

A.P.N. # 1420-33-501-018,019,020&
ESCROW NO. 040302634 021
RECORDING REQUESTED BY:
STEWART TITLE COMPANY

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

2004 DEC 22 PM 12:05

WERNER CHRISTEN
RECORDER

\$ 20⁰⁰ PAID ca DEPUTY

WHEN RECORDED MAIL TO:

NOVASEL & SCHWARTE
3170 HIGHWAY 50, STE. 10
SO. LAKE TAHOE, CA 96150

BEEKHOF 128A

(space above for recorder's use only)

DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 15th day of December, 2004, between,
WEST RIDGE HOMES, INC., A NEVADA CORPORATION

herein called "Trustor", STEWART TITLE OF **DOUGLAS COUNTY**, a Nevada
Corporation herein called "Trustee", and
**NOVASEL & SCHWARTE INVESTMENTS, INC. DBA WESTERN
HIGHLAND MORTGAGE COMPANY**

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.

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 \$ **468,000.00** 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 resonable 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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**RELEASE AGREEMENT FOR FOUR LOTS SECURED BY A TRUST DEED ON
PROPERTIES LOCATED IN DOUGLAS COUNTY, NEVADA**

In reference to the \$630,000 to be disbursed out of the proceeds of a loan for \$468,000 being made by Novasel & Schwarte Investments, Inc. dba Western Highland Mortgage Company (WHM) and the proceeds of a loan for \$162,000 being made by Robert I. Novasel and Richard W. Schwarte as Co-Trustees of the Novasel & Schwarte Investments, Inc. Profit Sharing Plan (NSI PSP), jointly the Lender, which loans are both being made to West Ridge Homes, Inc., a Nevada corporation; the trustor, hereby agree to the following release agreement to the properties located in Douglas County, Nevada as follows:

As long as the Trustor is current on all the terms of the existing loan, including the payment of all interest owed and the payment of all taxes owed against the secured properties, the Beneficiary will release any one of the 4 Properties described as the following:

- Property 1: 2798 Clapham Lane, Minden, NV, whose APN # is 1420-33-501-018.
- Property 2: 2792 Clapham Lane, Minden, NV, whose APN # is 1420-33-501-019.
- Property 3: 1392 Raeline Lane, Minden, NV, whose APN # is 1420-33-501-020.
- Property 4: 1376 Raeline Lane, Minden, NV, whose APN # is 1420-33-501-021.

1. For the first lot released the Beneficiary must receive a principal payment equal to \$175,000 which will be applied to the \$468,000 loan.
2. For the second lot released the Beneficiary must receive a principal payment equal to \$175,000 which will be applied to the \$468,000 loan.
3. For the third lot released the Beneficiary must receive a principal payment equal to \$175,000 which will be applied to the \$468,000 loan in the amount of \$118,000 at which time this first trust deed will be paid in full and the remaining \$57,000 will be applied to the \$162,000 second trust deed. The remaining lot will be released once the loan is paid in full.

The undersigned parties hereby acknowledge that they have read, approved, and received a copy of this release agreement.

x P. Beekhof _____ x 12-21-04
Peter M. Beekhof, Jr. President of West Ridge Homes, Inc. Date

Robert I. Novasel _____ 12-15-04
Robert I. Novasel, Novasel and Schwarte Investments, Inc. Date
dba Western Highland Mortgage Company

Robert I. Novasel _____ 12-15-04
Robert I. Novasel, as Co-Trustees of the Novasel & Schwarte Date
Investments, Inc. Profit Sharing Plan

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ADDENDUM TO DEED OF TRUST

As and for additional consideration for the loan secured by this Deed of Trust, Trustor hereby covenants and agrees that in the event Trustor causes a petition for relief to be filed under the United States Bankruptcy Code, including, but not limited to; a petition for relief pursuant to Chapters 7, 11 or 13, Trustor shall, upon written request from Beneficiary, stipulate to immediate relief from stay arising from the filing of Trustor's petition under the United States Bankruptcy Code. Trustor further acknowledges that this provision constitutes a material inducement to Beneficiary to lend Trustor the funds secured by the within Deed of Trust. Trustor further acknowledges Beneficiary would not loan said funds to Trustor without Trustor agreeing to immediate relief from stay as aforesaid. In the event Trustor fails to stipulate to immediate relief from stay upon written request from Beneficiary, Trustor hereby stipulates and agrees that the court wherein Trustor's petition is pending shall, upon application by Beneficiary, order relief from stay with respect to all of Beneficiary's rights under the within note and Deed of Trust. Trustor represents that Trustor understands the provisions of this Addendum to Deed of Trust and agrees to the provisions of this Addendum to Deed of Trust freely and voluntarily.

DUE ON SALE CLAUSE

If the Trustor shall convey or alienate said property or any part thereof or any interest therein or shall be divested of their title in any manner or way, whether voluntary or involuntary any indebtedness or obligation secured hereby, irrespective of the maturity date expressed in any note evidencing the same, at the option of the holder hereof and without demand or notice shall become due and payable immediately.

“SUBSEQUENT TRUST DEEDS ARE SUBJECT TO THIS TRUST DEED AND ANY RENEWAL OR EXTENSION THEREOF WHETHER ORAL OR WRITTEN.”

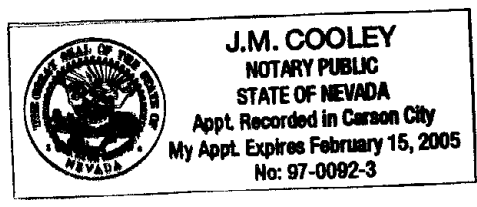
X P. Beekhof
Peter M. Beekhof, Jr., President of West Ridge Homes, Inc. X 12-21-04
Date

State of Nevada County of Douglas

On 12-21-04 before me, J.M. Cooley, personally appeared Peter M. Beekhof, Jr. personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

J.M. Cooley
Signature of Notary Public



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EXHIBIT "A"

LEGAL DESCRIPTION

ESCROW NO.: 040302634

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

Being a portion of Northeast 1/4 of the Northeast 1/4 of Section 33, Township 14 North, Range 20 East, M.D.B. & M., further described as follows:

Parcels 1, 2, 3 & 4 as set forth on Parcel Map LDA 04-020 for Arthur W. and Marva M. Duckworth, filed in the Office of the County Recorder of Douglas County, State of Nevada on November 30, 2004, Book 1104, Page 13560, Document No. 630597.

APN'S 1420-33-501-018, 019, 020 & 021

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