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OFFICIAL RECORD  
Requested By:  
SHERRY M BERESH

Douglas County - NV  
Werner Christen - Recorder  
Page: 1 OF 9 Fee: 22.00  
BK-0708 PG- 997 RPTT: 0.00



**DEED OF TRUST**

THIS DEED OF TRUST (the "Trust") dated this <sup>JL</sup> day of July, 2008

**BETWEEN:**

✓ Sherry M. Beresh of 1000 Foothill Road, Gardnerville, NV 89460,  
Douglas County

(the "Trustor")

OF THE FIRST PART

**AND**

James L. Hillman of 1000 Foothill Road, Gardnerville, NV 89460,  
Douglas County

(the "Beneficiary")

OF THE SECOND PART

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**Background**

A. The Trustor, being registered as owner of the estate in the following described property (the "Property") located at 1120 East Valley Road, Gardnerville, NV 89410, in Douglas County, State of Nevada, United States with the following legal description:

A LOT OF PARCEL OF LAND LOCATED IN THE SOUTHEAST ¼ OF THE NORTHEAST ¼ OF SECTION 11, TOWNSHIP 12 NORTH, RANGE 20 EAST, M.D.B.&M., IN DOUGLAS COUNTY, NEVADA DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF PARCEL WHICH IS LOCATED NORTH 0 DEGREES 08'00" EAST 395.00 FEET AND NORTH 89 DEGREES 51'30" WEST 40.00 FEET FROM THE EAST ¼ OF SAID SECTION 11; THENCE NORTH 0 DEGREES 08'00" EAST 290.00 FEET; THENCE NORTH 89 DEGREES 51'30" WEST 300.00 FEET; THENCE SOUTH 0 DEGREES 08'00" WEST 290 FEET, THENCE SOUTH 89 DEGREES 51'30" EAST 300.00 FEET TO THE POINT OF BEGINNING.

B. Any buildings or structures on the Property and anything now or later attached or fixed to the buildings or the Property including additions, alterations and improvements located on, above or below the surface of the Property are covered by this Trust. Any addition, alteration or improvement will be subject to all recorded easements, rights of way, conditions, encumbrances and limitations, and to all applicable building and use restrictions, zoning laws and ordinances, if any, affecting the Property.

**IN CONSIDERATION OF** the sum lent to the Trustor by the Beneficiary in the amount of \$120,000.00 U.S. DOLLARS (the "Principal Amount") the receipt of which the Trustor does hereby acknowledges itself indebted, the parties to this Trust agree as follows:

**U.C.C. Security Agreement**

1. It is agreed that if any of the Property herein trusted is of a nature so that a security interest in the Property can be perfected under the Uniform Commercial Code, this instrument will constitute a Security Agreement and Trustor agrees to join with the Beneficiary in the execution of any financing statements and to execute any and all other instruments that will be required for the perfection or renewal of such security interest under the Uniform Commercial Code.

**Governing Law**

2. This Trust will be governed by both the law of Nevada and any applicable federal law ("Applicable Law"). All rights and obligations contained in this Trust are subject to any requirements and limitations of Applicable Law.

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**MATTERS RELATING TO PAYMENT**

**Promise to Pay**

3. The Trustor, for value received, promises to pay to the Beneficiary, on demand, the Principal Amount, interest and all fees and costs on the terms set out in this Trust or in any amendment, extension or renewal of the Trust and any additional amounts secured by this Trust on the terms elsewhere provided for such debts and liabilities.

**Interest**

4. The Trustor agrees to pay the Principal Amount with interest before and after maturity and before and after default at the rate of 4.50 percent calculated annually, (the "Interest Rate"). The Interest Rate will be calculated from the date this Trust begins (the "Interest Adjustment Date") and accrues until the whole of the Principal Amount is paid. The loan will be repaid on the following terms:
  - a Interest will be repaid in consecutive monthly installments of \$450.00 each on the 8<sup>th</sup> day of each month beginning on August 7, 2008, and ending on July 7, 2009;
  - b The Principal Amount and any interest thereon and any other moneys owing under this Trust will be due and payable on July 7, 2009 (the "Maturity Date").

**Place of Payment**

5. The Trustor will make monthly payments at 1000 Foothill Road, Gardnerville, NV 89460, or at a location later specified by the Beneficiary.

**Obligation to pay without Set-off or Delay**

6. The Trustor agrees to pay all amounts payable pursuant to this Trust and all additional amounts secured by this Trust without abatement, set-off or counterclaim. Should the Trustor make any claim against the Beneficiary either initially or by way of abatement, set-off or counterclaim, the Trustor agrees that any such claim will not diminish or delay his obligations to make the payments as provided in this Trust.

**Application of Payments and Interest after Default**

7. All monthly payments received by the Beneficiary will first be applied in payment of the interest calculated at the Interest Rate, and second in payment of the Principal Amount. However, if the Trustor is in default, then the Beneficiary will apply any payments received

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during this period as the Beneficiary chooses. If the Trustor is in default in payment of any amount including interest, interest will be payable on the interest and other arrears at the Interest Rate compounded monthly.

**Prepayment Privileges**

8. Trustor may, at any time, the full outstanding balance without penalty.

**Discharge**

9. When the Trustor pays the Principal Amount, interest and all the other amounts secured by this Trust in full and notifies the Beneficiary in writing, the Beneficiary will execute a Deed of Reconveyance and record it to clear the title to the Property. The Trustor will give the Beneficiary a reasonable time after payment in which to prepare and issue the Deed of Reconveyance.

**Covenants and Warranties**

10. The Trustor warrants and agrees that:
- a the Trustor has good title to the Property;
  - b the Trustor has the authority to trust the Property;
  - c on default, the Beneficiary will have quiet possession of the Property;
  - d the Property is free from all encumbrances;
  - e the Trustor will execute further assurance of the Property as will be required; and
  - f the Trustor has not done any act to encumber the Property.

11. The Trustee warrants and agrees that:

Trustee will preserve the title to the Property and the validity and priority of this Trust and will forever warrant and defend the same for the Beneficiary against the claims of all persons.

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**Fixtures and Additions**

12. The Trustor agrees that the Property includes all property of any kind that is now or at any time in the future attached or fixed to the land or buildings or placed on and used in connection with them, as well as all alterations, additions and improvements to the buildings.

**Payment of Taxes and other Encumbrances**

13. The Trustor will pay all taxes and other rates levied on the Property and all accounts for utilities supplied to the Property and all charges, trust, liens and other encumbrances on the Property when they are due and comply with his other obligations under them. Upon the Beneficiary's request, the Trustor will immediately give receipts showing that the taxes and other accounts have been paid.

**Property Insurance**

14. Trustor will insure in the Beneficiary's favour all buildings on the Property that are the subject of the Trust. The insurance will include protection against fire and other perils including "extended peril coverage" and any other perils the Beneficiary requests. The insurance must cover replacement costs of any buildings on the Property in US dollars. The Trustor will choose the insurance company subject to the Beneficiary's right to disapprove. The insurance policies will include a standard trust clause stating that any loss is payable to the Beneficiary. This Trust will be enough proof for any insurance company to pay any claims to the Beneficiary and to accept instructions from the Beneficiary regarding any insurance claims.
15. The Trustor will provide the following at the request of the Beneficiary:
- a a copy of the insurance policy;
  - b receipts of all paid insurance premiums; and
  - c renewal notices and evidence of renewal completion.
16. In the event of loss, the Trustor will provide prompt notice to the Beneficiary and the insurance carrier. The Trustor will provide the Beneficiary with proof of all claims at the Trustors own expense and do all necessary acts to enable the Trustor to obtain all insurance proceeds from the claim. The insurance proceeds in whole or in part, will be applied to the restoration and repair of the Property, if the restoration and repair is economically feasible. If the restoration and repair is not economically feasible, the insurance proceeds will be applied to the remainder of the Trust, whether or not the balance of the trust is then due. Any remaining funds from the insurance claim will be paid to the Trustor.

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## **DEFAULT AND REMEDIES**

### **Trustor Right to Quiet Possession**

17. Until default by the Trustor under this Trust, the Trustor will have quiet possession and receive the rents and profits from the property.

### **Events of Default**

18. The Trustor will be in default under this Trust upon the happening of any of the following events:
- a if the Trustor defaults in the payment of the Principal Amount, interest or any other amount secured by this Trust, when payment of such amount becomes due under the terms of this Trust or as elsewhere provided for any other amount secured by this Trust;
  - b if the Trustor defaults in the observance or performance of any term or covenant which the Trustor has agreed to observe or perform under this Trust or elsewhere,
  - c if any information or statement the Trustor has given or made before, at or after signing the Trust, in respect of the Property or the Trustor's affairs is incorrect or untrue at the time it was given or made;
  - d if a petition in bankruptcy is filed against the Trustor, if the Trustor makes a general assignment for the benefit of the creditors, if a receiver, interim receiver, monitor or similar person is placed or is threatened to be placed in control of or for the overview of the Trustor's affairs or Property, or in the opinion of the Beneficiary, the Trustor becomes insolvent; or
  - e if the Property or a material part of the Property is expropriated.

### **Acceleration on Default**

19. If at any time the Trustor should be in default under this Trust, then the Principal Amount, interest and all amounts secured by this Trust will, at the option of the Beneficiary, become due and payable immediately.
20. If at any time the Trustor is in default and the Beneficiary does not require the Trustor to pay immediately in full as described above, the Beneficiary will retain the right to seek full immediate payment if the Trustor is in default at a later time. Any forbearance on the part of the Beneficiary upon default, which includes but not limited to acceptance of late payment, acceptance of payment from third parties, or acceptance of payments less than the amount then due, will not constitute as a waiver to enforce acceleration on default.

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21. In the event that the Beneficiary elects to accelerate the Trust, the Beneficiary will provide notice to the Trustor in accordance with Applicable Law.

**Additional Charges**

22. The Trustor may be charged with fees in association with the default of this Trust or for the protection of the Beneficiary's interest for this Trust, which may include, but is not limited to attorneys' fees and property inspections (the "Additional Fees"). The absence of specific charges which may be levied against the Trustor in this Trust does not preclude the Beneficiary from charging such costs as Additional Fees. However, the Beneficiary will not charge any fees which are prohibited by Applicable Law and the Beneficiary will not charge any fees above and beyond the amount of percentage allowed under the Applicable Law.

**Protection of Beneficiary's Security**

23. If at any time the Trustor should fail to uphold the covenants in this Trust, or if a legal proceeding commences which materially affects the Beneficiary's interest in the Property, the Beneficiary may pay or perform any reasonable action as necessary to protect the Beneficiary's interest, which includes, but is not limited to:

- a payment of insurance premiums and taxes, levies, accruing against the Property;
- b payment of sums due secured by a prior lien which has priority of this Trust;
- c payment of legal fees in relations to any legal proceedings or legal costs arising from the Property; and
- d payment of reasonable costs in repairing and maintaining the Property.

24. Any action referred to in this section is optional for the Beneficiary and the Beneficiary has no duty or obligation to carry out any of the remedies listed in this section and will not incur any liability in the failure to perform such tasks.

25. Any amount disbursed by the Beneficiary in relation to the protection of the Beneficiary's security will become Additional Fees payable by the Trustor.

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## MISCELLANEOUS MATTERS

### Interpretation and Headings

26. Headings are inserted for the convenience of the parties to the Trust and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine gender mean and include the feminine gender and vice versa. Words importing persons include firms and corporations and vice versa.

### Severability

27. If any provision of this trust will be held invalid or be prohibited by the Applicable Law, such provision will not invalidate the remaining provisions of this Trust and such provisions of the Trust will be amended or deleted as necessary to comply with the Applicable Law.
28. Nothing contained in this Trust will require the Trustor to pay for the Beneficiary to accept interest in an amount greater than allowed by Applicable Law. If the payment of interest or other amounts under this Trust would otherwise exceed the maximum amount allowed under Applicable Law or violate any law as to disclosure or calculation of interest charges, then the Trustor's obligations to pay interest or other charges will be reduced or amended to the maximum rate or amount permitted under Applicable Law.

### Statutory Covenants

29. The covenants contained in this Trust are additional and supplemental, to the extent permitted by law, the covenants set out in the Applicable Law regarding trusts.

### Demand and Notices

30. Any notice given by either party in this Trust must be in writing. Unless otherwise provided in this Trust or prohibited by law, where this Trust allows or requires the Beneficiary to make a demand on or give a notice to any person (including the Trustor), the Trustor will make the demand or give the notice by:
- a delivering it to the person at the Property or person's last known address;
  - b by mailing it by prepaid registered mail addressed to the person at the Property or the person's last known address;
  - c by sending it by facsimile to the person's last known number.
31. Any party in this instrument whose address has changed are responsible for notifying the other respective parties of the change in address.


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32. Any notice or demand delivered as described will constitute as sufficient delivery. Any notice, demand, mail and facsimile (the "Notice") made will constitute as being effective on the same day that it was sent, unless the day in which the Notice was sent falls on a national holiday, Saturday or Sunday, in which case, the next business day would be considered as the day of receipt.

IN WITNESS WHEREOF the Trustor, has duly affixed his or her signature under hand and seal on this 7<sup>th</sup> day of July, 2008.

  
Sherry M. Beresh  
(Trustor)

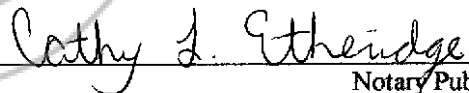
**Trustor Acknowledgment**

State of Nevada)  
County of Douglas)

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of July, 2008, by Sherry M. Beresh.

Seal:



  
Cathy L. Etheridge  
Notary Public

My commission expires: March 14, 2012

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