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1419-26-001-001  
1319-03-610-001  
1319-03-711-001  
1319-03-810-001  
1319-10-112-001

DOC # 0640536  
03/31/2005 02:37 PM Deputy: BC  
**OFFICIAL RECORD**  
Requested By:  
STEWART TITLE  
Douglas County - NV  
Werner Christen - Recorder  
Page: 1 of 49 Fee: 62.00  
BK-0305 PG-14455 RPTT: 0.00



This instrument is for the benefit of  
and after recording should be returned to:

GENOA NATIONAL, LLC  
Attn: Jeff Dingman  
P.O. Box 439  
Stateline, NV 89449

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Above Space Reserved for Recording Information

**DEED OF TRUST  
AND SECURITY AGREEMENT**

THIS DEED OF TRUST AND SECURITY AGREEMENT (“**this Deed of Trust**”) is made and granted as of March 17, 2005, by MDA ENTERPRISES, INC., a Nevada corporation (“**Borrower**”) as trustor, to and in favor of STEWART TITLE COMPANY (“**Trustee**”), whose address for purposes of notice is 1650 North Lucerne, P.O. Box 1029, Minden, Nevada 89423, for the benefit of GENOA NATIONAL, LLC, a Nevada limited liability company (“**Beneficiary**”).

WITNESSETH:

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited, the receipt of which is hereby acknowledged, Borrower hereby grants, bargains, sells and conveys to Trustee, its successors and assigns, in trust, with power of sale, and grants it and them a security interest in and lien upon, all of its respective rights, title, interests and estates in, to and under the following property, to-wit:

The real property which is located in the County of Douglas, State of Nevada, and which is more particularly described on **Exhibit A** hereto the “**Property**;

TOGETHER WITH any and all buildings and improvements now or hereafter erected on the Property (collectively the "**Improvements**"), including, without limitation, the Clubhouse at such time the Clubhouse Parcel is incorporated into the Property by means of the boundary line adjustment ("BLA"), as the term BLA is defined in the purchase Agreement, and building materials and supplies stored on the Property, fixtures, attachments, appliances, equipment, machinery and other articles attached to the Improvements, but excluding any trade fixtures, attachments, appliances, equipment, machinery and other articles of personal property owned by any tenant leasing the Property;

TOGETHER WITH all rents, issues, profits, royalties, income and other benefits derived from the Property and/or the Improvements (collectively the "**rents**"), subject to the right, power, and authority hereinafter given to Borrower to collect and apply such rents;

TOGETHER WITH all estate, right, title and interest of Borrower in and to all leases or subleases to all or any portion of the Property and/or the Improvements now or hereafter existing or entered into, and all right, title and interest of Borrower thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature.

TOGETHER WITH all right, title and interest of Borrower in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property owned or hereafter acquired;

TOGETHER WITH all interests, estate or other claims, both in law and in equity, which Borrower now has or may hereafter acquire in the Property;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same;

TOGETHER WITH all rights, title and interest of Borrower, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and gores or land adjacent to or used in connection with the Property;

TOGETHER WITH all tangible personal property now or hereafter owned by Borrower and now or at any time hereafter located on or at the Property or used in connection therewith or with the Improvements (the "**Personal Property**"), including, but not limited to: the Inventory (as defined in the Purchase Agreement), the pro shop inventory, accounts receivable and supplies described in the Pro Shop Schedule (as defined in the Purchase Agreement), all goods, machinery, tools, insurance proceeds, trucks, fork-lifts, equipment (including fire sprinklers and alarm systems, office air conditioning, heating, refrigerating, electronic monitoring, entertainment, recreational,



window or structural cleaning rigs, maintenance, exclusion of vermin or insects, removal of dust, refuse or garbage and all other equipment of every kind), lobby and all other indoor and outdoor furniture (including tables, chairs, planters, desks, sofas, shelves, lockers and cabinets), storage racks, hydraulic lifts, wall beds, wall safes, furnishings, appliances (including ice boxes, refrigerators, fans, heaters, stoves, water heaters and incinerators), inventory, rugs, carpets and other floor coverings, draperies and drapery rods and brackets, awnings, window shades, Venetian blinds, curtains, lamps, chandeliers and other lighting fixtures and office maintenance and other supplies. All Personal Property hereinabove described shall be deemed part and parcel of the Property, appropriated to the use of the Property and, whether affixed or annexed thereto or not, shall for the purpose of this Deed of Trust be deemed conclusively to be real estate and mortgaged hereby;

TOGETHER WITH all estate, interest, right, title and any other demand or claim, which Borrower now has or may hereafter acquire in any plans and specifications, construction contracts, construction management agreements, material purchase agreements, builder's and manufacturer's warranties with respect to the Property, the Improvements and/or the Personal Property; and

TOGETHER WITH all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Borrower now has or may hereafter acquire in the Property, the Improvements or the Personal Property and any and all awards made for the taking by eminent domain, or by any proceedings or purchase in lieu thereof, of the whole or any part of the other Secured Property, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

TOGETHER WITH that certain real property known to Borrower and Beneficiary as the Clubhouse Parcel, as defined in the Purchase Agreement, and all improvements thereon, including, without limitation, the Clubhouse, as defined in the Purchase Agreement, at such time as (i) the Clubhouse Parcel is incorporated into Parcel 13 or Parcel 22 by means of the BLA or (ii) the Parcel 14 Parcel Map is recorded and title to the Clubhouse Parcel is conveyed to Borrower. Upon the earlier to occur of item (i) or item (ii) of this paragraph, Borrower shall execute a Deed of Trust and Security Agreement to be recorded against the Clubhouse Parcel to provide additional security for the Secured Obligations (defined below).

The property and interest hereby conveyed to Trustee may hereafter be referred to as the "**Secured Property**".

Borrower covenants, represents and warrants that Borrower is lawfully seized of the Secured Property, that Borrower owns marketable title thereto, that Borrower has the power, right and authority to convey the Secured Property, that the Secured Property is free from all liens and encumbrances, and that Borrower will warrant and defend the title to the Secured Property against all claims made thereon.

FOR THE PURPOSE OF SECURING:

a. The timely and full performance of the obligations of Borrower under the written agreement (the "**Purchase Agreement**") entitled *Purchase and Sale Agreement for Sierra Nevada Golf Ranch* dated as March 17, 2005, between Beneficiary as seller and Borrower as buyer, including the obligations of Borrower under any amendments of the Purchase Agreement heretofore or hereafter executed by the parties to the Purchase Agreement and under any instruments of record executed by Borrower and/or any instruments of record heretofore executed by Seller which in either case set forth obligations pertaining to the real property covered by the Purchase Agreement;

b. Payment of the promissory note of Borrower (the "**Note**") of Borrower of even date herewith in the original principal amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) with interest thereon at the rate stated in the Note, all as the Note may be hereafter amended, restated, modified, extended or renewed;

c. Payment of all sums advanced or expended by Trustee and/or Beneficiary pursuant to Paragraph 1.11 hereof; and

d. Payment of all sums advanced by Beneficiary to protect the Secured Property, with interest thereon at the default rate of interest provided in the Note.

The obligations secured by this Deed of Trust are sometimes hereinafter collectively called the "**Secured Obligations**".

This Deed of Trust, the Note, the Purchase Agreement, any guaranty thereof and any other instrument given to evidence or further secure the payment and performance of any obligation secured are sometimes hereinafter called the "**Loan Instruments**."

BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE I

COVENANTS AND AGREEMENTS OF BORROWER

Borrower hereby covenants and agrees:

1.01. Payment of Secured Obligations. To pay when due the principal of, and the interest on, the indebtedness evidenced by the Note, and all other amounts, charges, fees and costs which are obligations of Borrower under the Loan Instruments, and the principal of, and interest on, any future advances secured by this Deed of Trust. The principal amount of the Note, together with any unpaid accrued interest thereon and with any other amounts payable under the Note and/or this Deed of Trust, shall, at the election of Beneficiary, become and be immediately due and payable in full upon the sale of the Property or upon any other transfer of any legal or equitable interest in the Secured



Property however such transfer may be characterized or implemented or upon the sale or other transfer of more than ten percent (10%) of the ownership of Borrower.

1.02. Maintenance, Repair, Alterations. To keep the Secured Property in good condition and repair; not to remove, except as herein provided, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations) any of the Improvements without the prior written consent of Beneficiary; to complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Property and promptly restore in like manner any Improvement which may be damaged or destroyed thereon, and to pay when due (unless reasonably contested by Borrower in accordance with the terms of Section 1.17 hereof), all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Secured Property or any part thereof or requiring any alterations or improvements; not to commit or knowingly permit any waste or deterioration of the Secured Property, to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; to comply with the provisions of any lease, if this Deed of Trust is on a leasehold; not to knowingly commit, suffer or permit any act to be done in or upon the Secured Property in violation of any law, ordinance or regulation.

1.03. Required Insurance. At all times to provide, maintain and keep in force or cause to be provided, maintained or kept in force the following policies of insurance:

a. Insurance against loss or damage to the Improvements by fire and any of the risks covered by insurance of the type now known as "fire and extended coverage", in an amount not less than the current full replacement cost of the Improvements (exclusive of the cost of excavations, foundations and footing below the lowest basement floor), whichever is greater; and with not more than Fifty Thousand Dollars (\$50,000) deductible from the loss payable for any casualty. The policies of insurance carried in accordance with this subparagraph (a) shall contain the "Replacement Cost Endorsement";

b. Comprehensive public liability insurance (including coverage for elevators and escalators, if any, on the Secured Property) on an "occurrence basis" against claims for "personal injury" including, without limitation, bodily injury, death or property damage occurring on, in or about the Secured Property and the adjoining streets, sidewalks and passageways, such insurance to afford immediate minimum protection to a limit of One Million Dollars (\$1,000,000) per occurrence with respect to personal injury or death to any one or more persons or damage to property;

c. During the course of any construction or repair of Improvements on the Property by Borrower, workmen's compensation insurance (including employer's liability insurance, if requested by





Beneficiary) for all employees of Borrower engaged on or with respect to the Secured Property in such amount as is reasonably satisfactory to Trustee, or, if such limits are established by law, in such amounts;

d. Flood insurance, if and to the extent required by law; and

e. Such other insurance, and in such amounts, as Beneficiary may from time to time require against the same or other hazards, and which are customarily required by institutional lenders for projects similar to the Property and the Improvements; provided that such coverages are reasonably and commercially available.

All policies of insurance required by the terms of this Deed of Trust shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Borrower which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set off, counterclaim or deductions against Borrower.

1.04. Delivery of Policies, Payment of Premiums. That all policies of insurance shall be issued by companies and in amounts in each company satisfactory to Beneficiary. All policies of insurance shall have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in form satisfactory to Trustee and Beneficiary. Borrower shall furnish Trustee with an original policy of all policies of required insurance. At least thirty (30) days prior to the expiration of each such policy, Borrower shall furnish Trustee with evidence satisfactory to Beneficiary of the payment of premium and the reissuance of a policy continuing insurance in force as required by this Deed of Trust. All such policies shall contain a provision that such policies will not be cancelled, amended, altered, changed or modified, nor shall any coverage therein be reduced, deleted, amended, modified, changed or cancelled by either the party named as the insured, or the insurance company issuing the policy without at least thirty (30) days prior written notice to Trustee and Beneficiary. If Borrower fails to provide, maintain, keep in force or deliver and furnish to Trustee the policies of insurance required by this Section, Trustee or Beneficiary may procure such insurance or single-interest insurance for such risks covering Trustee's interest, and advance such premium as a portion of the indebtedness evidenced by the Note and secured by this Deed of Trust. At any time after the occurrence of an Event of Default under this Deed of Trust or under any other Loan Instrument (regardless of whether thereafter cured), at the request of Trustee, Borrower shall deposit with Trustee monthly on the first day of each calendar month after said request is made until this Deed of Trust is released, an amount equal to one-twelfth (1/12) of the estimated aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust. Borrower further agrees, upon Trustee's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Trustee. Upon receipt of such bills, statements or other documents, and providing Borrower has deposited sufficient funds with Trustee pursuant to this Section 1.04, Trustee shall pay such amounts as may be due thereunder out of the funds so deposited with Trustee. If at any time and for any reason the funds deposited



with Trustee are or will be insufficient to pay such amounts as may then or subsequently be due, Trustee shall notify Borrower and Borrower shall immediately deposit an amount equal to such deficiency with Trustee. Notwithstanding the foregoing, nothing contained herein shall cause Trustee to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Trustee pursuant to this Section 1.04. Trustee may commingle said reserve with its own funds and Borrower shall be entitled to no interest thereon.

1.05. Insurance Proceeds. That after the happening of any casualty to the Secured Property or any part thereof, Borrower shall give prompt written notice thereof to Trustee.

a. In the event of damage or destruction to the Improvements, Trustee shall receive the entire proceeds of any insurance payable on account thereof (the "**Insurance Proceeds**"). All such Insurance Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including reasonable attorneys' fees, incurred by Trustee in connection with such Insurance Proceeds, shall be applied upon any indebtedness secured hereby

b. In the event of such loss or damage, all Insurance Proceeds shall be payable to Trustee, and Borrower hereby authorizes and directs any affected insurance company to make payment of such Insurance Proceeds directly to Trustee. Trustee is hereby authorized and empowered by Borrower to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance, after consultation with Borrower and Tenant.

c. Except to the extent that the Insurance Proceeds are received by Trustee and applied to payment in full of the Secured Obligations, nothing herein contained shall be deemed to excuse Borrower from repairing or maintaining the Secured Property as provided in Section 1.02 hereof or restoring all damage or destruction to the Secured Property, regardless whether or not there are Insurance Proceeds available or whether any such Insurance Proceeds are sufficient in amount, and the application or release by Trustee of any Insurance Proceeds shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice.

1.06. Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Secured Property in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of Borrower in and to all policies of insurance required by this Section shall inure to the benefit of and pass to the successor in interest to Borrower or the purchaser or grantee of the Secured Property.

1.07. Indemnification; Subrogation; Waiver of Offset.

a. If Trustee and/or Beneficiary are made a party defendant to any litigation concerning this Deed of Trust or the Secured Property or any part thereof or interest therein, or the occupancy thereof by Borrower, then Borrower shall indemnify, defend and hold Trustee and Beneficiary harmless from all liability by reason of said litigation, including attorneys' fees and expenses incurred by Trustee and/or Beneficiary in any such litigation, whether or not any such litigation is prosecuted to judgment. If Trustee commences an action against Borrower to enforce any of the terms hereof or because of the breach by Borrower of any of the terms hereof, or for the recovery of any sum secured hereby, Borrower shall pay to Trustee reasonable attorneys' fees and expenses, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Borrower breaches any term of this Deed of Trust, Trustee may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Borrower, Borrower shall pay Trustee reasonable attorneys' fees and expenses incurred by Trustee, whether or not an action is actually commenced against Borrower by reason of breach;

b. Borrower waives any and all right to claim or recover against Trustee and/or Beneficiary, and/or their respective officers, employees, agents and representatives, for loss of or damage to Borrower, the Secured Property, Borrower's property or the property of others under Borrower's control from any cause insured against or required to be insured against by the provisions of this Deed of Trust;

c. All sums payable by Borrower hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Borrower hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Secured Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Secured Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Borrower, or any action taken with respect to this Deed of Trust by any trustee or receiver of Borrower, or by any court, in any such proceeding; (v) any claim which Borrower has or might have against Beneficiary; or (vi) any other





occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Borrower shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Borrower waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Borrower.

1.08. Taxes and Impositions.

a. Borrower agrees to pay or cause to be paid prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including, without limitation, non-governmental levies or assessments such as maintenance charges, owner association dues or charges or fees, levies or charges resulting from covenants, conditions and restrictions affecting the Secured Property, which are assessed or imposed upon the Secured Property, or become due and payable, and which create, may create or appear to create a lien upon the Secured Property, or any part thereof, or upon any Personal Property, equipment or other facility used in the operation or maintenance thereof (all of which taxes, assessments and other governmental charges of like nature are hereinafter referred to as "**Impositions**"); provided, however, that if, by law, any such Imposition is payable, or may at the option of the taxpayer be paid, in installments, Borrower may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest;

b. If at any time after the date hereof there shall be assessed or imposed (i) a tax or assessment on the Secured Property in lieu of or in addition to the Impositions payable by Borrower pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and Borrower shall pay and discharge the same as herein provided with respect to the payment of Impositions or, at the option of Trustee, all obligations secured hereby together with all accrued interest thereon, shall immediately become due and payable. Anything to the contrary herein notwithstanding, Borrower shall have no obligation to pay any franchise, estate, inheritance, intangibles, income, excess profits or similar tax levied on Trustee or on the obligations secured hereby;

c. Subject to the provisions of subparagraph (d) of this Section 1.08, Borrower covenants to furnish Trustee within thirty (30)



days after the date upon which any such Imposition is due and payable by Borrower, official receipts of the appropriate taxing authority, or other proof satisfactory to Trustee, evidencing the payments thereof;

d. Borrower shall have the right before any delinquency occurs to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Borrower's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.08, unless Borrower has given prior written notice to Trustee of Borrower's intent to so contest or object to an Imposition, and unless, at Beneficiary's sole option, (i) Borrower shall demonstrate to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Secured Property, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; or (ii) Borrower shall furnish a good and sufficient bond or surety as requested by and satisfactory to Trustee; or (iii) Borrower shall have provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings;

e. At any time after the occurrence of an Event of Default under this Deed of Trust or any other Loan Instrument (regardless whether thereafter cured), at the request of Trustee, Borrower shall pay to Trustee, on the first day of each calendar month after Trustee makes said request until this Deed of Trust is released, an amount equal to one-twelfth (1/12) of the annual Impositions reasonably estimated by Trustee to pay the installment of taxes next due on the Secured Property. In such event, Borrower further agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to Trustee. Upon receipt of such bills, statements or other documents, and providing Borrower has deposited sufficient funds with Trustee pursuant to this Section 1.08, Trustee shall pay such amounts as may be due thereunder out of the funds so deposited with Trustee. If at any time and for any reason the funds deposited with Trustee are or will be insufficient to pay such amounts as may then or subsequently be due, Trustee shall notify Borrower and Borrower shall immediately deposit an amount equal to such deficiency with Trustee. Notwithstanding the foregoing, nothing contained herein shall cause Trustee to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Trustee pursuant to this Section 1.08. Trustee shall not be obligated to pay or allow any interest on any sums held by Trustee pending disbursement or application hereunder, and Trustee may impound or reserve for future payment of Impositions such portion of such payments as Trustee may in its absolute discretion deem proper, applying the balance on the principal of or interest on the obligations secured hereby. Should Borrower fail to deposit with Trustee (exclusive of that portion of

said payments which has been applied by Trustee on the principal of or interest on the indebtedness secured by the Loan Instruments) sums sufficient to fully pay such Impositions at least thirty (30) days before delinquency thereof, Trustee may, at Trustee's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary as herein elsewhere provided, or at the option of Trustee the latter may, without making any advance whatever, apply any sums held by it upon any obligation of the Borrower secured hereby. Should an Event of Default exist on the part of the Borrower in the payment or performance of any of Borrower's and/or any guarantor's obligations under the terms of the Loan Instruments, Trustee may, at any time at Trustee's option, apply any sums or amounts in its hands received pursuant hereto, or as rents or income of the Secured Property or otherwise, upon any indebtedness or obligation of the Borrower secured hereby in such manner and order as Trustee may elect. The receipt, use or application of any such sums paid by Borrower to Trustee hereunder shall not be construed to affect the maturity of any indebtedness secured by this Deed of Trust or any of the rights or powers of Trustee under the terms of the Loan Instruments or any of the obligations of Borrower and/or any guarantor under any Loan Instrument;

f. Borrower covenants and agrees not knowingly to suffer, permit or initiate the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Secured Property as a single lien.

1.09. Utilities. To pay or cause to be paid when due all utility charges which are incurred by Borrower for the benefit of the Secured Property or which may become a charge or lien against the Secured Property for gas, electricity, water or sewer services furnished to the Secured Property and all other assessments or charges of a similar nature, whether public or private, affecting the Secured Property or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

1.10. Actions Affecting Secured Property. To appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Trustee; and to pay all costs and expenses, including costs of evidence of title and attorney's fees, in any such action or proceeding in which Trustee may appear.

1.11. Actions by Trustee to Preserve Secured Property. That should Borrower fail to make any payment or to do any act as and in the manner provided in any of the Loan Instruments, Trustee in its own discretion, without obligation so to do and without any other notice to or demand upon Borrower and without releasing Borrower from any obligation, may upon two (2) days' prior notice make or do the same in such manner and to such extent as may be deemed necessary to protect the security hereof. In connection

therewith (without limiting its general powers), Trustee shall have and is hereby given the right, but not the obligation: (a) to enter upon and take possession of the Secured Property; (b) to make additions, alterations, repairs and improvements to the Secured Property which it may consider necessary or proper to keep the Secured Property in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Trustee; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of it may affect or appears to affect the security of this Deed of Trust or be prior or superior hereto; and (e) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. Borrower shall, immediately upon demand therefor by Trustee, pay all costs and expenses incurred by Trustee in connection with the exercise by Trustee of the foregoing rights, including, without limitation, costs of evidence of title, court costs, appraisals, surveys and reasonable attorneys' fees.

1.12. Survival of Warranties. Fully and faithfully to satisfy and perform the obligations of Borrower contained in the Loan Instruments to which Borrower is a party, and any modification or amendment thereof. All representations, warranties and covenants of Borrower contained therein or incorporated by reference shall survive the acceptance of the Note by Beneficiary and the execution and delivery of this Deed of Trust by Borrower and the recordation hereof and shall remain continuing obligations, warranties and representations of Borrower during any time when any portion of the obligations secured by this Deed of Trust remain outstanding.

1.13. Eminent Domain. That should the Secured Property, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("**Condemnation**"), or should Borrower receive any notice or other information regarding such proceeding, Borrower shall give prompt written notice thereof to Trustee.

a. Trustee shall be entitled to all compensation, awards and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Trustee shall also be entitled to make any compromise or settlement in connection with such Condemnation after consultation with Borrower. All such compensation, awards, damages, rights of action and proceeds awarded to Borrower (the "**Condemnation Proceeds**") are hereby assigned to Trustee and Borrower agrees to execute such further assignments of the Condemnation Proceeds as Trustee may require;

b. If any portion of the Secured Property is so taken or damaged, Trustee shall receive the entire Condemnation Proceeds. All such Condemnation Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including reasonable attorneys' fees, incurred by



Trustee in connection with such Condemnation Proceeds, shall be applied upon any indebtedness secured hereby.

c. If as a result of a Condemnation, the ingress and egress from a dedicated public right-of-way to the Property is changed, Borrower shall provide to Trustee an endorsement to the title insurance policy which insures Beneficiary of the priority of the lien of this Deed of Trust which endorsement insures ingress directly to and egress directly from the Property from and to a dedicated public right-of-way or via an ingress and egress easement which benefits the Property, is acceptable to Beneficiary, and connects the Property directly to a dedicated public right-of-way.

Any Condemnation Proceeds which are applied against the indebtedness secured hereby shall first be applied to the Note and/or to other obligations secured hereby in such amounts and in such sequence as Beneficiary shall determine.

1.14. Additional Security. That if Trustee at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

1.15. Successors and Assigns. That 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.

1.16. Inspections. That Trustee, or its Trustees, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Secured Property for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Instruments, all subject to the rights of the Tenant under the Lease.

1.17. Liens. To pay and promptly discharge, at Borrower's cost and expense, all liens, encumbrances and charges upon the Secured Property, or any part thereof or interest therein; provided that the existence of any inchoate mechanic's, laborer's, materialman's, supplier's, or vendor's lien shall not constitute a violation of this Section if payment is not yet due under the contract which is the foundation thereof and if such contract does not postpone payment for more than fifty-five (55) days after the performance thereof. Borrower shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Borrower shall first discharge such lien of record and, provided further, that Borrower shall thereafter diligently prosecute such contest. If Borrower shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Trustee, Trustee may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount

required or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

1.18. Trustee's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Secured Property not then or theretofore released as security for the full amount of all unpaid obligations, Trustee may, from time to time and without notice (a) release any person so liable, (b) extend the maturity or alter any of the terms of any such obligation, (c) grant other indulgences, (d) release or reconvey, or cause to be released or reconveyed at any time at Trustee's option any parcel, portion or all of the Secured Property, (e) take or release any other or additional security for any obligation herein mentioned, or (f) make compositions or other arrangements with debtors in relation thereto.

1.19. Financial Statements. Borrower will cause to be delivered to Trustee such financial statements describing the financial condition of Borrower as Trustee may at any time and from time to time request for such periods of time as Trustee shall designate in any such request.

1.20. Additional Covenants.

A. No Subordination. Borrower acknowledges and agrees that Borrower shall have no right whatsoever to subordinate the lien of this Deed of Trust to the lien of any other deed of trust, mortgage or other security instrument unless Borrower first obtains the written consent of Beneficiary to such subordination, which consent Beneficiary may grant, grant upon conditions, or deny in Beneficiary's absolute discretion. If Beneficiary is willing to grant such consent upon conditions, Beneficiary may determine the conditions and the terms for satisfying the conditions in Beneficiary's absolute discretion.

B. Automatic Termination of the Options. Any breach or default on the part of Borrower under the Purchase Agreement, and/or any breach or default or event of default on the part of Buyer under the Note and/or the Deed of Trust, which in any such case is not cured within any applicable grace period shall result in the automatic termination of any unexercised rights on the part of Buyer to acquire the Option Properties and Parcel 10. Thereupon the Options shall lapse and cease to exist.

## ARTICLE II

### SECURITY AGREEMENT

2.01. Creation of Security Interest. Borrower hereby grants to Trustee a security interest in the Personal Property and any other personal property owned by Borrower constituting a portion of the Secured Property, including, without limitation, any and all property owned by Borrower of similar type or kind hereafter located on or at the



Property for the purpose of securing all obligations of Borrower contained in any of the Loan Instruments.

2.02. Warranties, Representations and Covenants of Borrower. Borrower hereby warrants, represents and covenants as follows:

a. Except for the security interest granted hereby, Borrower is, and, as to portions of the Personal Property to be acquired after the date hereof, will be, the sole owner of the Personal Property, free from any adverse lien, security interest, encumbrance or adverse claims thereon of any kind whatsoever. Borrower will notify Trustee of, and will defend the Personal Property against all claims and demands of all persons at any time claiming the same or any interest therein;

b. Borrower will not lease, sell, convey or in any manner transfer the Personal Property without the prior written consent of Trustee;

c. The Personal Property is not used or bought for personal, family or household purposes;

d. The Personal Property will be kept on or at the Property and Borrower will not remove the Personal Property from the Property without the prior written consent of Trustee, except such portions or items of Personal Property which are consumed, replaced or worn out in ordinary usage, all of which shall be promptly replaced by Borrower;

e. Borrower maintains a place of business in the State of Nevada and Borrower will immediately notify Trustee in writing of any change in its place of business as set forth in the beginning of this Deed of Trust;

f. At the request of Trustee, Borrower will expressly authorize Trustee to file all necessary financing statements and renewals and amendments thereof pursuant to the Uniform Commercial Code of the state in which the Property is located in form satisfactory to Trustee, and will pay the cost of filing the same in all public offices wherever filing is deemed by Trustee to be necessary or desirable;

g. All covenants and obligations of Borrower contained herein relating to the Secured Property shall be deemed to apply to the Personal Property whether or not expressly referred to herein;

h. This Deed of Trust constitutes a Security Agreement as that term is used in the Uniform Commercial Code of the state in which the Property is located.



## ARTICLE III

### REMEDIES UPON DEFAULT

3.01. Events of Default. Any of the following events shall be deemed an Event of Default hereunder:

a. Borrower has, except as permitted in the Purchase Agreement, sold, assigned, conveyed, disposed of or otherwise transferred any part of its ownership (legal or equitable) in the Secured Property; or

b. The Secured Property is further encumbered by a mortgage, deed of trust, lien or encumbrance or other security instruments, without the consent of Trustee; or

c. Any other breach, default, event of default and/or Event of Default shall occur under the Purchase Agreement, the Note and/or this Deed of Trust which is not cured within any applicable cure period.

3.02. Acceleration Upon Default, Additional Remedies. If any such breach, default, event of default and/or Event of Default exists Trustee may, subject to NRS 107.080, declare all indebtedness secured hereby to be due and payable by delivery to Trustee of a written notice of breach and election to sell (which notice Trustee shall cause to be recorded and mailed as required by law) or in any other lawful manner and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind. In addition, if any Event of Default exists, Trustee:

a. may, to the extent permitted by law, either in person or by Trustee, with or without bringing any action or proceeding, enter upon and take possession of the Secured Property, or any part thereof, in its own name, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Secured Property or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Secured Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same in accordance with the terms hereof. The entering upon and taking possession of the Secured Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and notwithstanding the continuance in possession of the Secured Property or the collection, receipt and application of rents, issues or profits, Trustee shall be entitled to exercise every right provided for in any of the Loan Instruments or by law upon occurrence of any Event of Default;





b. may cause Trustee to commence an action to foreclose this Deed of Trust, appoint a receiver, or specifically enforce any of the covenants hereof;

c. may deliver to Trustee a written notice of breach and election to sell. After three (3) months shall have elapsed following recordation of any such notice of breach, Trustee shall sell the property subject hereto at such time and at such place in the State of Nevada as 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. In the conduct of any such sale Trustee may act itself or through any auctioneer, Trustee or attorney. The place of sale may be either in the county in which the property to be sold, or any part thereof, is situated, or at an office of the Trustee located in the State of Nevada.

i. Upon the request of Trustee or if required by law Trustee shall postpone sale of all or any portion of said property or interest therein by public announcement at the time fixed by said notice of sale, and shall thereafter postpone said sale from time to time by public announcement at the time previously appointed.

ii. At the time of sale so fixed, Trustee shall sell the property so advertised or any part thereof or interest therein either as a whole or in separate parcels, as Trustee may determine in its sole and absolute discretion, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to such purchaser a deed or deeds or other appropriate instruments conveying the property so sold, but without covenant or warranty, express or implied. Trustee and Trustee may bid and purchase at such sale. To the extent of the indebtedness secured hereby, Trustee need not bid for cash at any sale of all or any portion of the Secured Property pursuant hereto, but the amount of any successful bid by Trustee shall be applied in reduction of said indebtedness. Borrower hereby agrees, if it is then still in possession, to surrender, immediately and without demand, possession of said property to any purchaser.

d. may exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of the state in which the Property is located, including, but not limited to:

i. Either personally or by means of a court appointed receiver, take possession of all or any of the



Personal Property and exclude therefrom Borrower and all others claiming under Borrower, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Borrower in respect to the Personal Property or any part thereof. In the event Trustee demands or attempts to take possession of the Personal Property in the exercise of any rights under any of the Loan Instruments, Borrower promises and agrees to promptly turn over and deliver complete possession thereof to Trustee;

ii. Without notice to or demand upon Borrower, make such payments and do such acts as Trustee may deem necessary to protect its security interest in the Personal Property, including, without limitation, paying, purchasing, contesting, or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith;

iii. Require Borrower to assemble the Personal Property or any portion thereof, at a place designated by Trustee and reasonably convenient to both parties, and promptly to deliver such Personal Property to Trustee, or an Trustee or representative designated by it;

iv. Sell, lease or otherwise dispose of the Personal Property at public sale, with or without having the Personal Property at the place of sale, and upon such terms and in such manner as Trustee may determine. Trustee may be a purchaser at any such sale;

v. Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Trustee shall give Borrower at least ten (10) days prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof. Such notice may be mailed to Borrower at the address set forth at the beginning of this Deed of Trust.

The rights of Trustee under this Deed of Trust shall be separate, distinct and cumulative, and none of them shall be in exclusion of the others.

3.03. Foreclosure; Expense of Litigation. Upon the occurrence of any breach, default, event of default and/or Event of Default referenced herein, Trustee shall have the right to foreclose the lien hereof. In any suit to foreclose the lien hereof or in the case of the exercise of any other remedy of Trustee or Trustee under this Deed of Trust or the Note, there shall be secured hereby, and allowed and included as additional indebtedness in the decree for sale or other judgment or decree, all expenditures and expenses which may be paid or incurred by or on behalf of Trustee or Trustee for reasonable attorneys' costs and fees (including the costs and reasonable fees of paralegals), survey charges, appraiser's fees, inspecting engineer's and/or architect's fees, fees for environmental studies and assessments and all additional expenses incurred by Trustee or Trustee with respect to environmental matters, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree or trustee's sale) of procuring all such abstracts of title, title searches and examinations, title insurance policies, Torrens certificates, and similar data and assurances with respect to title as Trustee or Trustee may deem reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had the true condition of the title to, the value of or the environmental condition of the Secured Property. All expenditures and expenses of the nature in this paragraph mentioned, and such expenses and fees as may be incurred in the protection of the Secured Property and the maintenance of the lien of this Deed of Trust, including the reasonable fees of any attorney employed by Trustee or Trustee in any litigation or proceeding affecting this Deed of Trust, the Note or the Secured Property, including probate and bankruptcy proceedings, or in preparations for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Borrower, with interest thereon at the post maturity rate and shall be secured by this Deed of Trust.

3.04. Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Secured Property shall be distributed and applied in the following order of priority: First, on account of all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in the preceding paragraph hereof; second, all other items which under the terms hereof constitute secured indebtedness additional to that evidenced by the Note, with interest thereon as herein provided; third, all principal and interest due under the Note; and fourth, any remainder to Borrower, its successors or assigns, as their rights may appear.

3.05. Appointment of Receiver. Upon, or at any time after the occurrence of any breach, default, event of default and/or Event of Default referenced herein, Trustee shall be entitled to the appointment of a receiver of the Secured Property, and Borrower hereby consents to such appointment. Such appointment may be made either before or after sale, without notice, upon a *prima facie* showing of a claimed breach, default, event of default and/or Event of Default without regard to any offsets or defenses and without regard to the solvency or insolvency of Borrower at the time of application for such receiver, whether any portion of the Secured Property is in danger of being lost, removed injured or destroyed, waste, whether income from the Secured Property is in danger of being lost and without regard to the then value of the Secured Property or whether the same shall be

then occupied as a homestead or not and Trustee hereunder or any holder of the Note may be appointed as such receiver. Such receiver shall have power: (a) to collect the rents, issues and profits of the Secured Property during the pendency of such foreclosure suit and, in case of a sale and a deficiency, during the full statutory period of redemption, whether there be redemption or not, or until the trustee's sale, as the case may be, as well as during any further times when Borrower, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits; (b) to extend or modify any then existing leases and to make new leases, which extensions, modifications and new leases may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the indebtedness hereunder and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Borrower and all persons whose interests in the Secured Property are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the Deed of Trust indebtedness, satisfaction of any foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; and (c) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management, and operation of the Secured Property during the whole of said period. The court from time to time may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (x) the indebtedness secured hereby, or by any decree foreclosing this Deed of Trust, or any tax, special assessment or other lien which may be or become superior to the lien hereof or of such decree, provided such application is made prior to foreclosure sale; or (y) the deficiency in case of a sale and deficiency.

3.06. Remedies Not Exclusive. Trustee shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any Loan Instrument or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by Deed of Trust, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Deed of Trust nor its enforcement whether by court action or other powers herein contained, shall prejudice or in any manner affect Trustee's right to realize upon or enforce any other security now or hereafter held by Trustee, it being agreed that Trustee shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by Trustee in such order and manner as Trustee may, in its absolute discretion determine. No remedy herein conferred upon or reserved to Trustee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Instruments to Trustee may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee and Trustee may pursue inconsistent remedies.





## ARTICLE IV

### MISCELLANEOUS

4.01. Governing Law. WITH RESPECT TO MATTERS RELATING TO THE CREATION, PERFECTION AND PROCEDURES RELATING TO THE ENFORCEMENT (INCLUDING NON-JUDICIAL FORECLOSURE OF LIENS) OF THIS DEED OF TRUST, THIS DEED OF TRUST SHALL BE GOVERNED BY, AND BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA.

4.02. Borrower Waiver of Rights. Borrower waives the benefit of all laws now existing or that hereafter may be enacted providing for (i) any appraisal before sale of any portion of the Secured Property, and (ii) extending the time for the enforcement of the collection of the Note or the debt evidenced thereby or creating or extending a period of redemption from any sale made in collecting said debt. To the full extent Borrower may do so, Borrower agrees that Borrower will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension or redemption, and Borrower, for Borrower, Borrower's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Secured Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshaling in the event of foreclosure of the liens hereby created. If any law referred to in this Section and now in force, of which Borrower, Borrower's heirs, devisees, representatives, successors and assigns or other person might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section. Borrower expressly waives and relinquishes any and all rights and remedies which Borrower may have or be able to assert by reason of the laws of the State of Nevada pertaining to the rights and remedies of sureties.

4.03. Limitation of Interest. It is the intent of Borrower and Trustee in the execution of this Deed of Trust and the Note and all other instruments securing the Note to contract in strict compliance with the usury laws of the State of Nevada governing the loan evidenced by the Note. In furtherance thereof, Trustee and Borrower stipulate and agree that none of the terms and provisions contained in the Loan Instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Nevada governing the loan evidenced by the Note. Borrower or any guarantor, endorser or other party now or hereafter becoming liable for the payment of the Note shall never be liable for unearned interest on the Note and shall never be required to pay interest on the Note at a rate in excess of the maximum interest that may be lawfully charged under the laws of the State of Nevada and the provisions of this Section shall control over all other provisions of the Note and any other instrument executed in connection herewith which may be in apparent conflict herewith. If any

holder of the Note shall collect monies which are deemed to constitute interest in excess of the maximum rate allowed by the laws of the State of Nevada all such sums deemed to constitute interest in excess of the legal rate shall be, at Trustee's discretion, immediately returned to the Borrower upon such determination, or, to the extent permitted by law, applied to principal.

4.04. Statements by Borrower. Borrower, within ten (10) days after being given written notice, will furnish to Trustee a written statement stating the unpaid principal of and interest on the Note and any other amounts secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest.

4.05. Notices. Whenever Trustee or Borrower shall desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered mail, postage prepaid, return receipt requested, addressed to the address set forth at the beginning of this Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

4.06. Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

4.07. Invalidity of Certain Provisions. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Secured Property, the unsecured or partially secured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Deed of Trust.

4.08. No Merger. If both the lessor's and lessee's estates under any lease or any portion thereof which constitutes a part of the Secured Property shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Trustee shall continue to have and enjoy all of the rights and privileges of Trustee as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on, or a trustee's sale of, the Secured Property pursuant to the provisions hereof, any leases or subleases then existing and created by Borrower shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Trustee or any purchaser at any such sale shall so elect. No act by or on behalf of Trustee or any such purchaser shall constitute a termination of any lease or sublease unless Trustee or such purchaser shall give written notice thereof to such tenant or subtenant.

4.09. Subrogation. To the extent that proceeds of the Note are used to pay any outstanding lien, charge or prior encumbrance against the Secured Property, such proceeds have been or will be advanced by Trustee at Borrower's request and Trustee shall be subrogated to any and all rights and liens owned or held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

4.10 Release of Deed of Trust. Borrower shall be entitled to have the lien of this Deed of Trust and the other applicable Loan Instruments released from the Property upon payment to Trustee of all the amounts and performance of all the obligations which this Deed of Trust secures.

4.11 Substitution of Trustee. Trustee may, at any time, by instrument in writing, appoint a successor or successors to the Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary, and recorded in the Office of the County Recorder, Douglas County, Nevada, shall be conclusive proof of the proper substitution of such successor trustee, who shall have all the estate, powers, duties and trusts in the premises vested in or conferred on the original trustee. If there be more than one trustee, either may act alone and execute these trusts upon the request of Trustee and his acts shall be deemed to be the acts of all trustees, and the recital in any conveyance executed by such sole trustee of such requests shall be conclusive evidence thereof, and of the authority of such sole trustee to act.

4.12 Where not inconsistent with the above, the following covenants, Nos. 1; 2 (full replacement value); 3; 4 (default rate under the Note); 5; 6; 7 (a reasonable percentage); 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust as of the day and year first above written.

MDA ENTERPRISES, INC.  
a Nevada corporation

By: 

Mario Antoci  
President

[Acknowledgement Follows]





**EXHIBIT "A"  
LEGAL DESCRIPTION**

Order No.: 050700779

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

**LEGAL DESCRIPTION 1:**

A parcel of land located within portions of Sections 26 and  
27, Township 14 North, Range 19 East, Mount Diablo  
Meridian, more particularly described as follows:

Adjusted Parcel 13 on that certain Record of Survey to  
support Boundary Line Adjustment for Little Mondeaux  
Limousin Corporation filed for record in the Office of the  
Douglas County Recorder on June 30, 2003, Book 0603, Page  
16374, Document No. 581895, Official Records.

APN 1419-26-001-011

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE  
HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT  
RECORDED AUGUST 12, 2004, BOOK 0804, PAGE 4907, AS FILE NO.  
621285, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY,  
STATE OF NEVADA."

Subject to a portion of that certain non-exclusive private  
access easement as described below that affects a portion of  
said Parcel 13:

**DESCRIPTION EASEMENT #1**

**50' WIDE NON-EXCLUSIVE PRIVATE ACCESS EASEMENT**

A fifty foot (50') wide easement for access purposes located  
within a portion of Section 26, Township 14 North, Range 19  
East, Mount Diablo Meridian, the centerline of which is more  
particularly described as follows:

Commencing at a point on the Easterly line of Jacks Valley  
Road also being a point on the North line of the Northwest  
one-quarter of Section 26, Township 14 North, Range 19 East,  
M.D.M., from which a found witness corner 1985 BLM aluminum  
cap bears North 16°32'56" West, 5.36 feet and from which  
the North one-quarter corner of said Section 26, a found

Continued on next page

LEGAL DESCRIPTION - continued  
Order No.:050700779

1985 BLM aluminum cap bears North 89°22'26" East, 1486.06 feet; thence along said Easterly line of Jacks Valley Road South 02°11'08" West, 25.03 feet to the POINT OF BEGINNING; thence parallel to and offset 25.00 feet from said North line of the Northwest one-quarter of Section 26 North 89°22'26" East, 1487.29 feet; thence parallel to and offset 25.00 feet from the North line of the Northeast one-quarter of said Section 26 North 89°23'01" East, 1443.75 feet; thence South 00°47'05" East, 325.60 feet; thence South 09°12'15" West, 223.50 feet; thence South 20°35'43" West, 511.67 feet; thence South 09°02'13" West, 372.38 feet; thence South 72°38'46" West, 451.74 feet to the terminus of this description.

And subject to a portion of that certain non-exclusive private access easement as described below that affects a portion of said Parcel 13:

DESCRIPTION EASEMENT #2

50' WIDE NON-EXCLUSIVE PRIVATE ACCESS EASEMENT

A fifty foot (50') wide easement for access purposes located within a portion of Section 26, Township 14 North, Range 19 East, Mount Diablo Meridian, the centerline of which is more particularly described as follows:

Commencing at a found 5/8" rebar, no tag, a point on the Easterly line of Jacks Valley Road, the Northwesterly corner of Parcel 2 as shown on the Map of Division Into Large Parcels for Little Mondeaux Limousin Corporation recorded July 31, 1992 in the office of Recorder, Douglas County, Nevada, as Document No. 284936, said point bears South 32°55'56" West, 2868.09 feet from the Southwest corner of Section 26, Township 14 North, Range 19 East, M.D.M.; thence along said Easterly line of Jacks Valley Road North 21°17'11" East, 5624.78 feet to the POINT OF

Continued on next page

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LEGAL DESCRIPTION - continued  
Order No.:050700779

BEGINNING; thence South 57°24'21" East, 901.15 feet; thence along the arc of a curve to the right having a radius of 100.00 feet, central angle of 57°24'26", arc length of 100.19 feet, and chord bearing South 28°42'10" East; thence South, 163.85 feet; thence along the arc of a curve to the left having a radius of 100.00 feet, central angle of 59°14'14", arc length of 103.39 feet, and chord bearing South 29°37'07" East; thence South 59°14'14" East, 87.62 feet; thence South 57°20'21" East, 299.51 feet; thence along the arc of a curve to the left having a radius of 95.00 feet, central angle of 98°13'48", arc length of 162.87 feet, and chord bearing North 73°32'45" East; thence North 24°25'51" East, 166.00 feet; thence along the arc of a curve to the right having a radius of 75.00 feet, central angle of 34°48'01", arc length of 45.55 feet, and chord bearing North 41°49'51" East; thence North 59°13'52" East, 94.39 feet; thence along the arc of a curve to the right having a radius of 75.00 feet, central angle of 55°06'44", arc length of 72.14 feet, and chord bearing North 86°47'14" East; thence South 65°39'24" East, 403.40 feet; thence North 24°52'01" East, 62.44 feet; thence North 19°23'04" East, 165.42 feet; thence North 03°46'32" West, 200.60 feet to the terminus of this description.

And subject to a portion of that certain non-exclusive private access easement as described below that affects a portion of said Parcel 13:

DESCRIPTION EASEMENT #5

50' WIDE NON-EXCLUSIVE PRIVATE ACCESS EASEMENT

A fifty foot (50') wide easement for access purposes located within portions of Sections 26, 27, and 35, Township 14 North, Range 19 East, Mount Diablo Meridian, the centerline of which is more particularly described as follows:

Continued on next page

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LEGAL DESCRIPTION - continued  
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Commencing at a found 5/8" rebar, no tag, a point on the Easterly line of Jacks Valley Road, the Northwesterly corner of Parcel 2 as shown on the Map of Division Into Large Parcels for Little Mondeaux Limousin Corporation recorded July 31, 1992 in the office of Recorder, Douglas County, Nevada as Document No. 284936, said point bears South 32°55'56" West, 2868.09 feet from the Northwest corner of Section 35, Township 14 North, Range 19 East, Mount Diablo Meridian; thence along the Easterly line of Jacks Valley Road North 21°17'11" East, 3824.96 feet to the POINT OF BEGINNING; thence South 48°04'14" East, 137.81 feet; thence South 67°56'54" East, 136.45 feet; thence South 76°57'51" East, 115.98 feet; thence South 43°47'31" East, 408.02 feet; thence South 69°32'35" East, 488.75 feet; thence South 45°22'30" East, 538.44 feet; thence South 33°32'36" East, 651.56 feet; thence South 48°38'31" East, 411.00 feet; thence South 24°30'27" East, 181.95 feet; thence South 44°27'16" West, 169.89 feet; thence South 75°08'00" East, 662.33 feet; thence North 85°16'59" East, 346.54 feet; thence North 61°34'17" East, 459.01 feet; thence North 34°22'26" East, 306.36 feet; thence South 79°02'24" East, 532.81 feet; thence North 86°15'01" East, 745.21 feet; thence North 43°11'41" East, 321.95 feet; thence North 54°28'57" East, 341.00 feet; thence North 00°10'00" East, 335.73 feet; thence South 89°50'00" East, 43.66 feet to the terminus of this description.

And subject to a portion of that certain non-exclusive private access easement as described below that affects a portion of said Parcel 13:

DESCRIPTION EASEMENT #6

50' WIDE NON-EXCLUSIVE PRIVATE ACCESS EASEMENT

A fifty foot (50') wide easement for access purposes located within portions of Section 26, 27, and 35, Township 14

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North, Range 19 East, Mount Diablo Meridian, the centerline of which is more particularly described as follows:

Commencing at a found 5/8" rebar, no tag, a point on the Easterly line of Jacks Valley Road, the Northwesterly corner of Parcel 2 as shown on the Map of Division Into Large Parcels for Little Mondeaux Limousin Corporation recorded July 31, 1992 in the office of Recorder, Douglas County, Nevada as Document No. 284936, said point bears South 32°55'56" West, 2868.09 feet from the Northwest corner of Section 35, Township 14 North, Range 19 East, Mount Diablo Meridian; thence along the Easterly line of Jacks Valley Road North 21°17'11" East, 3824.96 feet to the POINT OF BEGINNING; thence South 48°04'14" East, 137.81 feet; thence South 67°56'54" East, 136.45 feet; thence South 76°57'51" East, 115.98 feet; thence South 43°47'31" East, 408.02 feet; thence South 69°32'35" East, 488.75 feet; thence South 45°22'30" East, 538.44 feet; thence South 33°32'36" East, 651.56 feet; thence South 48°38'31" East, 411.00 feet; thence South 24°30'27" East, 181.95 feet; thence South 44°27'16" West, 307.50 feet; thence South 00°39'05" West, 154.48 feet; thence South 30°05'03" East, 737.69 feet to the terminus of this description.

The Basis of Bearing of this description is North 89°23'01" East, the North line of the Northeast one-quarter (NE 1/4) of Section 26, Township 14 North, Range 19 East, M.D.M. per Map of Division Into Large Parcels for Little Mondeaux Limousin Corporation recorded July 31, 1992 as Document No. 284936.

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED AUGUST 12, 2004, IN BOOK 0804, AT PAGE 4907, AS FILE NO. 621285, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

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(H) EXCEPTING THEREFROM non-exclusive 50 foot wide access easements, created in that certain document entitled "EASEMENT AMENDMENT DEED", executed by Little Mondeaux Limousin Corporation, recorded on February 25, 1998 as document no. 0433367 in Book 0298 page 4658, of the Official Records of Douglas County, Nevada.

(F) EXCEPTING THEREFROM an easement for non-exclusive access purposes within the Easement Area, created in that certain document entitled "Master Grant Deed" executed by Ronald L. Simek, et al, recorded on December 31, 1996 as document No. 403934, in Book 1296 page 4911, of the Official Records of Douglas County, Nevada.

(U) EXCEPTING THEREFROM an easement for pedestrian and vehicular ingress and egress to and from that certain real property; private irrigation purposes, including, without limitation, the installation, construction, repair, maintenance, and replacement of private irrigation improvements within the Easement Area, such as without limitation, pipelines, pumps, and other facilities used for private irrigation; and the installation, construction, repair, maintenance, and replacement of roadway improvements within the Easement Area, such as without limitation, asphalt paving, cattle guards, and so forth, created in that certain document entitled "Grant of Private Access and Private Irrigation Easement (#OS10)", executed by Ronald L. Simek, recorded on February 3, 2004, as document No. 0603680 in Book 0204 page 00954, of the Official Records of Douglas County, Nevada.

(D1) EXCEPTING THEREFROM a 50 foot wide access, irrigation, and utility easement, over and across those certain lands described in document recorded February 3, 2004 in Book 0204, Page 1130, as Document No. 0603689, of the Official Records of Douglas County, Nevada.

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(V) EXCEPTING THEREFROM that certain conveyance of a Well Site, along with an easement for the installation, construction, repair, maintenance, and replacement of well and waterline improvements within the Easement Area, such as, without limitation, wells, waterlines, piping, pumps, valves, meters, well equipment, and other improvements and equipment related to well and waterline systems and facilities, created in that certain document entitled "Grant of Well and Waterline Easement (#OS11)", executed by Ronald L. Simek, recorded on February 3, 2004 as document No. 0603681 in Book 0204 page 00978, of the Official Records of Douglas County, Nevada.

(X) EXCEPTING THEREFROM an easement for the installation, construction, repair, maintenance, and replacement of well and waterline improvements within the Easement Area, such as, without limitation, wells, waterlines, piping, pumps, valves, meters, well equipment, and other improvements and equipment related to well and waterline systems and facilities, created in that certain document entitled "Grant of Well and Waterline Easement (#OS13)", executed by Ronald L. Simek, recorded on February 3, 2004 as document No. 0603683 in Book 0204 page 01017, of the Official Records of Douglas County, Nevada.

(W) EXCEPTING THEREFROM an easement for purposes of installing, constructing, repairing, maintaining, and replacing waterlines and other waterline related improvements and systems within the Easement Area, created in that certain document entitled "Grant of Relocatable Waterline Easement (#OS12)", executed by Ronald L. Simek, recorded on February 3, 2004 as Document No. 0603682 in Book 0204, Page 00994, of the Official Records of Douglas County, Nevada.

(S) EXCEPTING THEREFROM a 50 foot relocatable public utility easement, over and across those certain lands described in document recorded February 3, 2004 in Book 0204, Page 0841,  
Continued on next page

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as Document No. 0603675 of the Official Records of Douglas County, Nevada.

(Q) EXCEPTING THEREFROM a perpetual non-exclusive easement for public utility purposes, including, without limitation, the installation, construction, repair, maintenance and replacement of public utility improvements within the Easement Area described in document recorded February 3, 2004 in Book 0204, Page 00808, as Document No. 0603673, of the Official Records of Douglas County, Nevada.

(B1) EXCEPTING THEREFROM a non-exclusive 40 foot sanitary sewer and storm drainage easement within the Easement Area, created in that certain document entitled "Grant of Sanitary Sewer and Storm Drainage Easement (#OS17)", recorded February 3, 2004 in Book 0204, Page 01090, as Document No. 0603687, of the Official Records of Douglas County, Nevada.

(O) EXCEPTING THEREFROM an easement for purposes of installing, constructing, repairing, maintaining, and replacing sanitary sewer lines and other sewer systems within the Easement Area, created in that certain document entitled "Grant of Sanitary Sewer Easement (#OS1)", executed by Ronald L. Simek, recorded on February 3, 2004 as document No. 0603671 in Book 0204 page 00781, of the Official Records of Douglas County, Nevada.

(G) TOGETHER WITH a License Agreement executed by Douglas County, wherein Douglas County grants a license to construct and maintain certain improvements, namely a golf cart and pedestrian crossing and related golf course usage (hereinafter referred to as "Crossing"), on a portion of Jacks Valley Road, a public right-of-way owned by Douglas County, created in that certain document entitled "License Agreement" executed by Douglas County, recorded on November 14, 1997 as document No. 0426339 in Book 1197 page 2758, of  
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LEGAL DESCRIPTION - continued  
Order No.:050700779

the Official Records of Douglas County, Nevada.

(I) ALSO TOGETHER WITH a golf play easement for flight of golf balls over, across, and upon the Residential Property; Doing of every act necessary and incident to the playing of golf and other recreational activities on the Golf Course Property, including, but not limited to, the operation of lighting facilities for operation of tennis, swimming, driving range, and golf practice facilities during hours of darkness, and the creation of usual and common noise levels associated with such recreational activities and use and operation of the Golf Course Facilities; Creation of noise related to the normal maintenance and operation of the Golf Course Property and the Golf Course Facilities, including, but not limited to, the operation of mowing and spraying equipment, it being acknowledged that such noise may occur from early morning until late evening; and an easement for the overspray of herbicides, fungicides, pesticides, fertilizers, and water over portions of the Residential Property located adjacent top the Golf Course Property, created in that certain document entitled "Golf Play Easement", executed by Ronald L. Simek, recorded on June 12, 1993 as document No. 0441879 in Book 0698 page 3055, of the Official Records of Douglas County, Nevada.

(Q) ALSO TOGETHER WITH that portion of (Q) traversing Parcel 14, an easement for public utility purposes, including, without limitation, the installation, construction, repair, maintenance, and replacement of public utility improvements within the Easement Area, such as, without limitation, gas, electric, water, sewer, telephone, storm drain, and cable TV lines and facilities owned or maintained (or to be owned or maintained) by any public utility (as defined in Section 704.020 of the Nevada Revised Statutes (or its successor statute)), created in that certain document entitled "Grant of Public Utility Easement (#OS3)", executed by Ronald L. Simek, recorded on February 3, 2004 as document No. 0603673

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in Book 0204 page 00808, of the Official Records of Douglas County, Nevada.

(I1) ALSO TOGETHER WITH an easement for pedestrian and vehicular ingress and egress to and from that certain real property; and the installation, construction, repair, maintenance, and replacement of roadway improvements within the Easement Area, such as, without limitation, asphalt paving, cattle guards, and so forth, created in that certain document entitled "Grant of Private Access Easement (#OS7), executed by Ronald L. Simek, recorded on February 3, 2004 as document No. 0603677 in Book 0204 page 00882, of the Official Records of Douglas County, Nevada.

(W) ALSO TOGETHER WITH that portion of (W) which traverses Remainder Parcel 2, an easement for purposes of installing, constructing, repairing, maintaining, and replacing waterlines and other waterline related improvements and systems within the Easement Area, created in that certain document entitled "Grant of Relocatable Waterline Easement (#OS12)", executed by Ronald L. Simek, recorded on February 3, 2004 as document No. 0603682 in Book 0204 page 00994, of the Official Records of Douglas County, Nevada.

LEGAL DESCRIPTION 2:

A parcel of land located within portions of Section 26 and 27, Township 14 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Parcel 22 on that certain Record of Survey to support a Boundary Line Adjustment for Ronald L. Simek, Little Mondeaux Limousin Corporation and The Pivot Limited Partnership filed for record in the office of the Douglas County Recorder on December 31, 1996 in Book 1296 at Page 4975, as Document No. 403935, Official Records.

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"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE  
HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT  
RECORDED AUGUST 12, 2004, BOOK 0804, PAGE 4907, AS FILE NO.  
621285, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY,  
STATE OF NEVADA."

(M) EXCEPTING THEREFROM various easements for storm drainage  
purposes, slope and drainage purposes, created in that  
certain document entitled "Easement Deed", executed by  
Ronald L. Simek, recorded on March 6, 2002 as document No.  
0536314 in Book 0302 page 01943, of the Official Records of  
Douglas County, Nevada.

(P) EXCEPTING THEREFROM an easement for installing,  
constructing, repairing, maintaining, and replacing  
sanitary sewer lines, waterlines, and other waterline and  
sewer systems within the Easement Area, created in that  
certain document entitled "Grant of Sanitary Sewer and  
Waterline Easement (#OS2)", executed by Ronald L. Simek,  
recorded on February 3, 2004 as document No. 0603672 in  
Book 0204 page 00799, of the Official Records of Douglas  
County, Nevada.

(G) TOGETHER WITH a License Agreement executed by Douglas  
County, wherein Douglas County grants a license to  
construct and maintain certain improvements, namely a golf  
cart and pedestrian crossing and related golf course usage  
(hereinafter referred to as "Crossing"), on a portion of  
Jacks Valley Road, a public right-of-way owned by Douglas  
County, created in that certain document entitled "License  
Agreement" executed by Douglas County, recorded on November  
14, 1997 as document No. 0426339 in Book 1197 page 2758, of  
the Official Records of Douglas County, Nevada.

(I) ALSO TOGETHER WITH a golf play easement for flight of golf  
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balls over, across, and upon the Residential Property; Doing of every act necessary and incident to the playing of golf and other recreational activities on the Golf Course Property, including, but not limited to, the operation of lighting facilities for operation of tennis, swimming, driving range, and golf practice facilities during hours of darkness, and the creation of usual and common noise levels associated with such recreational activities and use and operation of the Golf Course Facilities; Creation of noise related to the normal maintenance and operation of the Golf Course Property and the Golf Course Facilities, including, but not limited to, the operation of mowing and spraying equipment, it being acknowledged that such noise may occur from early morning until late evening; and an easement for the overspray of herbicides, fungicides, pesticides, fertilizers, and water over portions of the Residential Property located adjacent top the Golf Course Property, created in that certain document entitled "Golf Play Easement", executed by Ronald L. Simek, recorded on June 12, 1993 as document No. 0441879 in Book 0698 page 3055, of the Official Records of Douglas County, Nevada.

LEGAL DESCRIPTION #3:

(CC1) TOGETHER WITH an easement 50' by 50' ( THE "BIG WELL" ) for private irrigation well purposes within the Easement area, as set forth in Document recorded on August 6, 2004 in Book 0804 page 2248 as Document no. 0620761, in the Official Records of Douglas County, Nevada.

(JJ1) TOGETHER WITH an easement for irrigation purposes 20' in width, as set forth in Document recorded on August 6, 2004, in Book 0804 page 2248 as document no. 0620761, in the Official Records of Douglas County, Nevada.

(DD1) TOGETHER WITH an easement 20' in width for Private Irrigation purposes, as set forth in Document recorded on  
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August 6, 2004 in Book 0804 page 2248 as document no. 0620761 of the Official Records of Douglas County, Nevada.

(A1) TOGETHER WITH an easement for private irrigation purposes, including, without limitation, the installation, construction, repair, maintenance, and replacement of private irrigation improvements within the Easement Area, such as, without limitation, pipelines, pumps, and other facilities used for private irrigation, created in that certain document entitled "Grant of Private Irrigation Easement (#OS16)", executed by Ronald L. Simek, recorded on February 3, 2004 as document No. 0603686 in Book 0204 page 01069, of the Official Records of Douglas County, Nevada.

(N1) TOGETHER WITH a private irrigation easement, varied in width, 20 foot minimum, as set forth on the Final Subdivision Map entitled CANYON CREEK MEADOWS PHASE 1, according to the plat thereof filed on February 11, 2004 in book 0204 page 4470 as document no. 604356, of the Official Records of Douglas County, Nevada.

(N1) TOGETHER WITH a 60 foot private access, private irrigation, and public utility easement , as set forth on the Final Subdivision Map entitled CANYON CREEK MEADOWS PHASE 1, according to the plat thereof filed on February 11, 2004 in book 0204 page 4470 as document no. 604356, of the Official Records of Douglas County, Nevada.

(U & D1) ALSO TOGETHER WITH a 50 foot wide access, irrigation, and utility easement, over and across those certain lands described in documents recorded on February 3, 2004, in Book 0204 page 0954, as Document no. 0603680, and in Book 0204, page 1130, as Document no. 0603689, of the Official Records of Douglas County, Nevada.

(O1) ALSO TOGETHER WITH a non-exclusive access and public utility easement 60 feet in width, over and across those certain  
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lands described in document recorded on June 11, 1998 in Book 0698 page 2782, as Document no. 0441787, of the Official Records of Douglas County, Nevada.

(P1) ALSO TOGETHER WITH a non-exclusive access and public utility easement 30 feet in width, over and across those certain lands described in document recorded on June 11, 1998 in Book 0698 page 2790, as Document no. 0441788, and in Book 0698 page 3072 as Document no. 0441880, of the Official Records of Douglas County, Nevada.

(O1) ALSO TOGETHER WITH a non-exclusive access and public utility easement 60 feet in width, over and across those certain lands described in document recorded on June 11, 1998 in Book 0698 page 2782, as Document no. 0441787, of the Official Records of Douglas County, Nevada

(BB1) TOGETHER WITH an easement for irrigation access and irrigation lines, as set forth in that certain Document recorded on August 6, 2004 in Book 0804 page 2248, as Document no. 0620761, of the Official Records of Douglas County, Nevada.

(P1) ALSO TOGETHER WITH an access easement 30 foot in width, over and across those certain lands as described in documents recorded June 11, 1998 in book 0698 page 2790, as document no. 0441788, and in Book 0698 page 3072 as Document no. 0441880, of the Official Records of Douglas County, Nevada.

(AA1) ALSO TOGETHER WITH an easement for Private Irrigation Storage and Slope Easement, located within the REMAINDER parcel as set forth on the Final Subdivision Map entitled MOUNTAIN MEADOWS ESTATES PHASE 1, according to the plat thereof filed on March 6, 2002 in Book 0302 page 2214, as document no. 536360 of the Official Records of Douglas County, Nevada.

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(01) ALSO TOGETHER WITH an easement for a Diversion Structure and private access easement, over and across those certain lands described in document recorded on June 11, 1998 in Book 0698 page 2782, as Document no. 0441787, of the Official Records of Douglas County, Nevada

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EXHIBIT "A"  
LEGAL DESCRIPTION

Order No.: 050700785

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

PARCEL 1 (Adjusted Parcel 5 of Map Doc. No. 337621):

A parcel of land located within Section 3, Township 13  
North, Range 19 East, MDM, Douglas County, Nevada, being  
more particularly described as follows:

BEGINNING at the Southwesterly corner of Lot 1 Block A as  
shown on the Final Map for Genoa Lakes Planned Unit  
Development Phase 1B, Document No. 311009 of the Douglas  
County Recorder's Office, said point bears N. 28°05'57" W.,  
4441.15 feet from the Southwest corner of said Section 3;  
thence along the Westerly line of Block A and Block B of  
said Final Map the following 13 courses:

1. S. 73°01'14" E., 106.04 feet;
2. S. 43°51'45" E., 62.04 feet;
3. N. 72°05'21" E., 87.07 feet;
4. 12.15 feet along the arc of a curve to the left having a central  
angle of 15°27'58" and a radius of 45.00 feet, (chord bears  
S. 10°10'40" E., 12.11 feet);
5. S. 72°05'21" W., 79.60 feet;
6. S. 19°52'58" E., 115.42 feet;
7. S. 05°04'56" E., 427.65 feet;
8. S. 09°01'28" W., 105.64 feet;
9. S. 71°05'19" E., 110.44 feet;
10. S. 18°54'41" W., 246.52 feet;
11. S. 88°21'43" W., 111.62 feet;
12. S. 24°07'51" W., 231.08 feet;
13. S. 05°42'18" E., 102.31 feet to the Northwesterly corner of  
Block B as shown on the Final Map for Genoa Lakes Planned Unit  
Development Phase 1, Document No. 302137 of the Douglas County  
Recorder's Office;

thence along the Westerly line of Block B of said Genoa  
Lakes Planned Unit Development Phase 1 the following 3  
courses:

1. S. 05°42'18" E., 151.53 feet;
2. S. 22°07'10" E., 55.09 feet;

Continued on next page

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LEGAL DESCRIPTION - continued  
Order No.: 050700785

3. N. 88°08'53" E., 140.05 feet to a point on the Westerly line of Genoa Aspen Drive as shown on said Final Map for Genoa Lakes Planned Unit Development Phase 1;

thence 66.84 feet along the Westerly line of said Genoa Aspen Drive and the arc of a curve to the right having a central angle of 06°29'41" and a radius of 589.69 feet, (chord bears S. 10°15'23" W., 66.81 feet), to the Northerly line of Block C as shown on said Final Map for Genoa Lakes Planned Unit Development Phase 1; thence along the Westerly line of said Block C the following 8 courses:

1. S. 13°30'13" W., 5.81 feet;
2. S. 83°30'06" W., 129.60 feet;
3. S. 07°39'10" W., 95.68 feet;
4. S. 12°59'34" W., 121.45 feet;
5. S. 12°59'39" W., 132.83 feet;
6. S. 08°01'12" W., 59.68 feet;
7. S. 34°42'32" E., 207.93 feet;
8. S. 47°07'41" E., 256.81 feet to a point on the Northerly line of said Genoa Aspen Drive;

thence 22.67 feet along the Northerly line of said Genoa Aspen Drive and the arc of a curve to the right having a central angle of 09°24'38" and a radius of 138.00 feet, (chord bears S. 54°39'21" W., 22.64 feet); thence S. 59°21'40" W., continuing along the Northerly line of said Genoa Aspen Drive, 29.03 feet to the Southeasterly corner of Block D of said Final Map for Genoa Lakes Planned Unit Development Phase 1; thence N. 47°07'41" W., along the Easterly line of said Block D, 310.02 feet to the Northeasterly corner thereof; thence S. 42°52'19" W., along the Northerly line of said Block D, 147.50 feet to a point on the Northerly line of said Genoa Aspen Drive; thence N. 47°07'41" W., along the Northerly line of said Genoa Aspen Drive, 30.00 feet to the Southwesterly corner of Block E as shown on said Final Map for Genoa Lakes Planned Unit

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LEGAL DESCRIPTION - continued  
Order No.:050700785

Development Phase 1; thence N.  $42^{\circ}52'19''$  E., along the Southerly line of said Block E, 118.05 feet to the Southeasterly corner thereof; thence along the Easterly line of Block E the following 8 courses:

1. N.  $04^{\circ}56'12''$  W., 34.29 feet;
2. N.  $47^{\circ}07'41''$  W., 144.12 feet;
3. N.  $12^{\circ}39'51''$  E., 114.65 feet;
4. N.  $17^{\circ}39'32''$  W., 23.63 feet;
5. N.  $72^{\circ}30'37''$  W., 61.50 feet;
6. N.  $12^{\circ}54'07''$  E., 62.46 feet;
7. N.  $74^{\circ}01'34''$  W., 82.53 feet;
8. S.  $59^{\circ}57'58''$  W., 28.53 feet to a point on the Northerly line of Genoa Aspen Court as shown on said Final Map for Genoa Aspen Lakes Planned Unit Development Phase 1;

thence 41.46 feet along the Northerly line of said Genoa Aspen Court and the arc of a curve to the left having a central angle of  $52^{\circ}47'30''$  and a radius of 45.00 feet, (chord bears N.  $56^{\circ}25'47''$  W., 40.01 feet), to a point on the Westerly line of Block F of said Final Map for Genoa Aspen Lakes Planned Unit Development Phase 1; thence along the Westerly, Northerly and Easterly lines of said Block F the following 5 courses:

1. N.  $23^{\circ}02'09''$  W., 41.32 feet;
2. N.  $07^{\circ}16'16''$  W., 31.55 feet;
3. N.  $02^{\circ}29'36''$  E., 92.04 feet;
4. N.  $86^{\circ}10'07''$  W., 82.18 feet;
5. S.  $29^{\circ}53'54''$  W., 469.89 feet to a point on the Northerly line of said Genoa Aspen Drive;

thence along the Northerly line of said Genoa Aspen Drive the following 4 courses:

1. S.  $77^{\circ}34'39''$  W., 38.70 feet;
  2. 117.79 feet along the arc of a curve to the right having a central
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LEGAL DESCRIPTION - continued  
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- angle of 21°33'45" and a radius of 313.00 feet, (chord bears S. 88°21'32" W., 117.10 feet);
3. N. 80°51'35" W., 78.09 feet;
  4. 82.08 feet along the arc of a curve to the left having a central angle of 28°28'47" and a radius of 165.14 feet, (chord bears S. 84°54'01" W., 81.24 feet), to the Southeasterly corner of Adjusted Parcel 1-B of Record of Survey #5 to Accompany a Lot Line Adjustment for Genoa Lakes Venture, Document No. 337621 of the Douglas County Recorder's Office;

thence along the Easterly line of said Adjusted Parcel 1-B the following 4 courses:

1. N. 27°07'07" E., 101.29 feet;
2. N. 16°58'52" E., 383.52 feet;
3. N. 43°01'30" E., 626.30 feet;
4. N. 16°58'45" E., 1164.38 feet to the POINT OF BEGINNING.

APN 1319-03-610-001

PARCEL 2 (Parcel 6 of Map Doc. No. 302137)

A parcel of land located within the South one-half of Section 3 and the North one-half of Section 10, Township 13 North, Range 19 East, MDM, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at the Southwesterly corner of Parcel 7 as shown on the Final Map for Genoa Lakes Planned Unit Development Phase 1, Document No. 302137 of the Douglas County Recorder's Office, said point bears S. 63°05'00" W., 2904.99 feet from the Southwest corner of said Section 3; thence N. 70°43'27" W., 748.68 to the Southeasterly corner of Tract 2 of said Final Map; thence N. 19°16'34" E., 105.14 feet; thence N. 45°16'27" E., 146.07 feet; thence N. 16°01'00" E., 69.07 feet; thence N. 06°54'00" E., 188.19 feet; thence N. 01°21'38" E., 55.16 feet; thence N.

Continued on next page

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67°39'11" W., 171.24 feet; thence S. 86°25'24" W., 88.90 feet; thence N. 74°04'38" W., 192.33 feet; thence N. 60°52'28" W., 81.42 feet; thence N. 47°11'01" W., 131.09 feet; thence N. 02°00'09" W., 100.00 feet; thence N. 22°27'36" W., 106.73 feet; thence N. 34°11'43" W., 104.62 feet; thence N. 26°10'24" W., 100.00 feet; thence S. 63°49'36" W., 100.00 feet to a point on the Easterly line of a 24' Private Road Easement as shown on said Final Map; thence N. 26°10'24" W., along said Private Road Easement, 293.67 feet; thence continuing along said Private Road Easement, 211.43 feet along the arc of a curve to the right having a central angle of 18°26'28" and a radius of 656.92 feet, (chord bears N. 16°57'10" W., 210.52 feet); thence N. 82°16'04" E., 100.00 feet; thence N. 05°22'24" E., 266.32 feet; thence N. 13°38'46" E., 100.00 feet; thence N. 19°43'30" E., 595.64 feet; thence N. 45°48'53" E., 166.13 feet; thence N. 76°46'18" E., 484.98 feet to the Northeasterly corner of said Tract 2; thence S. 77°44'57" E., 222.09 feet to a point on the Westerly line of Genoa Lakes Drive as shown on said Final Map; thence S. 22°07'52" E., along said Westerly line, 89.25 feet; thence continuing along said Westerly line 79.41 feet along the arc of a curve to the right having a central angle of 08°35'04" and a radius of 530.00 feet, (chord bears S. 17°50'20" E., 79.33 feet); thence S. 13°32'49" E., continuing along said Westerly line, 62.21 feet to the Northeasterly corner of Tract 3 as shown on said Final Map; thence along the Westerly, Southerly, and Easterly boundaries of said Tract 3 the following 17 courses:

1. S. 76°46'18" W., 569.98 feet;
2. S. 53°42'45" W., 139.89 feet;
3. S. 10°07'28" W., 628.41 feet;
4. S. 10°40'51" E., 268.72 feet;
5. S. 37°46'47" E., 350.00 feet;
6. S. 76°30'34" E., 162.46 feet;
7. S. 77°51'47" E., 138.41 feet;

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8. N. 73°42'11" E., 60.62 feet;
9. N. 24°26'34" E., 168.84 feet;
10. N. 68°41'59" E., 129.93 feet;
11. N. 69°02'05" E., 109.79 feet;
12. N. 12°10'38" E., 64.43 feet;
13. N. 16°59'02" W., 61.44 feet;
14. N. 37°25'33" W., 279.92 feet;
15. N. 21°56'18" W., 62.57 feet;
16. N. 14°08'56" E., 61.65 feet;
17. N. 33°25'18" E., 367.96 feet to the Westerly line of said Genoa Lakes Drive;

thence 232.26 feet along said Westerly line of Genoa Lakes Drive and the arc of a curve to the left having a central angle of 26°36'52" and a radius of 500.00 feet, (chord bears S. 52°40'33" E., 230.17 feet); thence S. 65°58'59" E., continuing along said Westerly line of Genoa Lakes Drive, 519.86 feet; thence continuing along said Westerly line of Genoa Lakes Drive 155.41 feet along the arc of a curve to the right having a central angle of 44°31'20" and a radius of 200.00 feet, (chord bears S. 43°43'19" E., 151.53 feet) to a point on the Westerly line of said Parcel 7; thence S. 18°00'00" W., along the Westerly line of said Parcel 7, 1911.20 feet to the POINT OF BEGINNING.

APN 1319-10-112-001

PARCEL 3 (Adjusted Parcel 7 of Map Doc. No. 338637)

A parcel of land located within Section 3 and the North one-half of Section 10, Township 13 North, Range 19 East, MDM, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at a point on the Easterly line of Parcel 7 as shown on the Record of Survey #4 to Accompany a Lot Line Adjustment for Genoa Lakes Venture, Document No. 338627 of  
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the Douglas County Recorder's Office, which bears S. 00°06'05" E., 1136.42 feet from the Northeast corner of said Section 10, as shown on said map; thence N. 78°25'26" W., along the Easterly line of said Parcel 7, 419.06 feet; thence S. 10°22'34" W., continuing along said Easterly line of Parcel 7, 980.06 feet to the Southeasterly corner thereof; thence N. 70°43'26" W., along the Southerly line of said Parcel 7, 2124.33 feet to the Southeasterly corner of Parcel 6 as shown on the Final Map for Genoa Lakes Planned Unit Development Phase 1, Document No. 302137 of the Douglas County Recorder's Office; thence N. 18°00'00" E., along the Easterly line of said Parcel 6, 1911.20 feet to a point on the centerline of a 59' Private Road Easement as shown on said Final Map; thence 155.41 feet along said centerline and the arc of a curve to the left having a central angle of 44°31'20" and a radius of 200.00 feet, (chord bears N. 43°43'19" W., 151.53 feet), to the Southeasterly corner of Tract 4 as shown on said Record of Survey #4; thence along the Easterly line of said Tract 4 the following 7 courses:

1. N. 18°59'16" W., 97.26 feet;
2. N. 54°28'53" E., 133.71 feet;
3. N. 24°44'35" E., 274.28 feet;
4. N. 62°19'31" W., 109.47 feet;
5. N. 65°27'06" W., 24.00 feet;
6. N. 31°28'43" W., 90.17 feet;
7. N. 24°30'19" E., 173.97 feet to a point on the Southerly line of Phase 1 as shown on said Final Map;

thence along the Southerly and Easterly lines of said Phase 1 the following 18 courses:

1. N. 83°00'13" E., 100.00 feet;
2. S. 56°42'14" E., 73.07 feet;
3. S. 36°08'15" E., 43.30 feet;
4. N. 49°12'22" E., 106.40 feet;

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5. N. 33°17'46" E., 98.30 feet;
6. N. 29°18'54" E., 99.38 feet;
7. N. 56°42'14" W., 138.14 feet;
8. 99.73 along the arc of a curve to the left having a central angle of 35°16'20" and a radius of 162.00 feet, (chord bears N. 22°59'13" E., 98.16 feet);
9. S. 84°39'12" E., 124.16 feet;
10. N. 21°44'18" E., 122.38 feet;
11. N. 32°07'08" W., 100.76 feet;
12. N. 39°10'16" W., 209.06 feet;
13. N. 21°27'50" W., 157.40 feet;
14. N. 11°50'54" E., 78.66 feet;
15. N. 29°28'34" E., 106.66 feet;
16. N. 73°25'19" E., 62.97 feet;
17. N. 04°20'48" E., 98.10 feet;
18. N. 10°30'57" E., 143.51 feet to the Southeasterly corner of Block J as shown on the Final Map for Genoa Lakes Venture Planned Unit Development Phase 1B, Document No. 311009 of the Douglas County Recorder's Office;

thence along the Easterly and Northerly lines of said Block J the following 16 courses:

1. N. 10°30'57" E., 115.13 feet;
2. N. 26°05'35" W., 105.13 feet;
3. N. 35°14'27" W., 60.48 feet;
4. N. 16°18'04" W., 45.63 feet;
5. N. 02°48'38" W., 22.73 feet;
6. N. 18°33'31" E., 51.16 feet;
7. N. 31°57'10" E., 101.53 feet;
8. N. 17°59'53" E., 105.60 feet;
9. N. 03°48'45" E., 222.76 feet;
10. N. 05°56'44" W., 100.01 feet;
11. N. 14°11'08" W., 101.28 feet;
12. N. 11°56'19" W., 102.04 feet;
13. N. 05°46'40" W., 103.28 feet;
14. N. 24°58'31" E., 98.05 feet;

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15. N. 71°20'06" W., 144.39 feet;
16. S. 63°54'19" W., 38.54 feet to a point on the Northerly line of Genoa Aspen Drive as shown on said Final Map for Genoa Lakes Planned Unit Development Phase 1B;

thence 62.82 feet along said Northerly line of Genoa Aspen Drive and the arc of a curve to the left having a central angle of 79°58'55" and a radius of 45.00 feet, (chord bears N. 66°05'08" W., 57.84 feet), to the Easterly line of Block A of said Genoa Lakes Planned Unit Development Phase 1B; thence N. 16°04'36" W., along the Easterly line of said Block A, 75.27 feet to the Northwest corner of said Parcel 7; thence S. 71°20'06" E., 2354.01 feet to the Carson River as shown on said Record of Survey #4; thence along the Carson River the following 5 courses:

1. S. 47°56'34" W., 166.81 feet;
2. S. 17°28'27" W., 231.99 feet;
3. S. 14°02'41" E., 656.11 feet;
4. S. 30°48'32" W., 286.59 feet;
5. S. 67°43'29" W., 329.62 feet;

thence S. 22°42'33" E., 210.65 feet; thence S. 00°53'02" W., 824.67 feet; thence S. 32°00'35" W., 1355.39 feet; thence S. 27°27'35" E., 642.56 feet; thence S. 57°59'07" E., 547.62 feet to the POINT OF BEGINNING.

Excepting therefrom the area of the Carson River located between the Average High Water Marks, which is under the ownership of the State of Nevada.

APN'S 1319-03-711-001 and 1319-03-810-001

TOGETHER WITH those access rights created under document entitled "Ingress and Egress Easement Agreement," dated as of November 12, 1996 and recorded November 25, 1996, in Book 1196, Page 4238, as Document No. 401708, in the  
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Official Records of Douglas County, Nevada.

FURTHER TOGETHER WITH those certain non-exclusive easements for ingress and egress over Four (4) existing bridges and appurtenances over the bed and banks of the Carson River in Document, Recorded February 18, 1997, in Book 297, Page 2255, as Document No. 406824, Official Records of Douglas, Nevada.

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED NOVEMBER 13, 2000, BOOK 1100 OF OFFICIAL RECORDS, PAGE 2389, AS FILE NO. 503230, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

