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OFFICIAL RECORD

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Assessor's Parcel Number: 1318-10-411-002

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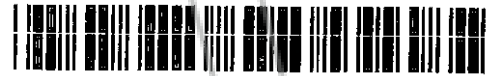
Name: Tricia Darby, Esq.

✓ Address: 50 W. Liberty Street, Ste. 410

City/State/Zip: Reno, NV 89501

Douglas County - NV
Karen Ellison - Recorder

Page: 1 Of 9 Fee: 22.00
BK-0908 PG-4546 RPTT: 0.00



Mail Tax Statements to:

Name: _____

Address: _____

City/State/Zip: _____

Please complete Affirmation Statement below:

~~xxx~~ I the undersigned hereby affirm that this document submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

-OR-

I the undersigned hereby affirm that this document submitted for Recording contains the social security number of a person or persons as required by law: _____ (state specific law)

Tricia M. Darby
Signature (Print name under signature)

Attorney
Title

Tricia M. Darby

DEED OF TRUST AND ASSIGNMENT OF RENTS

(Title of Document)

If legal description is a metes & bounds description furnish the following information:

Legal description obtained from: Deed (Document Title), Book: 0706 Page: 4979

Document # 0679749 recorded 7/14/06 (Date) in the Douglas County Recorders Office.

-OR-

If Surveyor, please provide name and address:

This page added to provide additional information required by NRS 111.312 Sections 1-4.

(Additional recording fees apply)

WHEN RECORDED RETURN TO:

Tricia M. Darby, Esq.
Lewis and Roca, LLP
50 W. Liberty Street, Ste. 410
Reno, Nevada 89500

APN: 1318-10-411-002

DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS ("Deed of Trust"), is made as of the 19th day of September, 2008, by and among EUGENE CLEVELAND "CLEVE" CANEPA, an individual ("Canepa") and ENNIS JORDAN, an individual ("Jordan").

BACKGROUND

Canepa and Jordan have entered into a settlement agreement pursuant to which Canepa will pay Jordan the total amount of \$1,000,000, less any amount Jordan receives from the bankruptcy trustee in full satisfaction of his proof of claim filed in the French Quarter, Inc. bankruptcy pending in the United States Bankruptcy Court for the District Court of Nevada as Case No.: 07-50757-GWZ (the "Settlement Amount"). The Settlement Amount shall be paid to Jordan in full within five (5) days of the later of Canepa receiving his distribution from the bankruptcy trustee in the French Quarter, Inc. bankruptcy, or Jordan receiving his distribution from the trustee. Jordan desires to secure payment and performance of Canepa's obligations in respect of the Settlement Amount, and any modifications thereof, by granting to Jordan the security described in this Deed of Trust.

NOW, THEREFORE, to induce Jordan to entered into the settlement agreement with Canepa, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Canepa agrees as follows:

ARTICLE 1
GRANT OF SECURITY

1.01 Property Mortgaged. Canepa does hereby irrevocably deed, mortgage, grant, bargain, sell, assign, pledge, warrant, transfer and convey to Jordan, and to his successors and assigns as trustee, in trust for the benefit of Jordan, as security for the Settlement Amount, with power of sale, the Property



described in **Exhibit "A"** attached hereto and made a part hereof, together with all estates and development rights now existing or hereafter acquired for use in connection therewith (the "**Property**"), together with, the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and reversion and reversions, remainder and remainders, rents, issues, and profits thereof, subject, however, to the right of Jordan, upon Canepa's failure to pay the Settlement Amount, and without waiver of such default, to collect said rents, issues and profits by any lawful means, and to apply the same, less costs and expenses of collection to any indebtedness secured hereby;

TO HAVE AND TO HOLD the above granted and described Property unto Jordan, and his successors and assigns, with power of sale in accordance with the terms and conditions hereof, for the use and benefit of Jordan, and the successors and assigns of Jordan, forever; subject, however, to Section 1.02 below.

1.02 Release of Security. This Deed of Trust is subject to the express condition that, if Canepa pays to Jordan the Settlement Amount at the time and in the manner provided in the herein, Jordan shall release the Property from this Deed of Trust and reconvey the Property to Canepa. Jordan shall prepare (at Canepa's expense) and deliver to Canepa such documents as are necessary to effect such release and reconveyance.

ARTICLE 2
DEBT AND OBLIGATIONS SECURED

2.01 Debt. This Deed of Trust and the interests created in favor of Jordan hereunder are given for the purpose of securing (a) payment of the Settlement Amount, and (b) performance of all obligations of Canepa contained in the Settlement Agreement to be executed by the parties.

ARTICLE 3
CANEPA COVENANTS

Canepa covenants and agrees that:

3.01 Payment of Debt and Performance of Obligations. Canepa will pay the Settlement Amount fully and punctually perform all obligations thereunder.

3.02 Warranty of Title. Canepa has good, marketable, and insurable fee simple title of record to the Property, free and clear of all liens, encumbrances and charges whatsoever, except for the Permitted Encumbrances set forth in Schedule 1. The Permitted Encumbrances in the aggregate do not

materially and adversely affect the value of the Property or Canepa's ability to repay the Settlement Amount. This Security Instrument, when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed in connection therewith, will create to the extent provided by applicable law a valid, perfected first priority Lien on the Property, subject only to Permitted Encumbrances set forth in Schedule 1 attached hereto and incorporated by reference. Canepa shall forever warrant, defend and preserve the title and the validity and priority of the lien of this Deed of Trust and shall forever warrant and defend the same to Jordan against the claims of all Persons whomsoever.

3.02 Release of Lien. The Deed of Trust and Assignment of Rents Canepa executed in favor of Robert E. Dickey, Jr. and Dana A. Dickey, Trustees of the D & B Family Trust Dated 1-9-91 and Monty Baldwin, Trustee of the Monte Baldwin Trust Dated 10-18-99 in the amount of \$1,000,000 on July 12, 2006 shall be released by no later than October 15, 2008.

3.03 No Legal Conflicts. Canepa's execution, delivery and performance of its obligations under the Settlement Agreement will not: (a) violate, conflict with, result in a default (following notice and/or expiration of the related grace/cure period without cure or both, as applicable) under any agreement or other instrument to which Canepa is a party or by which the Property may be bound or affected; (b) require any authorization or consent from, or any filing with, any governmental authority (except for the recordation of the Security Instrument in the Douglas County Recorder's Office and UCC filings relating to the security interest created hereby and by the Security Instrument which are necessary to perfect Jordan's security interest in the Property).

3.04 Complete Disclosure; No Change in Facts or Circumstances. Canepa has disclosed to Jordan all material facts and have not failed to disclose any material fact that could cause any representation or warranty made herein to be materially inaccurate, incomplete, or misleading. All information provided in or supplied in connection the Loan provided hereunder, or in satisfaction of the terms thereof, remains true, complete, and correct in all material respects, and no adverse change in any condition or fact has occurred that would make any of such information materially inaccurate, incomplete, or misleading.

3.05 Survival. The representations and warranties contained in this Article 3 survive for so long as the Settlement Amount remains payable and any obligation remains to be performed.

ARTICLE 4
DEFAULT

4.01 Events of Default. In the event Canepa fails to pay the Settlement Amount as set forth herein, Jordan may without prior notice or demand, exercise, and hereby is authorized and empowered by Canepa so to exercise, any or all of the remedies permitted by law or in equity.

4.02 Cumulative Remedies; No Waiver; Other Security. Jordan's remedies under this Deed of Trust are cumulative with the remedies provided by law or in equity and may be exercised independently, concurrently or successively in Jordan's sole discretion and as often as occasion therefor shall arise. Jordan's delay or failure to exercise any remedy upon the occurrence of an Event of Default shall not be deemed a waiver of such right as remedy. No partial exercise by Jordan of any right or remedy will preclude further exercise thereof. Notice or demand given to Canepa in any instance will not entitle Canepa to notice or demand in similar or other circumstances nor constitute Jordan's waiver of his right to take any future action in any circumstance without notice or demand (except where expressly required by this Security Instrument to be given). Jordan may grant extensions, renewals or forbearances with respect the Settlement Amount, or may accept a partial or past due payment or grant other indulgences, in each case without prejudice to its rights under this Deed of Trust and without such action being deemed an accord and satisfaction or a reinstatement of the Settlement Amount. Jordan will not be deemed as a consequence of its delay or failure to act, or any forbearances granted, to have waived or be estopped from exercising any of its rights or remedies.

4.03 Enforcement Costs. In an event of default under the terms of this Deed of Trust or the settlement agreement to be entered into by the parties, Canepa shall pay, on written demand by Jordan, all costs incurred by Jordan in (a) collecting the Settlement Amount, or (b) enforcing his rights under this Deed of Trust, in each case whether or not legal proceedings are commenced. Such fees and expenses include, without limitation, reasonable fees for attorneys, paralegals, and other hired professionals, court fees, costs incurred in connection with pre-trial, trial and appellate level proceedings, including discovery, and costs incurred in post-judgment collection efforts or in any bankruptcy proceeding.

4.04 Continuing Lien; Right to Release Property. If less than all of the Property is, at any time, sold through foreclosure, power of sale, or otherwise, or if Jordan releases any portion of the Property (for whatever consideration Jordan deems appropriate), this Deed of Trust shall continue as a lien and security interest on the remaining portion of the Property, unimpaired and without loss of priority.



ARTICLE 5
WAIVER OF RIGHT OF REDEMPTION AND OTHER RIGHTS

5.01 Waiver of Rights of Redemption, Marshalling and Other Rights. Canepa hereby waives, to the fullest extent permitted by law, the benefit of all laws, now or hereafter in force, providing for (a) the valuation or appraisal of the Property, or any party thereof, prior to any sale or sales thereof pursuant to this Deed of Trust or any decree, judgment or order of a court of competent jurisdiction; (b) the right to stay or extend any such proceeding, to have this Deed of Trust reinstated or to redeem the Property or any portion thereof so sold; (c) rights of marshalling relating to any such sale or sales; (d) any right to require that the Property be sold as separate tracts or units in connection with enforcement of this Deed of Trust; and (e) the benefit of any moratorium, exemption or homestead rights now or hereafter provided. Canepa makes such waivers on its own behalf and on behalf of all parties now or hereafter claiming or having an interest (direct or indirect) by, through, or under Canepa.

5.02 WAIVER OF TRIAL BY JURY. CANEPA WAIVES HIS RIGHT, TO THE FULLEST EXTENT PERMITTED BY LAW, AND AGREES NOT TO ELECT, A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS SECURITY INSTRUMENT.

5.03 Consent to Jurisdiction. Canepa hereby consents and submits to the exclusive jurisdiction and venue of the Second Judicial District Court for the District of Nevada or federal court sitting in Washoe County with respect to any legal action or proceeding arising with respect to this Deed of Trust and waives all objections which it may have to such jurisdiction and venue. Nothing herein shall, however, preclude or prevent Jordan from bringing actions against Canepa in any other jurisdiction as may be necessary to enforce or realize upon the security herein provided.

ARTICLE 6
MISCELLANEOUS PROVISIONS

6.01 Further Acts. Canepa, at Canepa's expense, agrees to take such further actions and execute such further documents as Jordan reasonably may request to carry out the intent of this Deed of Trust or to establish and protect the rights and remedies created or intended to be created in favor of Jordan hereunder or to protect the value of the Property and security hereby created in favor of Jordan.

6.02 No Third Party Beneficiary. Notwithstanding any provision of this Deed of Trust to the contrary, this Deed of Trust is not intended by the parties to create, and shall not create, benefits on behalf of any tenant or other

occupant of the Property or anyone claiming rights through any tenant or other occupant of the Property.

IN WITNESS WHEREOF, the undersigned hereby signs, seals and delivers this Deed of Trust.

EUGENE CLEVELAND "CLEVE" CANEPA

By: *Eugene Cleveland Canepa*
Print: Eugene Cleveland Canepa

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this 19th day of September, 2008, before me, the undersigned Notary Public in and for said County and State, personally appeared **EUGENE CLEVELAND "CLEVE" CANEPA**, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same

Roxanne H. Maples
Notary Public

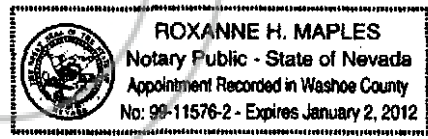


EXHIBIT "A"

LEGAL DESCRIPTION

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

Lot 1, as shown on the map of ZEPHYR HEIGHTS, NO. 6, filed for record in the office of the County Recorder on October 30, 1963, as document No. 23747.

Together with that portion of Lot 14 of "Zephyr Heights No. 6 Subdivision" as shown by map thereof filed October 30, 1963, Document No. 23747, Douglas County, Nevada Records, lying with Section 10, Township 13 North, Range 18 East, M.D.B.&M., Douglas County, Nevada and described as follows:

Beginning at the most Southerly corner of Lot 1 in "Zephyr Heights No. 6 Subdivision" as shown by map thereof filed October 30, 1963, Document No. 23747, Douglas County, Nevada Records, said point being on the Northerly right-of-way line of Lookout road (25.00 feet wide); thence along a curve concave to the Southeast with a radius of 30 feet, a central angle of 13 degrees 46'43", and an arc length of 7.21 feet, the chord of said curve bears South 55 degrees 31'09" West 7.20 feet; thence North 65 degrees 00'00" West 78.96 feet; thence North 67 degrees 23'00" East 8.39 feet; thence South 65 degrees 00'00" East 76.96 feet to the Point of Beginning.

Reference is hereby made to Lot Line Adjustment Map recorded May 22, 1992, in Book 592, Page 3972, as Document No. 279281, Official Records of Douglas County, Nevada.

APN 1318-10-411-002

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED AUGUST 28, 1998, BOOK 898, PAGE 6467, AS FILE NO. 448279, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."



EXHIBIT "B"

PERMITTED ENCUMBRANCES

1. First Deed of Trust for a construction loan in an amount not to exceed \$750,000
2. Deed of Trust in favor of Scott Canepa in the amount of \$100,000, plus interest
3. Deed of Trust in favor of Robert E. Dickey, Jr. and Dana A. Dickey, Trustees of the D & B Family Trust Dated 1-9-91 and Monty Baldwin, Trustee of the Monte Baldwin Trust Dated 10-18-99 in the amount of \$1,000,000, plus interest

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