent of Trustors, extend the time of payment of any indebtedness secured hereby to any successor in interest of the Trustors without discharging the Trustors from liability thereon.

NINTH: The rights and remedies granted hereunder or by law shall not be exclusive but shall be concurrent and cumulative.

TENTH: The benefits of the covenants, terms, conditions and agreements herein contained shall accrue to, and the obligations thereof shall bind the heirs, representatives, successors, and assigns of the parties hereto and the Beneficiary hereof. Whenever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all other genders, and the term "Beneficiary" shall include any payee of the indebtedness hereby secured or any transferee thereof, whether by operation of law or otherwise.

ELEVENTH: This Deed of Trust is executed by Trustors and accepted by Beneficiary with the understanding and upon the express condition that if Trustors should make default in the performance to Beneficiary of any of the covenants and agreements herein set forth, then and in that event the full amount of the principal of the indebtedness secured hereby, plus interest, shall forthwith be and become wholly due and payable, notwithstanding the fact that the same would not otherwise be due according to the terms of the Promissory Note secured hereby.

TWELFTH: The trust created hereby is irrevocable by the Trustors.

THIRTEENTH: The undersigned Trustors request that a copy of any notice of default and of any notice of sale hereunder be mailed to them at the following address:  
Lynn & Towse Trust, 780 Emigrant Trail, Markleeville, Ca 96120

FOURTEENTH: Release Provisions. All lots to be released shall be negotiated between Beneficiary and Trustors and shall occur as follows:

(a) At such time as each annual principal reduction payment is received, five (5) lots shall be released from the lien of this Deed of Trust. Beneficiary and Trustors shall negotiate which lots are to be released on an annual basis.


(b) Provided Trustors are current pursuant to the terms hereof and the terms of the Promissory Note, Trustors reserve the option to have Beneficiary release additional lots from the lien of the Deed of Trust by paying the sum of SIXTY THOUSAND and no/100's DOLLARS (\$60,000.00) per lot for each additional lot released. Said SIXTY THOUSAND and no/100's DOLLARS (\$60,000.00) shall be applied solely to principal. In the event Trustors pay more than the annual principal reduction required per year for lot releases, any additional principal sum shall be applied to the next annual principal payment.

(c) Releases shall not be made at the time the quarterly interest only payments are due.

Subordination. Beneficiary shall allow subordination to new construction or development loans on 20 of the 39 lots set forth in Exhibit "A" attached hereto. The lots on which subordination will be allowed are as follows: Lots in Exhibit "A" Phase 1 & 3. The lots on which subordination will not be allowed are as follows: \*\* Lots in Exhibit "B" Phase 2

IN WITNESS WHEREOF, the Trustors have caused this Deed of Trust to be executed the day and year first above written.

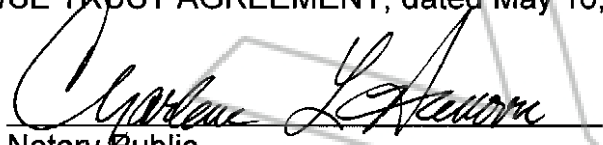
1995 GREGORY C. LYNN & SUZANNE  
TOWSE AGREEMENT dated May 16, 1995

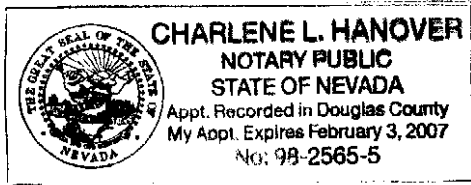
By  TLE  
Gregory C. Lynn, Trustee

By  TLE  
Suzanne Towse, Trustee

STATE OF NEVADA        )  
  : ss.  
COUNTY OF DOUGLAS    )

This instrument was acknowledged before me on 10/7/2004,  
2004, by GREGORY C. LYNN and SUZANNE TOWSE, Trustees of THE 1995  
GREGORY C. LYNN & SUZANNE TOWSE TRUST AGREEMENT, dated May 16,  
1995.

  
Notary Public



**COOPER**

STDC10800474A.CHldgo

EXHIBIT "A"

**GREG LYNN CONSTRUCTION, LLC**  
**PHASE 1 LOTS**  
**FUTURE LOTS: 3, 4, 5, 6, 7, 8, 9, 10, 11, 25, 26, 27, 28, 33, 34 & 43**  
**PHASE 3 LOTS**  
**FUTURE LOTS: 12, 13, 14, & 15**  
**LEGAL DESCRIPTION**

October 1, 2004

A parcel of land located within a portion of the Southwest one-quarter of the Northeast one-quarter of Section 17, Township 12 North, Range 20 East, MDM, Douglas County, Nevada, being more particularly described as follows:

**BEGINNING** at the Southwest corner of this parcel, also being the Southwest corner of Parcel A as shown on the Record Map for Joye Reeder, Document No. 351716 of the Douglas County Recorder's Office, which bears S. 45°27'12" W., 1869.80 feet from the Northwest corner of said Section 17;

thence S. 00°28'17" W., along the Easterly line of said Parcel A, 1256.65 feet;

thence N. 89°29'01" W., along the Southerly line of said Parcel A, 656.26 feet;

thence N. 00°00'00" E., along the Easterly line of proposed Lot 16, 340.98 feet;

thence N. 90°00'00" E., along the Northerly line of proposed Lot 15, 338.29 feet;

thence N. 00°00'00" E., 36.00 feet;

thence S. 90°00'00" W., along the Southerly line of proposed Lot 43, 157.02 feet;

thence N. 00°07'06" E., along the Westerly line of proposed Lot 43, 159.18 feet to the Southwest corner of proposed lot 34;

thence N. 05°47'59" E., along the Westerly line of proposed Lot 34, 183.33 feet to the Southwest corner of proposed lot 33;

thence N. 14°49'08" E., along the Westerly line of proposed Lot 33, 184.65 feet to the Southeast corner of proposed lot 27;

thence N. 89°24'17" W., along the Southerly line of proposed Lots 27, 26, and 25, 512.77 feet;

thence N. 00°35'43" E., along the Westerly line of proposed Lot 25, 162.76 feet;

thence S. 89°24'17" E., along the Northerly line of proposed Lot 25, 2.18 feet;

thence N. 00°35'43" E., 36.00 feet to the Southwest corner of proposed Lot 3;

thence N. 00°35'43" E., along the Westerly line of proposed Lot 3, 158.37 feet to a point on the Northerly line of said Parcel A;

thence S. 89°27'27" E., along said Northerly line, 926.12 feet to the **POINT OF BEGINNING**.

Containing 18.570 acres more or less.

Basis of Bearing  
GPS Observation, TRUE NORTH.

The holder of the note will subordinate to a development loan on these lots.

**PREPARED BY:**

Darryl M. Harris, P.L.S. # 6497  
Resource Concepts, Inc.  
P.O. Box 11796  
212 Elks Point Road, Suite 443  
Zephyr Cove, NV 89448  
(775) 588-7500

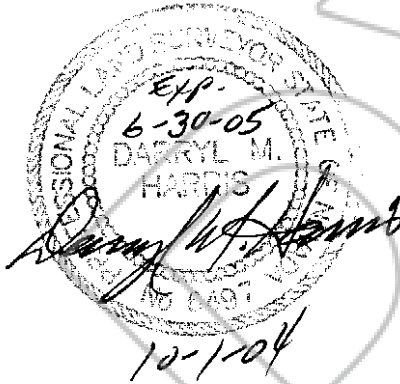


EXHIBIT "B"

**GREG LYNN CONSTRUCTION, LLC  
PHASE 2 LOTS**

**FUTURE LOTS: 16, 17, 18, 19, 20, 21, 22, 29, 30, 31, 32, 35, 36, 37, 38, 39, 40, 41, & 42  
LEGAL DESCRIPTION**

October 1, 2004

A parcel of land located within a portion of the Southwest one-quarter of the Northeast one-quarter of Section 17, Township 12 North, Range 20 East, MDM, Douglas County, Nevada, being more particularly described as follows:

**BEGINNING** at the Southwest corner of this parcel, also being the Southwest corner of Parcel A as shown on the Record Map for Joye Reeder, Document No. 351716 of the Douglas County Recorder's Office, which bears S. 46°11'45" W., 3693.08 feet from the Northwest corner of said Section 17;

thence N. 00°33'57" E., along the Westerly line of said Parcel A, 870.66 feet;

thence S. 90°00'00" E., along the Northerly line of proposed Lot 22, 196.92 feet;

thence S. 90°00'00" E., 36.00 feet to a point on proposed Lot 29;

thence N. 00°35'43" E., along the Westerly line of proposed Lot 29, 27.41 feet;

thence S. 89°24'17" E., along the Northerly line of proposed Lots 29, 30, 31, and 32, 671.77 feet;

thence S. 14°49'08" W., along the Easterly line of proposed Lot 32, 184.65 feet to the Northeast corner of proposed Lot 35;

thence S. 05°47'59" W., along the Easterly line of proposed Lot 35, 183.33 feet to the Northeast corner of proposed Lot 42;

thence S. 00°07'06" W., along the Easterly line of proposed Lot 42, 159.18 feet to the Southwest corner of proposed Lot 43;

thence N. 90°00'00" E., along the Southerly line of proposed Lot 43, 157.02 feet;

thence S. 00°00'00" E., 36.00 feet to the Northeasterly corner of proposed Lot 15;

thence S. 90°00'00" W., along the Northerly line of proposed Lot 15, 338.29 feet to the Northeast corner of proposed Lot 16;

thence S. 00°00'00" E., along the Easterly line of proposed Lot 16, 340.98 feet to a point on the Southerly line of said Parcel A;

thence N. 89°29'01" W., along said Southerly line, 666.22 feet to the **POINT OF BEGINNING**.

Containing 16.186 acres more or less.

Basis of Bearing

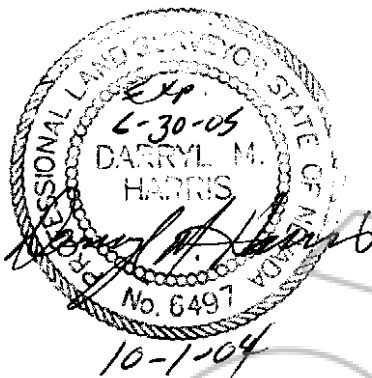
GPS Observation, TRUE NORTH.



There will be no subordination on these lots.

**PREPARED BY:**

Darryl M. Harris, P.L.S. # 6497  
Resource Concepts, Inc.  
P.O. Box 11796  
212 Elks Point Road, Suite 443  
Zephyr Cove, NV 89448  
(775) 588-7500



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