

OFFICIAL RECORD

Requested By:

STEWART TITLE OF DOUGLAS

COUNTY

Douglas County - NV

Werner Christen - Recorder

Page: 1 Of 6 Fee: 19.00

BK-0106 PG-10864 RPTT: 0.00



A.P.N. # 1220-10-601-003
ESCROW NO. 050102176
RECORDING REQUESTED BY:
STEWART TITLE COMPANY

WHEN RECORDED MAIL TO:
Stewart Title Company
1663 US Highway 395 #101
Minden, Nevada 89423

DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 30th day of January, 2006, by and between BARTON HEALTHCARE SYSTEM, a California public benefit corporation qualified to do business in the State of Nevada as BARTON MEMORIAL HOSPITAL, herein called "Trustor", STEWART TITLE OF DOUGLAS COUNTY, a Nevada corporation call "Trustee" and PERI ENTERPRISES, LLC, a Nevada limited liability company, herein called "Beneficiary"

WITNESSETH:

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

See Exhibit "A" attached hereto and by reference made a part hereof for complete description.

TOGETHER WITH the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, subject, however, to the right of Beneficiary, during any period of default hereunder, and without waiver of such default, to collect said rents, issues, and profits by any lawful means, and to apply the same, less costs and expenses of collection, to any indebtedness secured hereby.

FOR THE PURPOSE OF SECURING: (1) payment of the sum of \$11,703,171.00 and the interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and all extensions or renewals thereof; and (2) the performance of each agreement of Trustor incorporated herein by reference or contained therein; and (3) payment of additional sums and interest therein which may hereafter be loaned to Trustor, or to his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

AND THIS INDENTURE FURTHER WITNESSETH:

1. Trustor agrees to properly care for and keep said property in good condition and repair; not to remove or demolish any building thereon; to complete in a good and workmanlike manner any building which may be constructed thereon; to comply with all laws, ordinances and regulations relating to any alteration or improvements made thereon; not to commit or permit and waste thereof; not to commit, suffer, or permit any act to be done in or upon said property in violation of any law, covenant, condition or restriction affecting said property, to cultivate, irrigate, fertilize, prune, and/or do any other act or acts, all in a timely and property manner, which from the character or use of said property, may be reasonably necessary, the specific enumerations herein not excluding the general.

DEED OF TRUST - PAGE 2

2. Trustor agrees to pay and discharge all costs, fees and expenses of this trust incurred in connection with any default by Trustor.

3. During the continuance of this trust, Trustor covenants to keep all building what may now or at any time be on said property in good repair and insured against loss by fire, with extended coverage endorsement, in a company and companies authorized to issue such insurance in the State of Nevada. Said insurance shall be at least in the sum of all obligations having priority over this Deed, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this Deed of Trust or of the Agreement hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary or to the collection agent of Beneficiary, as further security, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either if such purposes such sum or sums Beneficiary shall deem necessary. The amount collected by Beneficiary any fire or other insurance policy may be applied by Beneficiary upon any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this Deed of Trust or the agreement secured hereby, or, at the option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

4. Trustor promises and agrees that if, during the existence of this trust, there be commenced or pending any suit or action affecting such property, or any part thereof, or title thereto, or if any adverse claim for or against said property, or against any part thereof, be made or asserted, he will appear in and defend any such matter purporting to affect the security and will pay all costs and damages arising because of such action.

5. Any award of damages in connection with any condemnation for public use of, or injury to, said property, or any part thereof, is hereby assigned and shall be paid to beneficiary, who may apply or release such moneys received by him in the same manner and with the same effect as herein provided for disposition of proceeds of insurance.

6. Trustee shall be under no obligation to notify any party hereto of any pending sale of property, whether such sale is by foreclosure or otherwise or of any action or proceeding in which Trustor or Beneficiary or Trustee shall be a party, unless brought by Trustee.

7. At any time, and from time to time, without liability therefore and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the Agreement secured hereby for endorsement and without affecting the personal liability of any person or performance of the Agreement secured hereby or the effect of this Deed of Trust upon the remainder of said property, Trustee may: reconvey any part of said property; consent in writing to the making of any map of plat thereof; join in granting any easement thereof or join in any extension agreement or subordination agreement in connection herewith.

8. Upon receipt of written request of the Beneficiary that the Agreement secured hereby has been performed and upon the surrender of this Deed of Trust and the Agreement secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall convey, without warranty, the property then held thereunder. The recitals in such conveyance of any matters shall be conclusive proof of the truth thereof. The Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto."

9. Should Trustor default in any term, covenant or condition of the Agreement secured hereby, or in the performance of any of the covenants and agreement herein contained or incorporated by reference, Beneficiary may proceed to exercise the remedies herein provided.

(a) Should default be made by Grantor in payment of any indebtedness secured hereby and/or in



DEED OF TRUST - PAGE 3

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

(b) After three (3) months shall be elapsed following recordation of such notice of default, Trustee shall sell said property at such time and at such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of such sale as then required by law. Place of sale may be either in the county in which the property is to be sold, or any part thereof, or at an office of the Trustee located in the State of Nevada.

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

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

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

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

11. The following covenants No. 1, 3 and 4 (interest 3.94%), 5, 6, and 7 (counsel fees - reasonable), 8 and 9 of the Nevada Revised Statutes 107.030, are hereby adopted and made a part of this Deed of Trust,

12. Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

13. This Deed of Trust applied to, inures to the benefit of, and binds all parties hereto their heirs, legatees, devisees, administrators, executors, successors and assigns. It is expressly agreed that the Trust herein created is irrevocable by Trustor.

14. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law, reserving, however, unto the Trustee, the right to resign from the duties and obligations imposed herein whenever Trustee, in its sole discretion, deems resignation to be in the best interest of the Trustee. Written notice of such resignation shall be given to Trustor and Beneficiary.

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

16. Trustor reserves the right, at Trustor's sole option, to repay the Promissory Note secured by this Deed of Trust in full on its third anniversary date. If Trustor elects to do so, Trustor will be entitled to a discount on the principal then owing under said Promissory Note secured by this Deed of Trust, which



DEED OF TRUST - PAGE 4

discount will be in the of sum of THREE HUNDRED NINETY-TWO THOUSAND, TWO HUNDRED EIGHTY-TWO DOLALRS AND 44/100 (\$392,282.44).

17. Trustor shall have the right, upon written request delivered to the Beneficiary, to designate and have released from this Deed of Trust a portion of the real property described on Exhibit "A" consisting of fourteen (14) contiguous acres of real property of Trustor's choosing at such time as Trustor has paid or will pay to Beneficiary the sum of TEN MILLION DOLLARS (\$10,000,000.00) toward the purchase price of the real property as set forth in the Land Purchase Agreement dated July 19, 2005, between Trustor and Beneficiary (excluding any interest payments, but including the down payment, monthly principle-reduction payments and any other principle-reduction payments paid).

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

Executed this 30th day of Jan, 2006.

BARTON HEALTHCARE SYSTEM, a California Public benefit corporation

William A. Gordon
By: William Gordon, Chief Executive Officer

SUBSCRIBED and SWORN to before me this 30th day of Jan, 2006.
By WILLIAM GORDON, Chief Executive Officer

Suzanne Cheechov
NOTARY PUBLIC

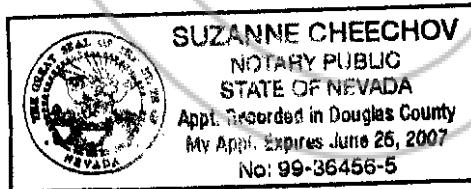


EXHIBIT "A"

LEGAL DESCRIPTION

ESCROW NO.: 050102176

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

A parcel of land located within a portion of the East one-half (E 1/2) of Section 10 and the West one-half (W 1/2) of Section 11, Township 12 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the west corner of A.P.N. 25-160-44 as shown on the Record of Survey for B.D.B. Enterprises, LLC filed for record January 22, 1998 in the office of Recorder, Douglas County, Nevada as Document No. 430943, said point also falling on the east right-of-way line of U.S. Highway 395, a found 5/8" rebar with aluminum cap PLS 3519, the POINT OF BEGINNING.

thence along the boundary of said A.P.N. 25-160-44, North 29°02'43" East, 1421.26 feet;

thence South 44°45'21" East, 401.58 feet;

thence along the arc of a curve to the right having a radius of 947.50 feet, central angle of 90°00'00", arc length of 1488.33 feet, and chord bearing and distance of South 00°14'39" West, 1339.97 feet;

thence South 45°14'39" West, 367.34 feet;

thence along the arc of a curve to the right having a radius of 50.00 feet, central angle of 90°00'00", arc length of 78.54 feet, and chord bearing and distance of North 89°45'21" West, 70.71 feet to a point on said east right-of-way line of U.S. Highway 395;

thence along said east right of way line of U.S. Highway 395, North 44°45'21" West, 902.60 feet to the POINT OF BEGINNING.

Reference is made to Record of Survey, recorded October 19, 2005, in Book 1005, Page 8587, Document No. 658211.

APN 1220-10-601-003

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED OCTOBER 19, 2005, BOOK 1005, PAGE 8582, AS FILE NO. 658210, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

Continued on next page

-1-



ESCROW NO.: 050102176

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

