

OFFICIAL RECORD

Requested By:

STEWART TITLE OF DOUGLAS

COUNTY

Douglas County - NV

Werner Christen - Recorder

Page: 1 Of 9 Fee: 22.00

BK-0506 PG- 2057 RPT: 0.00



A. P. No. 1220-04-101-004  
Escrow No. 040503266/060500757

When recorded mail to:

*Michael Palmer  
225 Chambers Lane  
Woodlands Ca 96120*

DEED OF TRUST WITH ABSOLUTE ASSIGNMENT  
OF RENTS AND SECURITY AGREEMENT

THIS DEED OF TRUST, made May 1, 2006,  
between RICHARD E. BROWN and SHARON A. BURNS, husband and  
wife, herein called "Trustor", whose address is:  
1355 Centerville Lane Gardnerville NV 89410,  
STEWART TITLE OF DOUGLAS COUNTY, a Nevada corporation, herein  
called "Trustee", and MICHAEL J. PALMER and LAURA PALMER,  
husband and wife, as community property with right of  
survivorship, herein called "Beneficiary", whose address is:  
225 Chambers Lane  
Woodlands Ca 96120,

W I T N E S S E T H

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

SEE EXHIBIT "A" ATTACHED HERETO.

TOGETHER WITH all furniture, fixtures, machinery,  
equipment, inventory, except as sold and replaced  
in the ordinary course of business, building  
materials, appliances and goods of every nature  
whatsoever now or hereafter located in, or on or

used, or intended to be used in connection with the property encumbered by the Deed of Trust, or that certain business operated thereon commonly known as "Animal Medical Services", including, but not limited to, those items described on Exhibit "B" attached hereto.

TOGETHER WITH the intangible personal property of the business commonly known as "Animal Medical Services", including, but not limited to the tradename and style of "Animal Medical Services", the telephone number, fax number, website and e-mail address, and listings for Animal Medical Services, the goodwill of Animal Medical Services, and customer lists, including medical records, and other proprietary information necessary for, or used in connection with Animal Medical Services.

Trustor grants to Beneficiary a security interest in the foregoing personal property.

TOGETHER WITH, the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion and reversions, remainder and remainders. Trustor further irrevocably grants, transfers, and assigns to Beneficiary the rents, income, issues and profits from the property, absolutely and unconditionally, and not merely as additional security for the indebtedness secured by this Deed of Trust. Prior to the occurrence of an event of default under this Deed of Trust, or the Promissory Note secured hereby, Beneficiary grants permission and a license to Trustor to collect the rent, income, issues and profits of the property as they become due and payable. In the event of a default under the Promissory Note or this Deed of Trust, Beneficiary shall have the right, with or without notice or demand, and with or without taking possession of the property, to collect all rents, issues, royalties and profits, and either personally or by attorney or agent, without bringing any action or proceeding, or by a receiver to be appointed by the court, to enter into possession, and hold, occupy, possess, and enjoy the property, make, cancel, enforce, and modify leases, obtain and eject tenants, and set and modify rents and terms of rent. Beneficiary shall have the further right to sue, and to take, receive, and collect all or any part of the rents, issues, royalties, and profits of the property, and after paying all costs of maintenance,



operation, each agreement of trustor incorporated herein or contained herein, and collection, including reasonable attorney's fees, as Beneficiary may deem proper, to apply the balance upon the entire indebtedness then secured by this Deed of Trust. The receipt and application by the Beneficiary of such rents, issues and profits, after execution and delivery of any Notice of Default and Election to Sell, or during the pendency of any Trustee's sale proceedings under this Deed of Trust, shall not cure such breach or default, nor affect the sale proceedings, or any sale made pursuant to this Deed of Trust. All such rents, issues and profits, less the costs of operation, maintenance, each agreement of trustor incorporated herein or contained herein, collection and reasonable attorneys' fees, when received by Beneficiary, shall be applied in reduction of the entire indebtedness from time to time outstanding secured by this Deed of Trust, in such order as Beneficiary may determine. If the rents, issues and profits of the property are not sufficient to satisfy the costs, if any, of taking control of and managing the property and collecting the rents, issues and profits thereof, any funds expended by Beneficiary for such purposes shall become indebtedness of the Trustor to Beneficiary and shall be secured by this Deed of Trust. Such amounts shall be repayable to Beneficiary upon demand and shall bear interest from the date of the disbursement at the rate set forth in the Note secured hereby. Nothing contained herein, nor any collection of rents, issues, profits, and income by Beneficiary, or its agent or a receiver shall be construed to make Beneficiary a "mortgagee-in-possession" of the property, so long as Beneficiary has not itself entered into actual possession of the property.

FOR THE PURPOSE OF SECURING: (1) Payment of the principal sum of \$700,000.00, 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; (2) the performance of each agreement of Trustor incorporated herein by reference or contained herein; and (3) payment of such additional sums which may hereafter be loaned to Trustor by Beneficiary 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 alter, remove, damage or demolish any building or improvement thereon; to complete in a good and workmanlike manner any building or improvement which may be constructed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws, ordinances and regulations relating to any alterations or improvements made thereon; not to commit or permit any waste thereof; not to commit, suffer or permit any act to be done in or upon said property in violation of any law, covenant, condition or restriction affecting said property; to cultivate, irrigate, fertilize, fumigate, prune and/or do any other act or acts, all in a timely and proper manner, which, from the character or use of said property, may be reasonably necessary, the specific enumerations herein not excluding the general.

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

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



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

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

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

7. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment, when due, of all other sums so secured or to declare default, as herein provided, for failure to so pay.

8. At any time, and from time to time, without liability therefor, upon written request of Trustor and Beneficiary, 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 said property, Trustee may consent in writing to the making of any map or plat thereof or join in granting any easement thereon.

9. Upon receipt of written request from Beneficiary reciting that all sums secured hereby have been paid and upon surrender of this Deed of Trust and the note secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such

reconveyance may be described in general terms as "the person or persons legally entitled thereto".

10. Should Trustor default in the payment of any indebtedness secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein by reference, Beneficiary may declare all sums secured hereby immediately due and payable.

11. The following covenants Nos. 1, 3, 4 (interest 12%), 5, 6, 7 (counsel fees - a reasonable percentage), 8 and 9 of Nevada Revised Statutes 107.030, are hereby adopted and made a part of this Deed of Trust, and, notwithstanding any provision of said covenant No. 7 to the contrary, proceeds of any foreclosure sale shall be distributed pursuant to the provisions of Nevada Revised Statutes 40.462.

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

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

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

15. In this Deed of Trust, unless the context requires otherwise, the masculine gender includes the feminine and/or neuter, the singular number includes the plural, the term "property" includes personal and/or real property and the term "building" includes a mobile home. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

16. The rights and remedies of Beneficiary upon the occurrence of one or more defaults by Trustor (whether such



rights and remedies are conferred by statute, by rule of law, by this Deed of Trust, or otherwise) may be exercised by Beneficiary, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order. The exercise by Beneficiary, or by Trustee at the express direction of Beneficiary, of any one or more of such rights and remedies shall not be construed to be an election of remedies nor a waiver of any other rights and remedies Beneficiary might have unless, and limited to the extent that, Beneficiary shall so elect or so waive by an instrument in writing delivered to Trustee. Without limiting the generality of the foregoing, to the extent that this Deed of Trust covers both real and personal property, Beneficiary may, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order:

(a) Proceed as to both the real and personal property in accordance with Beneficiary's rights and remedies in respect to the real property; or

(b) Proceed as to the real property in accordance with Beneficiary's rights and remedies in respect to the real property and proceed as to the personal property in accordance with Beneficiary's rights and remedies in respect to the personal property.

Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the personal property in accordance with the Nevada Uniform Commercial Code--Secured Transactions.

If Beneficiary should elect to proceed as to both the real and personal property collateral in accordance with Beneficiary's rights and remedies in respect to real property:

(a) All the real property and all the personal property may be sold, in the manner and at the time and place provided in this Deed of Trust and Security Agreement, in one lot, or in separate lots consisting of any combination or combinations of real and personal property, as the Beneficiary may elect, in the sole discretion of Beneficiary.

(b) Trustor acknowledges and agrees that a disposition of the personal property collateral in accordance with Beneficiary's rights and remedies in respect to real



property, as hereinabove provided, is a commercially reasonable disposition of the collateral.

If Beneficiary should elect to proceed as to the personal property collateral in accordance with Beneficiary's rights and remedies in respect to personal property, Beneficiary shall have all the rights and remedies conferred on a secured party by NRS 104.9501 to NRS 104.9507, both inclusive.

17. Trustor hereby appoints Beneficiary the attorney-in-fact of Trustor to prepare, sign, file and record this Deed of Trust; one or more financing statements; any documents of title or registration, or like papers, and to take any other action deemed necessary, useful or desirable by Beneficiary to perfect and preserve Beneficiary's security interest against the rights or interests of third persons.

16. If all or any portion of the property which is the subject of this Deed of Trust is conveyed from Trustor by deed, bill of sale, contract, execution, instrument or any other mode or means, voluntarily or involuntarily, not caused by the demise of Trustor, which will effect, in law or equity, a divestiture of Trustor's interest or title in said property, the note secured hereby shall accelerate and the entire balance of principal and interest, including guaranteed interest, then unpaid, plus any prepayment penalties, shall forthwith become due and payable without notice or demand.

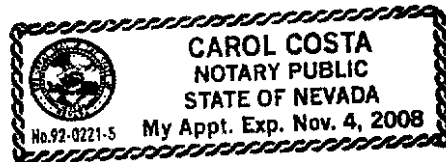
Richard E. Brown  
Richard E. Brown

Sharon A. Burns  
Sharon A. Burns

STATE OF Nevada,  
COUNTY OF Carson City.<sup>SS</sup>

This instrument was acknowledged before me on May 1, 2006, by RICHARD E. BROWN and SHARON A. BURNS.

Carol Costa  
Notary Public





**EXHIBIT "A"  
LEGAL DESCRIPTION**

Order No.: 060500757

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

A parcel of land located in the Northwest 1/4 of Section 4,  
and in the Northeast 1/4 of Section 5, Township 12 North,  
Range 20 east, M.D.B. & M. Douglas County, Nevada, more  
particularly described as follows:

Parcel 1 as shown on PARCEL MAP LDA 06-010 for MICHAEL J.  
AND LAURA PALMER, filed for record with the Douglas County  
Recorder on May 2, 2006 in Book 0506, Page 692, Document  
Number 0673894, Official Records, Douglas County, Nevada

A portion of APN 1220-04-101-004

