

Adjusted  
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1120.08.000.001

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04/07/2005 12:32 PM Deputy: BC  
OFFICIAL RECORD  
Requested By:  
WESTERN TITLE

Douglas County - NV  
Werner Christen - Recorder  
Page: 1 Of 9 Fee: 22.00  
BK-0405 PG- 2539 RPTT: 0.00



**AFTER RECORDATION RETURN TO:**

Western Title Company, Inc.  
1626 Highway 395  
Minden, NV 89423

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST**

THIS DEED OF TRUST, made this 5th day of April,  
2005 between BEDFORD PROPERTIES MANAGEMENT CO., LLC, a Nevada  
limited liability company, herein called "Trustor," WESTERN TITLE  
COMPANY, INC., of 1626 Highway 395, Minden, Nevada 89423, herein  
called "Trustee," and WESTERN EXCHANGE SERVICES CORP., a Nevada  
corporation, herein "Beneficiary."

WITNESSETH: That Trustor grants to Trustee in trust, with  
power of sale, that real property interest in the State of Nevada,  
County of Douglas, consisting of 212 transferable development  
rights (hereinafter "TDRs") and more particularly described as  
follows:

Two Hundred Twelve (212) development rights  
which were certified by the Community  
Development Department, Douglas County,  
Nevada, pursuant to Douglas County Development  
Code § 20.500, et seq., and evidenced by the  
Certificate of Eligibility to Transfer  
Development Right, which has been approved by

Douglas County and recorded April 7, 2005  
in the Official Records of the Douglas County  
Recorder's office as Document No. 041141.

Together with the hereditaments and appurtenances thereunto  
belonging or appertaining.

For the purpose of securing: (1) payment of the sum of  
\$1,060,000.00, with interest thereon according to the terms of that  
certain Promissory Note, of even date herewith, executed by  
Trustor, payable to the order of Trustee, and all extensions or  
renewals thereof; and (2) the performance of each agreement of  
Trustor incorporated herein by reference or contained herein.

Partial Release Clause

1. So long as Trustor is not in default under the terms of  
this Deed of Trust and Note secured hereby, the partial release or  
releases of TDRs subject to this paragraph shall occur on the  
following terms and conditions:

(a) The Trustor shall execute a request for partial  
reconveyance of TDRs and Trustee shall release from this deed of  
trust the number of TDRs so requested upon receipt by Trustee of a  
principal payment in the amount of Five Thousand Dollars  
(\$5,000.00) for each TDR to be released together with all accrued  
interest thereon. There shall be no prepayment penalty. The  
Trustee is authorized to release the TDRs from the encumbrance of  
the Deed of Trust and execute all necessary documents without  
further instructions of Beneficiary upon the request of Trustor

from time to time provided payment is made to Trustee for the benefit of Beneficiary in the amount of Five Thousand Dollars (\$5,000.00) for each TDR to be released, together with all accrued interest thereon. Trustee shall execute and deliver to Trustor all remaining TDRs upon payment by Trustor of the entire principal balance and any remaining interest owing thereon.

2. So long as Trustor is not in default, all release or partial release payments subject to this partial release clause shall be applied to the unpaid balance of the Note secured hereby. Beneficiary's acceptance of any partial release payments and subsequent partial releases shall not affect the liability of the Trustor for the indebtedness remaining after each such release, until the unpaid principal balance of the Note secured hereby and all remaining interest is fully paid.

Protection of Security Interest

To protect the security interest of this Deed of Trust, Beneficiary:

1. Shall maintain all rights, certificates, approvals and entitlements necessary to maintain the certification of the TDRs and to complete the sale of the TDRs which are the subject hereof.

2. Shall not enter into any contract or agreement for the sale or transfer of the subject TDRs or execute any document or agreement which would in any way encumber the subject TDRs or which



would negatively impact the ability of Beneficiary or Trustee to effectuate transfer as provide for herein.

3. Beneficiary shall take no action which would negatively impact, delimit, or negate its ability to transfer the subject TDRs in accordance with the agreement of the parties.

4. Trustee shall be under no obligation to notify any party hereto of any pending sale hereunder or of action or proceeding of any kind in which Trustor, Beneficiary, and/or Trustee shall be named as a defendant, unless brought by Trustee.

5. Acceptance by Beneficiary of any sum in payment of any indebtedness secured hereby, after the date when the same is due, shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums so secured or to declare default as herein provided for failure so to pay.

6. Trustee may, at any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the TDRs; reconvey any part of the TDRs; join in granting any easement thereon; or join in any extension agreement or subordination agreement in connection herewith.

7. Upon receipt of written request from Beneficiary reciting that all sums secured hereby have been paid and upon surrender of this Deed and said Note to Trustee for cancellation and retention and upon payment of its fees, the Trustee shall reconvey without warranty the TDRs then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto," and Trustee is authorized to retain this Deed of Trust and Note.

8. (a) Should default be made by Trustor in payment of any indebtedness secured hereby and/or in performance of any agreement herein, then Beneficiary may declare all sums secured hereby immediately due by delivery to Trustee of a Written Declaration of Default and Demand for Sale, and of written notice of default and election to cause said TDRs to be sold (which notice Trustee shall cause to be filed for record) and shall surrender to Trustee this Deed and the Note.

(b) After three (3) months shall have elapsed following recordation of any such notice of default, Trustee shall sell said TDRs at such time and at such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the object of these Trusts, having first given notice of such sale as



then required by law. Place of sale may be either in Douglas County, Nevada, or at an office of the Trustee located in the State of Nevada.

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

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

9. Trustee shall apply the proceeds of any such sale to payment of: expenses of sale and all charges and expenses of Trustee and of these Trusts, including costs of evidence of title and Trustee's fee in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the rate of eighteen percent (18%) per annum; all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

10. The Beneficiary or assigns 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 of Douglas County, Nevada, shall be conclusive proof of the proper substitution of such successor or Trustee, who shall have all the estate, powers, duties, and trusts in the TDRs vested in or conferred on the original Trustee. If there be more than one Trustee, either may act alone and execute the Trusts upon the request of the Beneficiary 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.

11. 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.

12. Trustee accepts these trusts when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

13. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural, and the term Beneficiary shall

include any future holder, including pledgees, of the Note secured hereby.

14. The Trusts created herein are irrevocable.


15. The undersigned Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to the Trustor at the address set forth below:

To Trustor: Bedford Properties Management Co.  
c/o Scarpello & Huss, Ltd.  
600 E. William Street, Suite 300  
Carson City, NV 89701

Executed on the date set forth above.

**TRUSTOR:**

BEDFORD PROPERTIES MANAGEMENT CO., a  
Nevada limited liability company  
By: Corporate Management Services, Inc.,  
a Nevada corporation  
Its: Manager

By:   
James S. Bradshaw  
Its: President

THIS DOCUMENT IS RECORDED AS AN ACCOMMODATION ONLY  
and without liability for the consideration therefor, or as to the validity or sufficiency of  
said instrument, or for the effect of such recording on the title of the property involved

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