

OFFICIAL RECORD
Requested By:
WARD FAMILY TRUST

After Recording Return To:

Ward Family Trust
✓ 2962 Candy Lane
Gardnerville, NV 89410

Douglas County - NV
Werner Christen - Recorder
Page: 1 of 19 Fee: 32.00
BK-0808 PG-1986 RPTT: 0.00



APN: 1121-35-002-029 [Space Above This Line For Recording Data]

DEED OF TRUST

DEFINITIONS

Terms used throughout this document are defined below. Certain rules regarding the usage of terms applied in this document are as follows:

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

- (A) "Security Instrument" refers to this Deed of Trust for the State of Nevada, dated the 24th day of July, 2008, together with all Riders to this document.
- (B) "Borrower" is Michael Foster and Linda J. Foster, trustees of the Michael and Linda Foster Family Trust dated December 5, 2003. Borrower is the trustor under this Security Instrument. Borrower's mailing address is: 8 Scott Street, Gardnerville, NV 89410.
- (C) "Lender" is Daniel A. Ward III and Lori Ward, Trustees of the Ward Family Trust, Dated October 25, 2005, with an address at 2962 Candy Lane, Gardnerville, NV 89410. Lender is a Revocable Trust, organized and existing under the laws of Nevada. Lender is the beneficiary under this Security Instrument.
- (D) "Trustee" is Stewart Title of Douglas County. Trustee's mailing address is: 1663 US Highway 395 North, Suite 101, Minden, NV 89423.
- (E) "Note" refers to the promissory note signed by Borrower and dated the 24th day of July, 2008. The Note states that Borrower owes Lender Sixty Thousand dollars (US \$60,000) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full no later than the 24th day of July 2010.
- (F) "Property" refers to the property that is described below under the heading "Transfer of Rights in the Property".
- (G) "Loan" refers to the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.
- (H) "Riders" refers to all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check boxes as applicable]:

- | | | |
|--|---|--|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input type="checkbox"/> Planned Unit Development | <input type="checkbox"/> Other(s) [specify]: |
| <input type="checkbox"/> 1-4 Family Rider | <input type="checkbox"/> Rider | |
| | <input type="checkbox"/> Biweekly Payment Rider | |

- (I) **"Applicable Law"** refers to all controlling applicable federal, state, and local statutes, regulations, ordinances, and administrative rules and orders that have the effect of law, as well as all applicable final, non-appealable judicial opinions.
- (J) **"Community Association Dues, Fees, and Assessments"** refers to all dues, fees, assessments, and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association, or similar organization.
- (K) **"Electronic Funds Transfer"** refers to any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Said funds include, but are not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.
- (L) **"Escrow Items"** refers to those items that are described in Section 2.
- (M) **"Miscellaneous Proceeds"** refers to any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for (a) damage to, or destruction of, the Property; (b) condemnation or other taking of all or any part of the Property; (c) conveyance in lieu of condemnation; or (d) misrepresentations of, or omissions as to, the value and/or condition of the Property.
- (N) **"Mortgage Insurance"** refers to insurance protecting Lender against the nonpayment of, or default on, the loan.
- (O) **"Periodic Payment"** refers to the regularly scheduled amount due for principal and interest under the Note, plus any amounts under Section 2 of this Security Instrument.
- (P) **"RESPA"** refers to the Real Estate Settlement Procedures Act (12 U.S.C. §2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.
- (Q) **"Successor in Interest of Borrower"** refers to any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument is made this 24th day of July, 2008, among Borrower, Michael Foster and Linda J. Foster, trustees of the Michael and Linda Foster Family Trust dated December 5, 2003, Trustee, Stewart Title of Douglas County, and Lender, Daniel A. Ward III and Lori Ward, Trustees of the Ward Family Trust, dated October 25, 2005.

This Security Instrument secures to Lender: (a) the repayment of the Loan and all renewals, extensions, and modifications of the Note; and (b) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Douglas:

Parcel G, as set forth on Parcel Map LDA 00-060 for Matthew E and Maria Stoen, recorded July 5, 2001, in Book 0701, at Page 708, as Document No. 517679, Assessor's Parcel Number 1121-35-002-029

which is currently located at 2959 Devenpeck Drive, Gardnerville, Nevada, 89410. (hereinafter referred to as the "Property Address").

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, and rents (subject, however, to the rights and authorities given herein to Lender to collect and apply such rents), and all replacements and additions, all of which shall be deemed to be and



remain a part of the property covered by the Security Instrument, and all of the foregoing, together with the Property (or the leasehold estate if this Security Investment is on a leasehold) are hereinafter referred to as the "Property".

COPY

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Property is unencumbered, except for a Mortgage or Deed of Trust, dated the _____ day of _____, and recorded at Book N/A, Page _____, on _____, as Instrument No. _____, of the Official Records of _____ County, State of Nevada (hereinafter referred to as "Senior Mortgage"), and other encumbrances of record. Borrower covenants that Borrower will warrant and defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS – Borrower and Lender covenant and agree as follows:

1. **PAYMENT OF PRINCIPAL AND INTEREST:** Borrower shall promptly pay in US Currency, when due, the principal and interest indebtedness evidenced by the Note and any prepayment and late charges as provided in the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 2. If any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in any of the following forms, as chosen by Lender: (a) cash; (b) money order; (c) Electronic Funds Transfer; or (d) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity.

Payments are considered received by Lender when received at the location designated in the Note, or at such other location as designated by Lender, in accordance with the notice provisions detailed in Section 15. Lender may return all or part of a payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any amount of payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within what Lender deems a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower may have, now or in the future, against Lender shall relieve Borrower from making payments due as provided by the Note and this Security Instrument, or performing the covenants and agreements secured by this Security Instrument.

2. **FUNDS FOR TAXES AND INSURANCE:** Subject to Applicable Law or a written waiver by Lender, Borrower shall pay to Lender on the day Periodic Payments of principal and interest are payable under the Note, until the Note is paid in full, a sum (hereinafter referred to as the "Funds") equal to N/A [insert proportional percentage of payments] of the yearly taxes and assessments which may attain priority over this Security Instrument and ground rents on the Property, if any, plus _____ [insert proportional percentage of payments] of yearly premium installments of hazard insurance, plus _____ [insert proportional percentage of payments] of yearly premium installments for Mortgage Insurance, if any, all as reasonably estimated initially, and from time to time, by Lender on the basis of assessments and bills and reasonable estimates thereof. These items are referred to as "Escrow Items". Borrower shall not be obligated to make such payments of Funds to Lender to the extent that Borrower makes such payments to the holder of the Senior Mortgage. At any time during the term of the Loan, Lender

may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower and such dues, fees, and assessments shall be an Escrow Item. Borrower must promptly furnish to Lender all notices of amounts to be paid under this Section 2. Borrower shall pay Lender for the Funds for Escrow Items, unless Lender, at any time, in writing, waives Borrower's obligation to pay to Lender Funds for any or all Escrow Items. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Item for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount, and Borrower shall be obligated under Section 9 to repay to Lender any such amount. Lender may revoke said waiver at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 2.

Lender may, at any time, collect and hold Funds in an amount sufficient to permit Lender to apply the Funds at the time specified under RESPA, and not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of *current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.*

If Borrower pays Funds to Lender, the Funds shall be held in an institution, the deposits or accounts of which are insured or guaranteed by a federal or state agency (including Lender if Lender is such an institution). Lender shall apply the Funds to pay said taxes, assessments, insurance premiums, and ground rents no later than the time specified under RESPA. Lender may not charge Borrower for holding and applying the Funds, analyzing said account, or verifying and compiling said assessments and bills, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Borrower and Lender may agree in writing at the time of execution of this Security Instrument that interest on the Funds shall be paid to Borrower. However, unless such agreement is made or Applicable Law requires such interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for the sums secured by this Security Instrument.

If the amount of Funds held in escrow, as defined under RESPA, together with the future monthly installments of Funds payable prior to the due dates of taxes, assessments, insurance premiums and ground rents, shall exceed the amount required to pay said taxes, assessments, insurance premiums, and ground rents as they fall due, such excess shall be, at Borrower's option, either promptly refunded to Borrower or credited to Borrower on monthly installments of Funds. If the amount of Funds held in escrow, as defined under RESPA, shall not be sufficient to pay taxes, assessments, insurance premiums, and ground rents as they fall due, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender any amount necessary to make up the deficiency, in accordance with RESPA, within thirty (30) days from the date the notice is mailed by Lender to Borrower requesting payment thereof.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under Section 24, the Property is sold or the Property is otherwise acquired by Lender, Lender shall apply no later than immediately prior to the sale of the Property or its acquisition by Lender, any Funds held by Lender at the time of application as a credit against the sums secured by this Security Instrument.

3. APPLICATION OF PAYMENTS: Unless Applicable Law provides otherwise, all payments received by Lender under the Note and Sections 1 and 2 of this Security Instrument shall be applied by Lender in the following order of priority: (a) first to interest payable on the Note; then



(b) to the principal due under the Note; then (c) in payment of amounts, if any, payable to Lender by Borrower under Section 2.

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If Lender receives a payment from Borrower for any delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and late charge. If Borrower is late on more than one Periodic Payment, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied in full to one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

4. **PRIOR MORTGAGES AND DEEDS OF TRUST, CHARGES, LIENS:** Borrower shall perform all of Borrower's obligations under the Senior Mortgage or any other security agreement with a lien which has priority over this Security Instrument, including Borrower's covenants to make payments when due. Borrower shall pay all taxes, assessments, and other charges, fines, and impositions attributable to the Property, which may attain a priority over this Security Instrument, and leasehold payments or ground rents, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 2.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only to the extent that Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against the enforcement of the lien in, legal proceedings which operate to prevent the enforcement of the lien while those proceedings are pending, but only until such time as the proceedings are resolved; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender deems that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within ten (10) days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth in this Section 4.

Lender may charge Borrower a one-time fee for a Real Estate Tax Verification and/or reporting service used by Lender in connection with this Loan.

5. **HAZARD INSURANCE:** Borrower shall keep the improvements, now existing or hereafter erected on the Property, insured against loss by fire, hazards included in the term "extended coverage", and such other hazards as Lender may require, and in such amounts and for such periods as Lender may require. The insurance carrier providing the insurance shall be chosen by Borrower, subject to approval by Lender, provided that such approval shall not be unreasonably withheld. Lender may require Borrower to pay, in connection with this Loan, either a one-time charge for flood zone determination, certification and tracking services; or a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which might reasonably affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower. All insurance policies and renewals shall be in form acceptable to Lender and shall include a standard mortgage clause in favor of and in form acceptable to Lender. Lender shall have the right to hold the policies and renewals.



If Borrower fails to maintain any of the coverages detailed above, Lender may obtain insurance coverage of their choice, at Borrower's expense. Lender is not obliged to purchase any particular type or amount of coverage, therefore, coverage shall cover Lender but may or may not protect Borrower, Borrower's equity in the Property, or the contents of the Property against any risk, hazard, or liability, and may provide greater or lesser coverage than was previously applied. Borrower acknowledges that the cost of the insurance coverage obtained by Lender may significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. Interest shall be applied to these amounts at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender, and renewals of such policies, shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee, and/or as additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If required by Lender, Borrower shall promptly submit to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Borrower and Lender otherwise agree in writing, any insurance proceeds shall be applied to restoration and/or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to insure the work has been completed to Lender's satisfaction, provided that such inspection is carried out in a timely manner. Lender may disburse proceeds for the repair and restoration in one or more payments, as Lender deems fit. Unless an agreement is made in writing, or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any interest or earnings on such proceeds. Borrower is solely responsible for the payment of fees for public adjusters or other third parties retained by Borrower. Such fees shall not be paid out of the insurance proceeds. If restoration or repair is not economically feasible, or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 3.

Should Borrower abandon the Property or fail to respond to Lender within thirty (30) days from the date notice is given by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option, either for restoration or repair of the Property, or against the sums secured by this Security Instrument. In either event, or if Lender acquires the Property under Section 24 or otherwise, Borrower hereby assigns to Lender: (a) Borrower's rights to any insurance proceeds in amount not to exceed the amounts unpaid under the Note or this Security Instrument; and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property.

6. OCCUPANCY: Within sixty (60) days after the execution of this Security Instrument, and for at least one year after the date of occupancy, unless Lender agrees otherwise in writing, which consent shall not be unreasonably held, or unless extenuating circumstances exist which are beyond Borrower's control, Borrower shall occupy, establish, and use the Property as Borrower's principal residence.



7. **PRESERVATION AND MAINTENANCE OF PROPERTY, LEASEHOLD, CONDOMINIUMS, OR PLANNED UNIT DEVELOPMENTS:** Borrower shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property, and shall comply with the provisions of any lease if this Security Instrument is on a leasehold. If this Security Instrument is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the Bylaws and regulations of the condominium or planned unit development, and constituent documents.

Unless it is determined, pursuant to Section 5, that repair or restoration is not economically feasible, Borrower shall promptly repair the Property, if damaged, to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be held responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for repairs and restoration in one or more payments, as Lender deems fit. If the insurance or condemnation proceeds are insufficient for repair or restoration of the Property, Borrower is not relieved of Borrower's obligation for the completion of such repairs or restoration.

Lender or Lender's agent may make reasonable entries upon the Property for the purpose of inspection. If there is reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of, or prior to, such an interior inspection, specifying such reasonable cause.

8. **BORROWER'S LOAN APPLICATION:** Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting on behalf of Borrower, gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.
9. **PROTECTION OF LENDER'S SECURITY:** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, or if Borrower abandons the Property, then Lender, at Lender's option, upon notice to Borrower in accordance with Section 15, may make such appearances, disburse such sums, and take such action as is necessary to protect Lender's interest in the Property, including entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. If Lender required mortgage insurance as a condition of making the Loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Lender's written agreement or Applicable Law. Although Lender may take action under this Section 9, Lender is under no obligation or duty to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender pursuant to this Section 9, with interest, at the Note rate, shall become additional indebtedness of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof. Nothing contained in this Section 9 shall require Lender to incur any expense or take any action.

If this Security Instrument is on a leasehold, Borrower shall comply with all provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to such merger in writing.



10. **MORTGAGE INSURANCE:** If required as a condition of the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender becomes unavailable from the mortgage insurer that previously provided such insurance, and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a substantially equivalent cost, from an alternate mortgage insurer chosen by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Such payments shall be retained and used by Lender as a non-refundable loss reserve in lieu of Mortgage Insurance and shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. In the case in which Mortgage Insurance coverage (in the amount and for the period of time Lender requires), provided by an insurer chosen by Lender, again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance, Lender can no longer require loss reserve payments. If Mortgage Insurance was required by Lender as a condition of making the Loan, and Borrower was required to make separately designated payments toward the premiums for such insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirements for Mortgage Insurance end in accordance with any written agreement between Borrower and Lender, providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any other entity that purchases the Note) for certain losses Lender may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

From time to time, mortgage insurers may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party or parties to these agreements. Such agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available, including funds obtained from Mortgage Insurance premiums.

These agreements may result in Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, receiving, either directly or indirectly, amounts that derive from a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "Captive Reinsurance". Further:

- (a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower owes for Mortgage Insurance, and they will not entitle Borrower to any refund.
- (b) Any such agreements will not affect the rights Borrower has, if any, with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998, or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.



11. ASSIGNMENT OF MISCELLANEOUS PROCEEDS: All Miscellaneous proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if economically feasible and Lender's security is not lessened. During the period of time required for repair and restoration, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect the Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection occurs in a timely manner. Lender may make one or more payments for repairs and restoration, as Lender deems fit. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 3.

In the event of a total taking, destruction, or devaluation of the Property, the Miscellaneous Proceeds shall be applied to the sum secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or devaluation of the Property in which the fair market value of the Property immediately before such loss is equal to or greater than the amount of the sums secured by this Security Instrument immediately before such loss, the sums secured by this Security Instrument, unless Borrower and Lender otherwise agree in writing, shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: the total amount of the sums secured immediately before such loss, divided by the fair market value of the Property immediately before the partial taking, destruction or devaluation. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or devaluation of the Property in which the fair market value of the Property immediately before such loss is less than the amount of the sums secured immediately before such loss, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due, unless Borrower and Lender otherwise agree in writing.

Should Borrower abandon the Property, or fail to respond to Lender within thirty (30) days after notice by Lender to Borrower (in accordance with Section 15) that the Opposing Party ("Opposing Party" refers to the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.) offers to make an award to settle a claim for damages, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property, or to the sums secured by this Security Instrument, whether or not then due.

If any civil or criminal action or proceeding is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument, Borrower shall be in default. Borrower can remedy such default and, if acceleration has occurred, reinstate as provided in Section 20, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairments of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 3.

12. **BORROWER NOT RELEASED; FORBEARANCE BY LENDER NOT WAIVER:** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument, granted by Lender to any Successor in Interest of Borrower, shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Lender shall not be required to commence proceedings against such successor, refuse to extend time for payment, or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by Applicable Law, shall not be a waiver of or preclude the exercise of any such right or remedy.
13. **SUCCESSORS AND ASSIGNS BOUND; JOINT AND SEVERAL LIABILITY; CO-SIGNERS:** The covenants and agreements herein contained shall bind (except as provided in Section 21), and the rights hereunder shall inure to the respective successors and assigns of Lender and Borrower, subject to the provisions of Section 19. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signs this Security Instrument, but does not execute the Note, (a) is co-signing this Security Instrument only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Security Instrument, (b) is not personally liable to pay the sums under the Note or this Security Instrument, and (c) agrees that Lender and any other Borrower hereunder may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent and without releasing that Borrower or modifying this Security Instrument as to that Borrower's interest in the Property.

Subject to the provisions of Section 19, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing.

14. **LOAN CHARGES:** Should Borrower default, Lender may charge Borrower fees for services performed in connection with such default, for the purposes of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorney's fees, property inspection fees, and valuation fees. With regards to any other fees, the absence, in this Security Instrument, of express authority to charge Borrower a specific fee shall not be construed as a prohibition on the charging of such a fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by any Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is interpreted so that the interest or other loan charges collected in connection with the loan, now or in the future, exceed the permitted limits, then any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and any sums already collected from Borrower which exceed permitted limits will be refunded to Borrower. Lender may opt to refund such amount by reducing the principal owed under the Note, or by making a direct payment to Borrower. If the refund is applied to reduce the principal, the reduction will be treated as a partial prepayment without any prepayment charge, whether or not a prepayment charge is provided for under the Note. Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising from such overcharge.

15. **NOTICES:** All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Except for any notice required under Applicable Law to be given in another manner, (a) any notice to Borrower provided for in this Security Instrument shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Lender, and (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such



other address as Lender may designate by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given in the manner designated herein. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

Borrower requests that copies of the notice of default and notice of sale be sent to Borrower's address, which is the Property Address. Lender requests that copies of notices of foreclosure from the holder of the Senior Mortgage and any other lien which has priority over this Deed of Trust be sent to Lender's address, as set forth hereinabove. There may be only one designated notice address under this Security Instrument at any one time.

16. **GOVERNING LAW; SEVERABILITY:** The state and local laws applicable to this Security Instrument shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal Law to this Security Instrument. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note, which can be given effect without the conflicting provision(s), if any, and to this end, the provisions of this Security Instrument and the Note are declared to be severable.
17. **BORROWER'S COPY:** Borrower shall be furnished with a conformed copy of the Note and of this Security Instrument at the time of execution or after recordation.
18. **REHABILITATION LOAN AGREEMENT:** Borrower shall fulfill all of Borrower's obligations under any home rehabilitation, improvement, repair, or other loan agreement in which Borrower enters with Lender. Lender, at Lender's option, may require Borrower to execute and deliver to Lender, in a form acceptable to Lender, an assignment of any rights, claims, or defenses which Borrower may have against parties who supply labor, materials, or services in connection with improvements made to the Property.
19. **TRANSFER OF PROPERTY; ASSUMPTION:** As used in this section 19, "Interest in the Property" refers to any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding (a) the creation of a lien or encumbrance subordinate to this Security Instrument; (b) a transfer by devise, descent, or by operation of law upon death of a joint tenant; or (c) the grant of any leasehold interest of three (3) years or less not containing an option to purchase, Borrower shall, upon Lender's request, submit information required to enable Lender to evaluate the transferee's creditworthiness as if a new loan were being made to the transferee. If Lender, on the basis of a review of the creditworthiness of the transferee and the value of the Property, reasonably determines that, as a result of the sale or transfer, Lender's security may be impaired, or that there is an increased likelihood of a breach of any covenant or agreement in this Security Instrument, Lender may declare all of the sums secured by this Security Instrument to be immediately due and payable. If prohibited by Applicable Law, this option shall not be exercised by Lender.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration, in accordance with Section 15. Such notice shall provide a period of not less than thirty (30) days

from the date the notice is given, within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by Section 24.

20. **BORROWER'S RIGHT TO REINSTATE:** Notwithstanding Lender's acceleration of the sums secured by this Security Instrument due to Borrower's breach, Borrower shall have the right to have enforcement of this Security Instrument discontinued at the earliest of the following: (a) any time prior to five (5) days before sale of the Property, pursuant to the power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) at any time prior to entry of a judgment enforcing this Security Instrument. Such discontinuation is contingent upon Borrower meeting the following conditions: (a) Borrower pays Lender all sums which would be then due under this Security Instrument and the Note as if no acceleration had occurred; (b) Borrower cures all breaches of any other covenants or agreements of Borrower contained in this Security Instrument; (c) Borrower pays all reasonable expenses incurred by Lender and Trustee in enforcing the covenants and agreements of Borrower contained in this Security Instrument, and in enforcing Lender's and Trustee's remedies as provided in Section 24, including, but not limited to, reasonable attorney's fees, and property inspection and valuation fees; and (d) Borrower takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's interest in the Property, and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unimpaired. Lender may require that Borrower pay such reinstatement sums and expenses in a form chosen by Lender, including: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check, or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon such payment and cure by Borrower, this Security Instrument and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. This right to reinstate shall not apply in the case of acceleration under Section 19.
21. **SALE OF NOTE; CHANGE OF LOAN SERVICER; NOTICE OF GRIEVANCE:** The Note, or a partial interest therein, together with this Security Instrument, can be sold one or more times without prior notice to Borrower. The result of such sale may be a change in the entity (hereinafter referred to as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan servicing obligations under the Note, this Security Instrument, and Applicable Law. There may also be one or more changes of Loan Servicer unrelated to the sale of the Note. Should the Loan Servicer change, Borrower will be given written notice of the change, in accordance with Section 15. Such notice will state the name and address of the new Loan Servicer, the address to which payments should be made, and other information RESPA requires in connection with a notice of transfer of servicing. In the case of the Note being sold and thereafter the Loan being serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer, and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action, either as an individual litigant or the member of a class, that arises from the other party's actions pursuant to this Security Instrument, or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party, in accordance with Section 15, of such alleged breach and afforded the other party a reasonable period, after the giving of the notice, to take corrective action. If, in accordance with Applicable Law, a certain time period must elapse before certain action can be taken, that time period will be deemed to be reasonable for the purposes of this Section 21. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 24 and the notice of acceleration given to Borrower pursuant to Section 19 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 21.



22. **HAZARDOUS SUBSTANCES:** As used in this Section 22: (a) "Hazardous Substances" refers to those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law, including the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" refers to Federal laws and laws of the jurisdiction where the Property is located that relate to health, safety, or environmental protection; (c) "Environmental Cleanup" refers to any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" refers to a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not allow the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, either directly or by allowing any other person to do, anything affecting the Property that is in violation of Environmental Law, which creates an Environmental Condition, or which, due to the presence, use or release of Hazardous Substances, creates a condition that adversely affects the value of the Property. The aforesaid shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential use and are required for maintenance of the Property, including, but not limited to, Hazardous Substances in consumer products.

Borrower shall give Lender prompt written notice, in accordance with Section 15, of (a) any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge; (b) any Environmental Condition, including, but not limited to, any spill, leak, discharge, release, or threat of release of any Hazardous Substance; and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower becomes aware of, or is notified by, any governmental or regulatory authority, or any private party, that any removal or remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all required remedial actions in accordance with Environmental Law. None of the conditions herein shall create any obligation on Lender for an Environmental Cleanup.

23. **ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION:** As additional security hereunder, Borrower assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under Section 24 or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under Section 24 or abandonment of the Property, Lender, in person, by agent, or by judicially appointed receiver, shall be entitled to enter upon, take possession of, and manage the Property and to collect the rents of the Property, including those past due. All rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds, and reasonable attorney's fees, and then to the sums secured by this Security Instrument. Lender and the receiver shall be liable to account for only those rents actually received.



NON-UNIFORM COVENANTS – Borrower and Lender further covenant and agree as follows:

24. **ACCELERATION; REMEDIES:** Except as provided in Section 19 or in accordance with Applicable Law, upon Borrower's breach of any covenant or agreement in this Security Instrument, including the covenants to pay when due any sums secured by this Security Instrument, Lender, prior to acceleration, shall give notice to Borrower, in accordance with Section 15. Such notice shall specify: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than thirty (30) days from the date the notice is given to Borrower, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. Said notice shall further inform Borrower of the right to reinstate after acceleration and the right to commence a court action to assert the non-existence of a breach or any other defense of Borrower to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Lender, at Lender's option, may require immediate payment in full of all sums secured by this Security Instrument, without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in the course of pursuing the remedies provided in this Section 24, including, but not limited to, reasonable Attorney's fees and costs of title evidence.

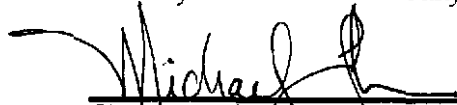
Should Lender opt to invoke the power of sale, Lender shall execute or cause Trustee to execute written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Such notice shall be recorded in each county in which any part of the Property is located. Lender shall mail copies of the notice as prescribed by Applicable Law to Borrower and to any other person(s) prescribed by Applicable Law. Trustee shall give public notice of sale to the persons and in the manner prescribed by Applicable Law. After the time required by Applicable Law has elapsed, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place, and under the terms designated in the notice of sale, in one or more parcels as Trustee deems fit. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser, Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Proceeds of the sale shall be applied by Trustee in the following order: (a) to all expenses incurred during the sale, including but not limited to, reasonable Trustee's and Attorney's fees; (b) to all sums secured by this Security Instrument; and (c) any excess to any person or persons legally entitled thereto.

25. **RECONVEYANCE:** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty to any person(s) legally entitled thereto. Such person(s) shall be responsible for paying any recordation costs. Lender may charge such person(s) a fee for reconveying the Property, but only if the fee is paid to a third party (such as Trustee) for services rendered and if the charging of the fee is permitted by Applicable Law.
26. **SUBSTITUTE TRUSTEE:** Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power, and duties conferred upon Trustee herein and by Applicable Law.
27. **ASSUMPTION FEE:** If there is an assumption of this loan, Lender may charge an assumption fee of _____ Dollars (US \$ _____).



IN WITNESS WHEREOF, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

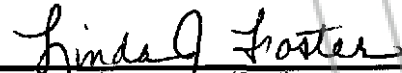


Signature of Borrower
MICHAEL FOSTER

Name of Borrower
8 SCOTT ST

Address
GARDNERVILLE, NV 89410

City, State, Zip Code

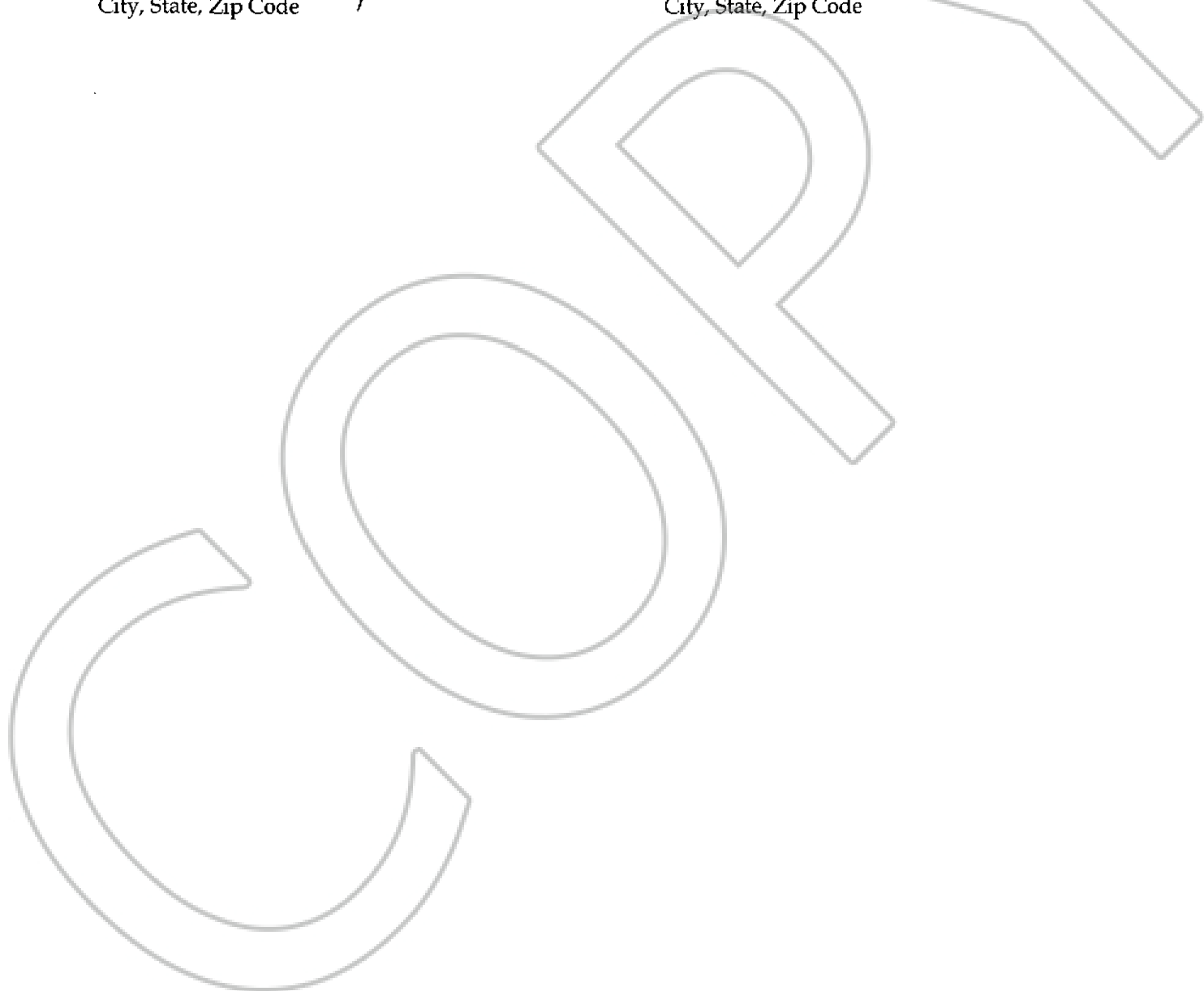


Signature of Borrower (Seal)
Linda J. Foster

Name of Borrower
8 Scott St

Address
Gardnerville NV 89410

City, State, Zip Code



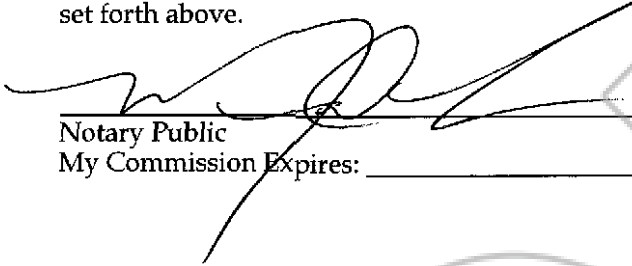
Acknowledgement

STATE OF NEVADA

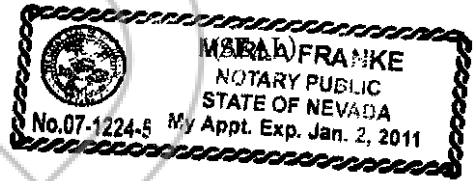
COUNTY OF Douglas, SS: _____

On the 1 day of August, 2008, Michael Foster personally appeared before me, the undersigned Notary Public, personally known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and by his/her/their signature(s) on the within instrument, the person(s), or the entity(ies) on behalf of which the person(s) acted, executed the within instrument.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal, on the day set forth above.



Notary Public
My Commission Expires: _____



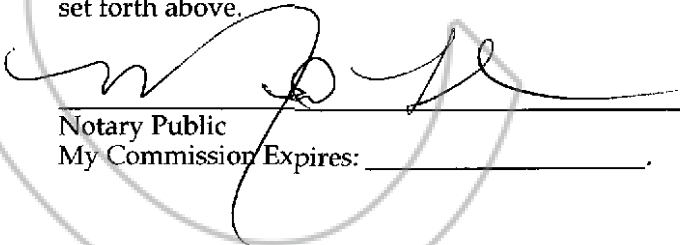
Acknowledgement

STATE OF NEVADA

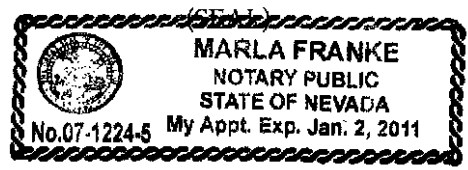
COUNTY OF Douglas, SS: _____

On the 1 day of August, 2008, Linda J. Foster personally appeared before me, the undersigned Notary Public, personally known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and by his/her/their signature(s) on the within instrument, the person(s), or the entity(ies) on behalf of which the person(s) acted, executed the within instrument.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal, on the day set forth above.



Notary Public
My Commission Expires: _____



NOTE SECURED BY DEED OF TRUST

\$60,000.00

Douglas County, Nevada

July 24, 2008

For value received, MICHAEL FOSTER AND LINDA J. FOSTER, Trustees of the MICHAEL AND LINDA FOSTER FAMILY TRUST Dated December 5, 2003, promise to pay to DANIEL A. WARD, III and LORI WARD, Trustees of the WARD FAMILY TRUST, Dated October 25, 2005, or order, at 2962 Candy Lane, Gardnerville, Nevada 89410 the sum of SIXTY THOUSAND DOLLARS, (\$60,000) with interest from July 25, 2008 on unpaid principal at the rate of 5.00 per cent (FIVE %) per annum. Interest only, installments to be paid monthly to commence August 25, 2008 and to continue monthly until July 25, 2010, at which time the entire unpaid principal and the accrued interest shall all become due and payable.

Each payment shall be credited first on interest then due and the remainder on principal, and interest shall thereupon cease upon the principal so credited. Should default be made in payment of any installment when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note. Principal and interest payable in lawful money of the United States. If action be instituted on this note we promise to pay such sum as the court may fix as attorney's fees. This note is secured by a Deed of Trust to Stewart Title of Douglas County, a Nevada corporation, as Trustee.


Michael Foster - Trustee


Linda J. Foster - Trustee