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Prepared By and Return To:
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26471-RTO

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WESTERN TITLE INC RIDGE
Douglas County - NV
Karen Ellison - Recorder
Page: 1 of 26 Fee: 39.00
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50 Highway 50
Stateline NV 89449

FOR THE PURPOSES OF COMPLIANCE WITH NRS 239B.030(4), THE UNDERSIGNED
HEREBY AFFIRMS THAT THIS DOCUMENT DOES NOT CONTAIN THE SOCIAL
SECURITY NUMBER OF ANY PERSON

LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING

**NOTICE: THIS DEED OF TRUST SECURES CREDIT IN THE INITIAL
MAXIMUM PRINCIPAL AMOUNT OF ONE BILLION DOLLARS
(\$1,000,000,000.00), TOGETHER WITH: (i) INTEREST ON THE
OUTSTANDING PORTION OF SAID PRINCIPAL AMOUNT; AND
(ii) OTHER AMOUNTS DESCRIBED HEREIN. THE OBLIGATIONS
SECURED HEREBY INCLUDE OBLIGATIONS TO REPAY PRINCIPAL
AMOUNTS ADVANCED AFTER THE DATE HEREOF, TOGETHER
WITH INTEREST THEREON, AS WELL AS REVOLVING CREDIT
OBLIGATIONS WHICH PERMIT BORROWING, REPAYMENT AND
REBORROWING, ALL SUBJECT TO THE TERMS AND CONDITIONS
OF THE INDENTURE AND THE NOTES THAT ARE REFERRED TO
THEREIN AND IN THE WORKING CAPITAL FACILITY LOAN
AGREEMENT. INTEREST ON OBLIGATIONS SECURED HEREBY
ACCRUES AT RATES WHICH MAY FLUCTUATE FROM TIME TO
TIME.**

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FIXTURE FILING (the "Deed of Trust") is made and entered
in to as of the 18th day of September, 2009, by and among WALLACE THEATER
CORPORATION, a California corporation (the "Grantor"), with an address of 919 SW Taylor
Street, Suite #800, Portland, Oregon 97205, in favor of Chicago Title Insurance Company, a
Nébraska Corporation (the "Trustee:"), with an address of 9500 Flamingo Road, Suite 104, Las
Vegas, NV 89147, for the benefit of U.S. BANK NATIONAL ASSOCIATION, a national
banking association, in its capacity as Collateral Agent (together with its successors and assigns,
in such capacity, the "Agent"), with an address of 60 Livingston Avenue, EP-MN-WS3C, St.



Paul, Minnesota 55101, for the benefit of the Second Priority Secured Parties (including the Notes Secured Parties).

RECITALS:

WHEREAS, reference is made to the Indenture dated as of June 23, 2009 (as the same may have been amended, supplemented, amended and restated or otherwise modified from time to time, the "Indenture") among Wallace Theater Holdings, Inc., a Delaware corporation (the "Company"), the guarantors party thereto (the "Guarantors") and U.S. Bank National Association, as trustee. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture and to the extent not defined therein but defined in the Intercreditor Agreement shall have the meanings ascribed to them in the Intercreditor Agreement;

WHEREAS, pursuant to the Indenture, the Company has issued (the "Notes Issuance") its Senior Secured Notes due 2013 (together with any Additional Notes as may be issued from time to time thereunder, the "Notes");

WHEREAS, the Company or one or more Guarantors may enter into a Working Capital Facility in accordance with the terms of the Indenture (as amended, restated, supplemented, replaced or otherwise modified from time to time (the "Working Capital Facility Loan Agreement");

WHEREAS, the Working Capital Facility Loan Agreement may be secured by all or a portion of the Mortgaged Property (as defined below) in accordance with the terms of the Indenture and if so secured, the Lien of this Deed of Trust on the Mortgaged Property will be contractually subordinated to the Liens thereon securing the Working Capital Facility Claims pursuant to an intercreditor agreement, substantially in the form of the Exhibit G to the Indenture (as amended, restated, supplemented, replaced or modified from time to time, the "Intercreditor Agreement");

WHEREAS, as a condition precedent to the Notes Issuance, Grantor is required to execute and deliver this Deed of Trust;

WHEREAS, it is in the best interest of Grantor to execute this Deed of Trust inasmuch as Grantor will derive substantial direct and indirect benefits from proceeds of the Notes issued by the Company; and

WHEREAS, Lake Tahoe Horizon Casinos, with an address of PO Box C, Stateline, NV 89449 ("Lessor"), is the owner of the ground leasehold estate in the real property described on Exhibit A attached hereto and incorporated herein by reference which land, together with the buildings and other improvements thereon, have been leased to Grantor, all pursuant to the terms of a certain Lease Agreement and as more particularly described on Schedule 1 attached hereto and incorporated herein by reference (as the same may have been amended, supplemented, restated or otherwise modified, the "Subject Lease").

WITNESSETH:

The Grantor, in consideration of the indebtedness herein recited and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agrees that to



secure the Secured Obligations (as defined in Section 1.1 hereof), Grantor has irrevocably granted, released, sold, remised, bargained, assigned, pledged, warranted, mortgaged, transferred and conveyed, and does hereby grant, release, sell, remise, bargain, assign, pledge, hypothecate, warrant, mortgage, transfer, convey and confirm unto the Trustee and the Trustee's successors and assigns in trust for the benefit of the Agent and the Agent's successors and assigns with power of sale, and grants a continuing security interest with POWER OF SALE and right of entry for the benefit of the Second Priority Secured Parties, in and to the following described land, real property interests, buildings, improvements, fixtures and other rights and interests (collectively, the "Mortgaged Property"):

(a) all of Grantor's right, title and interest in that tract or parcel of land and other real property interests located in Douglas County, Nevada and more particularly described in Exhibit A attached hereto and made a part hereof (the "Land") created by the Subject Lease (the "Leasehold Interest"), and any after-acquired estate of the Grantor in the Land, all of Grantor's rights under the Subject Lease, including, without limitation, any rights of first refusal or option to purchase the Land now or hereafter existing in favor of Grantor, and all of the Grantor's right, title and interest in and to rights appurtenant to the Land, including easement rights, servitudes, rights of ways, water rights, sewer rights and all minerals, oil and gas and other hydrocarbon substances thereon;

(b) all of Grantor's right, title and interest in and to all buildings and improvements of every kind and description now or hereafter erected or placed on the Land (the "Improvements") and all materials intended for construction, reconstruction, alteration and repair of such Improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the premises hereby conveyed immediately upon the delivery thereof to the aforesaid Land, all machinery, apparatus, equipment, furniture, furnishings, fittings, boilers, appliances, and other articles of tangible personal property, including, without limitation, all fixtures now or hereafter owned by the Grantor and attached to or contained in and used in connection with the aforesaid Land and Improvements and all renewals or replacements thereof or articles in substitution thereof, whether or not the same are or shall be attached to the Land and Improvements in any manner (the "Tangible Personalty"), and all proceeds of the Tangible Personalty (hereinafter, the Leasehold Interest, the Improvements and Tangible Personalty may be collectively referred to as the "Premises"), all the Tangible Personalty which comprise a part of the Premises shall, as far as permitted by law, be deemed to be affixed to the aforesaid Land and conveyed therewith, and Grantor hereby grants a security interest as to the balance of the Tangible Personalty and the Intangible Personalty, and this Deed of Trust shall be considered to be a security agreement which creates a security interest in such items, subject to the terms of the Intercreditor Agreement. In that regard, the Grantor hereby grants to the Agent all of the rights and remedies of a secured party under the laws of the state in which the Premises are located;

(c) any and all other, further or additional title, estates, interests or rights which Grantor now owns or which may at any time be acquired by Grantor in or to the Land, or the Subject Lease, and Grantor agrees that if Grantor shall, at any time prior to payment in full of the indebtedness secured hereby, acquire any other estate to the Land or the Subject Lease, the lien of this Deed of Trust shall attach, extend to, cover and be a lien upon such estate;



(d) any and all leases, subleases, lease guaranties and any other agreements relating to the use and occupancy of the Land and/or the Improvements or any portion thereof, including, but not limited to, any use or occupancy rights or arrangements retained or created pursuant to Section 365(h) of Title 11 of the United States Code (as the same may hereafter be amended, the "Bankruptcy Code") or otherwise in connection with the commencement or continuance of any bankruptcy, reorganization, arrangement, insolvency, dissolution, receivership or similar proceedings, or any assignment for the benefit of creditors, in respect of any tenant or occupant of any portion of the Land and/or the Improvements (collectively, "Leases");

(e) all the security deposits, rents, issues, profits, revenues, accounts receivable and income of the Premises from time to time accruing (collectively, the "Rents"); and

(f) the right, title and the interest of the Grantor in all real estate tax refunds with respect to the Premises and all proceeds and products of the conversion, voluntary or involuntary, of any of the Premises into cash or liquidated claims, including, without limitation, all proceeds of insurance maintained by Grantor and all proceeds and awards as a result of condemnation or other taking for public use or the alteration of the grade of any streets or roads and any and all equipment leases, management contracts, franchise agreements, construction contracts, architects' contracts, technical services agreements, or other contracts, licenses and permits to the extent now or hereafter relating the Premises (together with the Leases, the "Intangible Personalty") or any part thereof, and the Grantor agrees to execute and deliver to the Agent such additional instruments, in form and substance reasonably satisfactory to the Agent, as may hereafter be reasonably requested by the Agent to evidence and confirm said assignment; provided, however, that acceptance of any such assignment shall not be construed as a consent by Agent to any lease, rental agreement, management contract, franchise agreement, construction contract, technical services agreement or other contract, license or permit, or to impose upon the Agent any obligation with respect thereto. Notwithstanding the foregoing provisions, such assignment and grant of security interest contained herein shall not extend to Excluded Assets.

TO HAVE AND HOLD the same, together with all privileges, hereditaments, easements and appurtenances thereunto belonging, subject to the Permitted Liens, to the Trustee and the Trustee's successors and assigns in trust for the benefit of the Agent and the Agent's successors and assigns to secure the Secured Obligations; provided that, should the Secured Obligations be paid according to the tenor and effect thereof when the same shall be due and payable and should the Grantor timely and fully discharge its obligations secured hereby and satisfy the Secured Obligations in full (other than contingent indemnification obligations that are not yet due and payable), then this Deed of Trust shall cease, determine and be void, otherwise it shall remain in full force and virtue.

The Grantor and the Agent covenant, represent and agree as follows:

ARTICLE I

INDEBTEDNESS SECURED

1.1. Indebtedness. This Deed of Trust is given to secure the payment of all Secured Obligations of the Grantor now or hereafter existing under each Second Priority Debt Document



to which the Grantor is or may become a party (including the Indenture, its Note Guarantee, the Security Agreement and this Deed of Trust) (subject to the Intercreditor Agreement if then in effect), whether for principal, interest (including in the case of the Notes, all interest accrued thereon after the commencement of any Insolvency or Liquidation Proceeding, even if such interest is not enforceable, allowable, or allowed as a claim in such proceeding), costs, fees, expenses or otherwise (the foregoing are hereinafter collectively referred to as the "Secured Obligations").

1.2. Amount Secured. This Deed of Trust is intended to secure all present and future Secured Obligations. Grantor, and each party at any time claiming an interest in or lien or encumbrance against the Premises by, through or under Grantor, agrees that (a) all advances made by Agent and/or the Second Priority Secured Parties from time to time under the Second Priority Debt Documents, and all other portions of the Secured Obligations, shall be secured by this Deed of Trust with priority as if all of the same had been advanced, had arisen or become owing or performable on the date of this Deed of Trust, (b) no reduction from time to time of the outstanding principal balance of the Secured Obligations shall extinguish, release or subordinate any rights, titles, interest, liens, security interests, power or privileges intended, created or arising hereunder or under the Second Priority Debt Documents, (c) this Deed of Trust shall remain in full force and effect as to any subsequent advances or subsequently arising portions of the Secured Obligations without loss of priority until all of the Secured Obligations are fully paid, all obligations fully performed and satisfied, and all agreements and obligations, if any, of Agent and/or the Second Priority Secured Parties to make further advances have been terminated and this Deed of Trust has been released of record by Agent, (d) the maximum aggregate principal amount of Secured Obligations secured or that any time may be secured hereby at any time and from time to time is One Billion Dollars (\$1,000,000,000) (the "Secured Amount") and (e) so long as the aggregate amount of Secured Obligations exceeds the Secured Amount, any payments and repayments of the Secured Obligations shall not be deemed to be applied to the Secured Amount.

ARTICLE II

GRANTOR'S COVENANTS, REPRESENTATIONS AND AGREEMENTS

2.1. Grantor Performance of Second Priority Debt Documents. Grantor shall perform, observe and comply with each and every provision hereof and with each and every provision of the Second Priority Debt Documents to which it is a party and shall promptly pay to Agent, when payment shall become due, the amounts provided for thereunder with interest thereon, if any, and all other sums required to be paid by Grantor under this Deed of Trust and the Second Priority Debt Documents, in the manner provided herein and therein.

2.2. Title to Property. The Grantor represents and warrants to the Agent (1) that it is lawfully seized of the Leasehold Interest (and any appurtenant easements), the Improvements and the Tangible Personalty (to the extent such Tangible Personalty does not constitute fixtures), and has the right and lawful authority to encumber and convey, mortgage and encumber the same, (ii) that as of the date hereof, such property is free and clear of all encumbrances except for the Permitted Liens, and (iii) that it will warrant and defend the title to such property except for the Permitted Liens against the claims of all Persons. As to the balance of the Premises, the



Rents and the Intangible Personalty, the Grantor represents and warrants that it has good title to such property that title to such property, is free and clear of all encumbrances except for the Permitted Liens, that it has the right and lawful authority to encumber and convey and mortgage such property and that it will warrant and defend such property against the claims of all Persons subject to the Permitted Liens.

2.3. Taxes and Fees. The Grantor will pay prior to delinquency all taxes, general and special assessments, insurance premiums, permit fees, inspection fees, user fees, license fees, water and sewer charges, franchise fees and equipment rents against it or the Premises as required by the terms and conditions of the Indenture (and the Grantor, upon request of the Agent, will submit to the Agent receipts evidencing said payments).

2.4. Reimbursement. The Grantor agrees that if it shall fail to pay on or before the date that the same become delinquent any tax, assessment or charge levied or assessed against the Premises or any utility charge, whether public or private, or any insurance premium, or if it shall fail to procure the insurance coverage and the delivery of the insurance certificates required hereunder, or if it shall fail to pay any other charge or fee described in Sections 2.3, 2.4 or 2.7 hereof, then the Agent, at its option, may pay or procure the same and will give the Grantor prompt notice of any such expenditures. The Grantor will reimburse the Agent upon demand for any sums of money paid by the Agent pursuant to this Section and all sums and interest thereon shall be secured hereby.

2.5. Additional Documents. The Grantor agrees to execute and deliver to the Agent, concurrently with the execution of this Deed of Trust and upon the request of the Agent from time to time hereafter, all financing statements and other documents reasonably required to perfect and maintain the security interest created hereby. The Grantor hereby irrevocably (as long as the Secured Obligations remain unpaid) makes, constitutes and appoints the Agent as the true and lawful attorney of the Grantor (such appointment being coupled with an interest) to sign the name of the Grantor (after the Grantor has failed or refused to timely execute such documents upon request of the Agent) on any financing statement, continuation of financing statement or similar document required to perfect or continue such security interests but only in the event the Grantor refuses to do so after receipt of written notice.

2.6. Sale or Encumbrance. Except as otherwise permitted in the Indenture, the Grantor will not sell, encumber or otherwise dispose of any of the Tangible Personalty except to incorporate such into the Improvements or replace such with goods of quality and value at least equal to that replaced. Provided, however, in the event the Grantor sells or otherwise disposes of any of the Tangible Personalty, the Agent's security interest in the proceeds of the Tangible Personalty shall continue pursuant to this Deed of Trust.

2.7. Fees and Expenses. The Grantor will promptly pay upon demand any and all reasonable costs and expenses of the Agent, (a) as required under the terms of the Indenture and (b) as necessary to protect the Mortgaged Property or to exercise any rights or remedies under this Deed of Trust or with respect to the Mortgaged Property. All of the foregoing costs and expenses shall be secured hereby.

2.8. Leases and Other Agreements. Except as otherwise permitted in the Indenture, the Grantor shall faithfully keep and perform, or cause to be kept and performed, in all material



respects, all of the covenants, conditions, and agreements contained in any material Lease, equipment lease, management contract, franchise agreement, construction contract, technical services agreement or other material contract, license or permit now or hereafter affecting the Premises on the part of the Grantor to be kept and performed and shall at all times use commercially reasonable efforts to enforce, with respect to each other party to said agreements, all material obligations, covenants and agreements by such other party to be performed thereunder.

2.9. Maintenance of Premises. The Grantor will abstain from and will not permit the commission of waste in or about the Premises and will maintain, or cause to be maintained, the Premises in reasonable condition and repair, ordinary wear and tear casualty, condemnation and obsolescence excepted. Except as otherwise permitted under the Indenture, the Grantor will not permit the Improvements to be demolished or altered in any manner that substantially decreases the value thereof.

2.10. Insurance.

(a) Types Required. The Grantor shall maintain insurance for the Premises as set forth in Section 10.07 of the Indenture. In addition to the requirements set forth in the Indenture, if any part of the Improvements is located in an area having "special flood hazards" as defined in the Federal Flood Disaster Protection Act of 1973, as amended, a flood insurance policy as may be required by law naming the Agent as mortgagee must be submitted to the Agent. The policy must be in such amount, covering such risks and liabilities and with such deductibles or self-insurance retentions as are in accordance with normal industry practice.

(b) Use of Proceeds. If an Event of Default has occurred and is continuing, all insurance proceeds shall be subject to the provisions of Sections 5.4 and 5.5 of the Security Agreement and all references to "Proceeds" thereunder shall include insurance proceeds with respect to the Mortgaged Property.

2.11. Eminent Domain. If an Event of Default has occurred and is continuing, all proceeds and awards which may become due by reason of any condemnation or other taking for public use of the whole or any part of the Premises or any rights appurtenant thereto to which the Grantor is entitled shall be subject to the provisions of Sections 5.4 and 5.5 of the Security Agreement and all references to "Proceeds" thereunder shall include all proceeds and awards described in this Section 2.11. The Grantor agrees to execute such further assignments and agreements as may be reasonably required by the Agent to assure the effectiveness of the assignment of such proceeds and awards set forth in the granting clauses of this Deed of Trust.

2.12. Releases and Waivers. The Grantor agrees that no release by the Agent of any portion of the Mortgaged Property, no subordination of lien, no forbearance on the part of the Agent to collect on the Secured Obligations, or any part thereof, no waiver of any right granted or remedy available to the Agent and no action taken or not taken by the Agent shall, except to the extent expressly released, in any way have the effect of releasing the Grantor from full responsibility to the Agent for the complete discharge of each and every of the Grantor's obligations hereunder.



2.13. Transfer of Premises. Except as otherwise permitted in the Indenture, the Grantor covenants and agrees with the Agent that the Grantor shall not sell, transfer, convey, lease, sublease, mortgage, encumber or otherwise dispose of the Mortgaged Property or any part thereof or any interest therein or engage in subordinate financing with respect thereto during the term of this Deed of Trust without the prior written consent of the Agent.

2.14. Compliance with Law. Except as otherwise permitted in the Indenture, the Grantor will comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental authorities in respect of the ownership of the Mortgaged Property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls).

2.15. Inspection. Except as otherwise permitted in the Indenture, the Grantor will permit the Agent, or its agents, at all reasonable times during regular business hours and with advance prior notice to enter and pass through or over the Premises for the purpose of inspecting same; provided, however, prior to an Event of Default inspections shall be at reasonable times during the Grantor's normal business hours.

2.16. Security Agreement and Fixture Filing.

(a) Insofar as the fixtures and articles of personal property either referred to or described in this Deed of Trust are in any way connected with the use and enjoyment of the Premises, this Deed of Trust is hereby made and declared to be a security agreement, encumbering each and every item of personal property included herein, in compliance with the provisions of the Uniform Commercial Code as enacted in the state where the Premises are located (the "UCC"). A financing statement or statements reciting this Deed of Trust to be a security agreement, affecting all of said personal property aforementioned, shall be executed by the Grantor and appropriately filed. The remedies for any violation of the covenants, terms and condition of the security agreement herein contained shall be (i) as prescribed herein or (ii) as prescribed by general law or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in the UCC, all at Agent's sole election. The Grantor and the Agent agree that the filing of such financing statement(s) in the records normally having to do with personal property shall never be construed as in anywise derogating from or impairing this declaration and hereby stated intention of the Grantor and the Agent that everything used in connection with the production of income from the Premises or adapted for use therein or which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (a) any such item is physically attached to the improvements, (b) serial numbers are used for the better identification of certain items capable of being thus identified in a recital contained herein, or (c) any such item is referred to or reflected in any such financing statement(s) so filed at any time. Similarly, the mention in any such financing statement(s) of the rights in and to (aa) the proceeds of any fire or hazard insurance policy of (bb) any award in eminent domain proceedings for a taking or for loss of value or (cc) the Grantor's interest as lessor in any present or future lease or rights to income growing out of the use or occupancy of the Premises, whether pursuant to lease or otherwise, shall never be construed as in anywise altering any of the rights of the Grantor or the Agent as determined by this instrument or impugning the priority of the Agent's lien granted hereby or by any other recorded document, but such mention in such financing statement(s) is declared to be for the protection of the Agent



in the event any court shall at any time hold with respect to the foregoing (aa) or (bb) or (cc), that notice of the Agent's priority of interest to be effective against a particular class of persons, must be filed in the UCC records, provided, if there is a conflict between the terms of this paragraph and the terms of the Security Agreement, the terms of the Security Agreement shall govern.

(b) This Deed of Trust constitutes a fixture filing (under NRS 104.9502) and financing statement as those terms are used in the UCC. For purposes of this Section 2.16, this Deed of Trust is to be filed and recorded in, among other places, the real estate records of the County in which the Premises is located and the following information is included: (1) the Grantor shall be deemed the "Debtor" with the address set forth for the Grantor on the first page of this Deed of Trust which the Grantor certifies is accurate; (2) the Agent shall be deemed to be the "Secured Party" with the address set forth for the Agent on the first page of this Deed of Trust and shall have all of the rights of a secured party under the UCC; (3) this Deed of Trust covers goods which are or are to become fixtures; (4) the name of the record owner of the land is Edgewood Companies, a Nevada corporation; (5) the organizational identification number of the Debtor is C1693934; (6) the Debtor is a corporation organized under the laws of the State of California; and (7) the legal name of the Debtor is Wallace Theater Corporation. The Debtor hereby authorizes the Agent to file any financing statements and terminations thereof or amendments or modifications thereto without the signature of the Debtor, where permitted by law.

2.17. Subject Lease. With respect to the Subject Lease, the Grantor represents, warrants and covenants with the Agent as follows:

(a) The Subject Lease is in full force and effect in accordance with its terms, has not been modified except as expressly set forth herein and the Grantor is the holder of lessee's or tenant's interest thereunder.

(b) To the Grantor's knowledge, all rents presently due under the Subject Lease have been paid and no default exists beyond notice and applicable grace period by any party under the Subject Lease;

(c) The granting of this Deed of Trust upon the Leasehold Interest does not constitute a default under the Subject Lease (or if it does constitute a default the appropriate consent has been obtained) or require the consent of any party to any of the foregoing (other than the Lessor);

(d) The Grantor will immediately provide the Agent with copies of any and all notices of any default under the Subject Lease and notices of termination of the Subject Lease;

(e) The Grantor will fully comply with all material obligations imposed upon it under the Subject Lease and will do all things necessary to keep the Subject Lease in full force and effect for the entire term thereof;

(f) In the event the Grantor defaults under the Subject Lease then the Agent, at its option, upon notice to the Grantor, may take all steps necessary, including the payment of money, to preserve and maintain the Subject Lease and any sums so spent or expenses incurred (including without limitation attorneys' fees) in such action, together with interest thereon, shall be subject to the security interest of this Deed of Trust;



(g) Except as permitted under the Indenture, the Grantor will not, without the Agent's prior written consent, agree to any modification, amendment or termination of the Subject Lease; and

(h) The Grantor shall not, without the prior written consent of the Agent, permit the fee title to the Premises covered by the Subject Lease or any part thereof to merge with the leasehold estate created by the Subject Lease, but shall keep such estates separate and distinct; provided, however, that if the Grantor acquires the fee title or any additional estate, title or interest in the real property covered by the Subject Lease, this Deed of Trust shall be a lien upon the fee title or other estate obtained by the Grantor and the Grantor shall notify the Agent of any such acquisition by the Grantor, shall cause to be executed and recorded any instrument deemed necessary by the Agent to cause this Deed of Trust to encumber such fee title or additional estate, title or interest obtained by the Grantor and shall deliver to Agent an endorsement to Agent's title insurance loan policy or a new loan policy insuring that such fee title or other estate is subject to the lien of this Deed of Trust.

(i) The lien of this Deed of Trust shall attach to all of Grantor's rights and remedies at any time arising under or pursuant to Section 365(h) of the Bankruptcy Code, including all of Grantor's rights to remain in possession of the Land. Grantor shall not, without Agent's prior written consent, elect to treat the Subject Lease as terminated under Section 365(h)(1)(A)(i) of the Bankruptcy Code. Any such election made without Agent's consent shall be void.

(j) Grantor hereby unconditionally assigns, transfers and sets over to Agent all of Grantor's claims and rights to the payment of damages arising from any rejection of the Subject Lease by the lessor or any other fee owner of any leasehold parcel or any portion thereof under the Bankruptcy Code. Agent shall have the right, if an Event of Default shall have occurred and be continuing or if Grantor fails to do so at lease five (5) Business Days prior to the last day on which Grantor has the right to do so, to proceed in its own name or in the name of Grantor in respect of any claim, suit, action or proceeding relating to the rejection of the Subject Lease by the lessor or any other party, including the right to file and prosecute under the Bankruptcy Code, without joining or the joinder of Grantor, any proofs of claim, complaints, motions, applications, notices and other documents. Any amounts received by Agent as damages arising out of the rejection of the Subject Lease as aforesaid shall be applied first to all costs and expenses of Agent (including, without limitation, reasonable attorneys' fees) incurred in connection with the exercise of any of its rights or remedies under this paragraph and thereafter in accordance with the Indenture. Grantor acknowledges that the assignment of all claims and rights to the payment of damages from the rejection of the Subject Lease made under this Deed of Trust constitutes a present irreversible and unconditional assignment and Grantor shall, at the request of Agent, promptly deliver, in form and substance satisfactory to Agent, a UCC Financing Statement in connection with such assignment, and Grantor authorizes Agent to file such UCC Financing Statement and any amendments or modifications thereto. Grantor shall, at the request of Agent, make, execute, acknowledge, and deliver, in form and substance satisfactory to Agent, all such additional instruments, agreements and other documents, as may at any time hereafter be required by Agent to carry out such assignment.

(k) If pursuant to Section 365(h)(1)(B) of the Bankruptcy Code, Grantor shall seek to offset against the rent reserved in the Subject Lease the amount of any damages caused by the



nonperformance by the lessor or any other party of any of their respective obligations under such Lease after the rejection by the lessor or such other party of such Lease under the Bankruptcy Code, then Grantor shall, prior to effecting such offset, notify Agent of its intent to do so, setting forth the amount proposed to be so offset and the basis therefor. In such event, Agent shall have the right to object to all or any part of such offset that, in the reasonable judgment of Agent, would constitute a breach of such Lease, and in the event of such objection, Grantor shall not effect any offset of the amounts found objectionable by Agent. Neither Agent's failure to object as aforesaid nor any objection relating to such offset shall constitute an approval of any such offset by Agent.

(l) Grantor shall, after obtaining knowledge thereof, promptly notify Agent of any filing by or against the lessor or other party with an interest in the Land of a petition under the Bankruptcy Code. Grantor shall promptly deliver to Agent, following receipt, copies of any and all notices, summonses, pleadings, applications and other documents received by Grantor in connection with any such petition and any proceedings relating thereto.

(m) If there shall be filed by or against Grantor a petition under the Bankruptcy Code and Grantor, as lessee under the Subject Lease, shall determine to reject the Subject Lease pursuant to Section 365(a) of the Bankruptcy Code, then Grantor shall give Agent not less than twenty (20) days' prior notice of the date on which Grantor shall apply to the Bankruptcy Court for authority to reject the Subject Lease. Grantor shall not reject the Subject Lease without the prior written consent of Agent.

ARTICLE III

ASSIGNMENT OF LEASES, RENTS

3.1. Assignment. The Grantor hereby absolutely, irrevocably and unconditionally sells, assigns, transfers and conveys to the Agent all of the Grantor's right, title and interest in and to all current and future Leases and Rents, including those now due, past due, or to become due by virtue of any Lease or other agreement for the occupancy or use of all or any part of the Premises. The Grantor intends that this assignment constitute a present and absolute assignment and not an assignment for additional security only. Such assignment to the Agent shall not be construed to bind the Agent to the performance of any of the covenants, conditions or provisions contained in any Lease or otherwise impose any obligation upon the Agent. The Grantor covenants that it will not hereafter collect or accept payment of any Rents more than one month prior to the due dates of such Rents and that no Rents will be waived, released, reduced, discounted or otherwise discharged or compromised by the Grantor, except as may be previously approved in writing by the Agent. Except as permitted under the Indenture, the Grantor agrees that it will not assign any of the Leases or Rents to any other Person. The Agent shall have no liability for any loss which may arise from a failure or inability to collect any Rents. The Grantor shall maintain all security deposits in accordance with applicable law.

3.2. Revocable License. Notwithstanding the foregoing, but subject to the terms of this Article III, the Agent grants to the Grantor a revocable license to operate and manage the Premises and to collect the Rents hereby directs each tenant under a Lease to pay such Rents to, or at the direction of, the Grantor, until such time as the Agent provides notice to the contrary to



such tenants. The Grantor shall hold the Rents, or a portion thereof sufficient to discharge all sums currently due in respect of the Secured Obligations, in trust for the benefit of the Agent for use in the payment of such sums.

3.3. Rents. (a) Upon the occurrence and during the continuance of an Event of Default, without the need for notice or demand, the license granted pursuant to this Article III shall immediately and automatically be revoked and the Agent shall immediately and automatically be entitled to possession of all Rents, whether or not the Agent enters upon or takes control of the Premises. Upon the revocation of such license, the Grantor grants to the Agent the right, at its option, to exercise all the rights granted in Section 6.1 hereof.

(b) From and after the termination of such license, the Grantor may, at the Agent's direction, be the agent for the Agent in collection of the Rents and all of the Rents so collected by the Grantor shall be held in trust by the Grantor for the sole and exclusive benefit of the Agent and the Grantor shall, within one (1) Business Day after receipt of any Rents, pay the same to the Agent to be applied by the Agent as provided herein. All Rents collected shall be applied against all expenses of collection (including, but not limited to, attorneys' fees), costs of operation and management of the Premises and the Secured Obligations, in accordance with the terms of Section 5.5 of the Security Agreement. Neither demand for nor collection of Rents by the Agent shall constitute any assumption by the Agent of any obligations under any Lease or agreement relating thereto.

(c) Grantor shall reimburse the Agent for any funds expended by the Agent to take control of and manage the Premises and collect the Rents and Grantor's reimbursement obligations shall become part of the Secured Obligations secured hereby. Such amounts shall be payable upon demand from the Grantor to the Agent and such amounts together with interest thereon shall be secured by this Deed of Trust.

ARTICLE IV

EVENTS OF DEFAULT

An Event of Default shall exist under the terms of this Deed of Trust upon the existence of an Event of Default under the terms of the Indenture.

ARTICLE V

FORECLOSURE

5.1. Acceleration of Secured Obligations; Foreclosure. Upon the occurrence and during the continuance of an Event of Default, (a) the entire balance of the Secured Obligations, shall, at the option of the Agent, become immediately due and payable; and (b) Agent may foreclose the lien of this Deed of Trust by judicial or nonjudicial proceedings in a manner permitted by applicable law. The Agent, its successors and assigns, may bid at any sale or sales had under the terms of this Deed of Trust and may purchase the Premises, or any part thereof, if the highest bidder therefor. The purchaser at any such sale or sales shall be under no obligation to see to the proper application of the purchase money. At any foreclosure sale, any part or all of



the Premises, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds. In case the Agent, in the exercise of the power of sale herein given, elects to sell the Premises in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Premises not previously sold shall have been sold or all the Secured Obligations shall have been paid in full. Upon such foreclosure, Agent is authorized and empowered to execute and deliver to the Purchaser a deed to the property sold in the name and on behalf of the Grantor.

5.2. Foreclosure By Power of Sale. Upon the occurrence and during the continuance of an Event of Default, Trustee, or its successor or substitute, is authorized and empowered and it shall be its special duty at the request of Agent to sell the Premises or any part thereof in accordance with the statutes of the State of Nevada then in force governing sales of real estate under powers of sale conferred by deed of trust, after having given notice of such sale in accordance with such statutes. Any sale made by Trustee hereunder may be as an entirety or in such parcels as Agent may request. To the extent permitted by applicable law, any sale may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law. The sale by Trustee of less than the whole of the Premises shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Premises shall be sold; and, if the proceeds of such sale of less than the whole of the Premises shall be less than the aggregate of the Secured Obligations secured hereby and the expense of executing this trust as provided herein, this Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Premises just as though no sale had been made; provided, however, that Grantor shall never have any right to require the sale of less than the whole of the Premises but Agent shall have the right, at its sole election, to request Trustee to sell less than the whole of the Premises. Trustee may, after any request or direction by Agent, sell not only the real property but also the Tangible Personalty and other interests which are a part of the Premises, or any part thereof, as a unit and as a part of a single sale, or may sell any part of the Premises separately from the remainder of the Premises. It shall not be necessary for Trustee to have taken possession of any part of the Premises or to have present or to exhibit at any sale any of the Tangible Personalty. After each sale, Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances in the name of Grantor, conveying the property so sold to the purchaser or purchasers with special warranty of title by Grantor, subject to the Permitted Liens and shall receive the proceeds of said sale or sales and apply the same as herein provided. Payment of the purchase price to the Trustee shall satisfy the obligation of purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof. The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or his substitute or successor, and such power of sale may be exercised from time to time and as many times as Agent may deem necessary until all of the Premises has been duly sold and all of the Secured Obligations has been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of Agent, such sale shall not exhaust the power of sale hereunder and Agent shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds or other conveyances given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the Secured Obligations or as to the occurrence of any default, or as to Agent's having declared all of the Secured Obligations to



be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor trustee, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Agent or by such Trustee, substitute or successor, shall be taken as prima facie evidence of the truth of the facts so stated and recited. The Trustee or his successor or substitute may appoint or delegate anyone or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee, its successor or substitute. If Trustee or its successor or substitute shall have given notice of sale hereunder, any successor or substitute Trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

5.3. Waiver of Redemption and Appraisement Laws. Grantor waives the benefit of all laws now existing or hereafter enacted providing for redemption or a right of redemption from any sale made in collecting the Secured Obligations, appraisement of the Premises is hereby expressly waived, or not, at the option of Agent, such option to be exercised at the time judgment is rendered in foreclosure, or at any time prior thereto.

5.4. Proceeds of Sale. The proceeds of any foreclosure sale or other sale of the Mortgaged Property pursuant to the terms hereof (including, without limitation all Rents and other proceeds held by Agent in accordance with the terms hereof) shall, subject to applicable law, be applied in accordance with Section 5.5 of the Security Agreement. In furtherance of the foregoing, the terms of Section 5.5 of the Security Agreement shall be deemed to be incorporated herein by reference mutatis mutandis, as if each reference to "Collateral Agent" were to "Agent (or to the receiver, if one is appointed)", each reference to "Collateral" were to the "Mortgaged Property" and each reference to "Secured Obligations" were to the "Secured Obligations" as defined in this Deed of Trust.

ARTICLE VI

ADDITIONAL RIGHTS AND REMEDIES OF THE AGENT

6.1. Rights Upon an Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Agent, immediately and without additional notice and without liability therefor to the Grantor, except for gross negligence, willful misconduct or unlawful conduct, may do or cause to be done any or all of the following to the extent permitted by applicable law: (a) take physical possession of the Premises; (b) exercise its right to collect the Rents; (c) enter into contracts for the completion, repair and maintenance of the Improvements thereon; (d) expend Loan funds and any rents, income and profits derived from the Premises for the payment of any taxes, insurance premiums, assessments and charges for completion, repair and maintenance of the Improvements, preservation of the lien of this Deed of Trust and satisfaction and fulfillment of any liabilities or obligations of the Grantor arising out of or in any way connected with the Premises whether or not such liabilities and obligations in any way affect, or may affect, the lien of this Deed of Trust; (e) enter into leases demising the Premises or any part thereof; (f) take such steps to protect and enforce the specific performance of any covenant, condition or agreement in the Notes, this Deed of Trust, the Indenture or the other Second Priority Debt Documents, or to aid the execution of any power herein granted; and



(g) generally, supervise, manage, and contract with reference to the Premises as if the Agent were equitable owner of the Premises. Notwithstanding the occurrence of an Event of Default or acceleration of the Secured Obligations, the Agent shall continue to have the right to pay money, whether or not Loan funds, for the purposes described in Sections 2.3, 2.4 and 2.7 hereof, and all such sums and interest thereon shall be secured hereby. The Grantor also agrees that any of the foregoing rights and remedies of the Agent may be exercised at any time independently of the exercise of any other such rights and remedies, and the Agent may continue to exercise any or all such rights and remedies until the Event(s) of Default are cured or waived with the consent of the Agent or until foreclosure and the conveyance of the Premises to the high bidder or until the Secured Obligations are otherwise satisfied or paid in full.

6.2. Appointment of Receiver. Upon the occurrence of an Event of Default, the Agent shall be entitled, without additional notice and without regard to the adequacy of any security for the indebtedness secured hereby whether the same shall then be occupied as a homestead or not or the solvency of any party bound for its payment, to make application for the appointment of a receiver to take possession of and to operate the Premises, and to collect the rents, issues, profits, and income thereof, all expenses of which shall be added to the Secured Obligations and secured hereby. The receiver shall have all the rights and powers provided for under the laws of the state in which the Premises are located, including without limitation, the power to execute leases, and the power to collect the rents, sales proceeds, issues, profits and proceeds of the Premises during the pendency of such foreclosure suit, as well as during any further times when the Grantor, its successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, sales proceeds, issues, proceeds and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises during the whole of said period. All costs and expenses (including receiver's fees, attorney's fees and costs incurred in connection with the appointment of a receiver) shall be secured by this Deed of Trust. Notwithstanding the appointment of any receiver, trustee or other custodian, the Agent shall be entitled, to retain possession and control of any cash or other instruments, at the time held by or payable or deliverable under the terms of the Deed of Trust to the Agent to the fullest extent permitted by law.

6.3. Waivers. No waiver of any Event of Default shall at any time thereafter be held to be a waiver of any rights of the Agent stated anywhere in the Notes, this Deed of Trust, the Indenture or any of the other Second Priority Debt Documents, nor shall any waiver of a prior Event of Default operate to waive any subsequent Event(s) of Default. All remedies provided in this Deed of Trust, the Notes, the Indenture or any of the other Second Priority Debt Documents are cumulative and may, at the election of the Agent, be exercised alternatively, successively, or in any manner and are in addition to any other rights provided by law.

6.4. Delivery of Possession After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, the Grantor or the Grantor's heirs, devisees, representatives, successors or assigns are occupying or using the Premises, or any part thereof, each and all immediately shall become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale, notwithstanding any language herein apparently to the contrary, shall have the sole option to



demand possession immediately following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible detainer) in any court having jurisdiction.

6.5. Marshalling. The Grantor hereby waives, in the event of foreclosure of this Deed of Trust or the enforcement by the Agent of any other rights and remedies hereunder, any right otherwise available in respect to marshalling of assets which secure the Secured Obligations and any other indebtedness secured hereby or to require the Agent to pursue its remedies against any other such assets.

6.6. Substitute Trustee. The Trustee may resign by an instrument in writing addressed to the Agent, or the Trustee may be removed at any time with or without cause by an instrument in writing executed by the Agent in case of the death, resignation, removal or disqualification of the Trustee, or if for any reason the Agent shall deem it desirable to appoint a substitute or successor trustee to act instead of the herein named trustee or any substitute or successor trustee, then the Agent shall have the right and is hereby authorized and empowered to appoint a successor trustee, or a substitute trustee, without other formality than appointment and designation in writing executed by the Agent and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the Secured Obligations has been paid in full, or until the Premises is fully and finally sold hereunder. If the Agent is a corporation or association and such appointment is executed on its behalf by an officer of such corporation or association such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation or association. Upon the making of any such appointment and designation, all of the estate and title of the Trustee in the Premises shall vest in the named successor or substitute trustee who shall thereupon succeed to, and shall hold, possess and execute, all the rights, powers, privileges, immunities and duties herein conferred upon the Trustee. All references herein to "Trustee" shall deemed to refer to the Trustee (including any successor or substitute appointed and designated as herein provided) from time to time acting hereunder.

6.7. No Liability of Trustee. The Trustee shall not be liable for any error of judgment or act done by the Trustee in good faith, or otherwise be responsible or accountable under any circumstances whatsoever (including Trustee's negligence), except for the Trustee's gross negligence or willful misconduct. The Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. All moneys received by the Trustee until used or applied as herein provided, shall be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and the Trustee shall be under no liability for interest on any moneys received by it hereunder. The Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or its successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof and the Grantor will reimburse the Trustee for, and save it harmless against, any and all liability and expenses which may be incurred by it in the performance of its duties in accordance with the terms hereof. The foregoing indemnity shall not terminate upon



discharge of the secured indebtedness or foreclosure, or release or other termination, of this Deed of Trust.

ARTICLE VII

GENERAL CONDITIONS

7.1. Terms. The singular used herein shall be deemed to include the plural; the masculine deemed to include the feminine and neuter; and the named parties deemed to include their heirs, successors and assigns. The term "Agent" shall include any payee of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise. Any act that Trustee or Agent is permitted to perform hereunder may be performed at any time and from time to time by Trustee or Agent or any person designated by Trustee or Agent.

7.2. Notices. All notices, requests and demands to or upon the respective parties hereto shall be effected in the manner provided in Section 13.02 of the Indenture; provided that any such notice shall, request or demand to or upon Grantor shall be addressed to Grantor at its notice address set forth on Schedule 1 of the Security Agreement.

7.3. Severability. If any provision of this Deed of Trust is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

7.4. Headings. The captions and headings herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of this Deed of Trust nor the intent of any provision hereof.

7.5. Governing Law. This Deed of Trust shall be governed by and construed in accordance with the internal law of the State of New York; provided, however, that the provisions of this Deed of Trust relating to the creation, perfection and enforcement of the lien and security interest created by this Deed of Trust in respect of the Premises and the exercise of each remedy provided hereby, including the power of foreclosure or power of sale procedures set forth in this Deed of Trust, shall be governed by and construed in accordance with the internal law of the state where the Premises is located. In the event of a conflict between the laws of the State of New York and the internal law with respect to creation, perfection and enforcement of the lien and security interest created by this Deed of Trust, the laws of the state in which the Premises is located shall govern.

7.6. Application of the Foreclosure Law. If any provision in this Deed of Trust shall be inconsistent with any provision of the foreclosure laws of the state where the Premises are located, the provisions of such laws shall take precedence over the provisions of this Deed of Trust, but shall not invalidate or render unenforceable any other provision of this Deed of Trust that can be construed in a manner consistent with such laws.

7.7. WRITTEN AGREEMENT.

(a) THE RIGHTS AND OBLIGATIONS OF THE GRANTOR AND THE AGENT SHALL BE DETERMINED SOLELY FROM THIS WRITTEN DEED OF TRUST



AND THE OTHER SECOND PRIORITY DEBT DOCUMENTS, AND ANY PRIOR ORAL OR WRITTEN AGREEMENTS BETWEEN THE AGENT AND THE GRANTOR CONCERNING THE SUBJECT MATTER HEREOF AND OF THE OTHER SECOND PRIORITY DEBT DOCUMENTS ARE SUPERSEDED BY AND MERGED INTO THIS DEED OF TRUST AND THE OTHER SECOND PRIORITY DEBT DOCUMENTS.

(b) THIS DEED OF TRUST AND THE OTHER SECOND PRIORITY DEBT DOCUMENTS MAY NOT BE VARIED BY ANY ORAL AGREEMENTS OR DISCUSSIONS THAT OCCUR BEFORE, CONTEMPORANEOUSLY WITH, OR SUBSEQUENT TO THE EXECUTION OF THIS DEED OF TRUST OR THE OTHER SECOND PRIORITY DEBT DOCUMENTS.

(c) THIS WRITTEN DEED OF TRUST AND THE OTHER SECOND PRIORITY DEBT DOCUMENTS REPRESENT THE FINAL AGREEMENTS BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

7.8. WAIVER OF JURY TRIAL. THE AGENT AND THE GRANTOR HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS DEED OF TRUST. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE AGENT AND THE GRANTOR, AND THE AGENT AND THE GRANTOR ACKNOWLEDGE THAT NO PERSON ACTING ON BEHALF OF ANOTHER PARTY TO THIS AGREEMENT HAS MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE AGENT AND THE GRANTOR FURTHER ACKNOWLEDGE THAT THEY HAVE BEEN REPRESENTED (OR HAVE HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS DEED OF TRUST AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

7.9. Request for Notice. The Grantor requests a copy of any statutory notice of default and a copy of any statutory notice of sale hereunder be mailed to the Grantor at the address specified on Schedule 1 of the Security Agreement.

7.10. Intercreditor Agreement. Notwithstanding anything to the contrary contained herein, the terms of this Deed of Trust shall be subject to the terms of the Intercreditor Agreement and in the event of any inconsistency between any provision herein and therein, the terms of the Intercreditor Agreement shall govern. In addition, notwithstanding anything to the contrary contained herein, the terms of this Deed of Trust shall be subject to the terms of the Indenture and in the event of any inconsistency between any provision herein and therein, the terms of the Indenture (unless such Indenture term conflicts with a term of the Intercreditor Agreement) shall govern.

7.11. Release.



(a) At such time as the Secured Obligations (other than contingent indemnification obligations not yet due and payable) shall have been paid in full, the Mortgaged Property shall be released from the Liens created hereby, and this Deed of Trust and all obligations (other than those expressly stated to survive such termination) of the Agent and Grantor shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Mortgaged Property shall revert to Grantor. At the request and sole expense of Grantor the Agent shall execute and deliver to Grantor such documents as Grantor shall reasonably request to evidence such termination. In addition, if a Legal Defeasance, Covenant Defeasance or Satisfaction and Discharge shall have occurred in accordance with the terms of the Indenture, the security interests and Liens on all of the Mortgaged Property that secure the Notes Claims shall be automatically released, and if no Change of Control Refi Claims shall be then outstanding, the terms of the immediately preceding sentence shall apply as if all of the Secured Obligations had been paid (other than contingent indemnification obligations not yet due and payable) in full in cash.

(b) If any of the Mortgaged Property shall be sold, transferred or otherwise disposed of by Grantor in a transaction not prohibited by the Second Priority Debt Documents, then the Agent, at the request and sole expense of Grantor, shall execute and deliver to Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Mortgaged Property.

ARTICLE VIII

STATE SPECIFIC PROVISIONS

In the event of any conflict between the terms and provision of any of the other Articles of this Deed of Trust and this Article VIII, the terms and provisions of this Article VIII shall govern and control. As used below, the "Beneficiary" is collectively the Collateral Agent and the Second Priority Secured Parties. As used below, "Personal Property" is collectively Tangible Personalty and Intangible Personalty.

8.1 Future Advances Secured.

(a) This Deed of Trust is given for the purpose of securing **(and the Secured Obligations referred to in Article I include)** Future Advances (as defined by NRS 106.320, as it may be amended or recodified from time to time) in an aggregate principal amount not to exceed One Billion Dollars (\$1,000,000,000.00) at any one time (collectively, the "Chapter 106 Advances"), to the extent set forth by the following paragraph.

(b) Grantor acknowledges and agrees that the obligations of Beneficiary to advance funds under the Indenture and Working Capital Facility Loan Agreement (collectively below "Credit Facility") are obligatory in nature, and that Grantor's obligations pursuant to such advances are secured by the lien of this deed of trust with priority determined as of the date hereof, regardless of when such advances are made. Notwithstanding the foregoing, to the extent, and only to the extent, that: (i) any such advances are deemed to be optional ("Optional Advance(s)"); and (ii) this instrument continues, as of the date of such Optional Advance(s), to operate as security for Future Advances under NRS Chapter 106; then such Optional Advance(s)



shall be deemed to be Chapter 106 Advances, secured by the Deed of Trust in accordance with **Article I, and subparagraph 8.1(a)**, above. It is the intention of Grantor and Beneficiary, and Grantor and Beneficiary hereby acknowledge and agree that, to the extent, and only to the extent, that the Deed of Trust secures any Chapter 106 Advances, in accordance herewith: (i) it shall constitute an "Instrument" (as defined in NRS 106.330 as amended and recodified from time to time) which secures the Chapter 106 Advances and which is governed pursuant to NRS 106.300 through 106.400 as amended and recodified from time to time, with the priority set forth in NRS 106.370(1) as amended and recodified from time to time; and (ii) the lien and security interest of the Deed of Trust as security for the Chapter 106 Advances shall be in addition to, and not in place of, the lien and security interest of the Deed of Trust as security for the other Secured Obligations (which are defined below).

The foregoing are included within the definition of "Secured Obligations." Additionally, the Secured Obligations include, without limitation, the obligation to repay advances under the Credit Facility, together with accrued interest thereon, which advances may include, without limitation, future advances which are made subsequent to the date when this Deed of Trust is recorded in the office of the County Recorder of Clark County, Nevada. All such advances shall be secured to the same extent, and with the same priority, as if they were each made on the date hereof. Interest accrues, as part of the Secured Obligations, at interest rates which may vary from time to time. All persons who may have or acquire an interest in all or any part of the Mortgaged Property will be considered to have notice of, and will be bound by, the terms of the Secured Obligations and each other agreement or instrument made or entered into in connection with each of the Secured Obligations.

8.2 Uniform Commercial Code.

(a) **Statutory References.** All references in this Deed of Trust to: (i) "Commercial Code" shall be to the Uniform Commercial Code, as enacted in the State of Nevada (NRS Chapters 104 and 104A), as it may be amended or recodified from time to time; and (ii) "Article 9 of the Commercial Code" shall be to the Uniform Commercial Code--Secured Transactions, NRS 104.9101, et seq., as it may be amended or recodified from time to time; provided, however, that if, by reason of mandatory provisions of law, the validity or perfection of any security interest granted herein is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Nevada, then, as to the validity or perfection of such security interest, "Commercial Code" shall mean the Uniform Commercial Code in effect in such other jurisdiction.

(b) **Fixture Filing.** The Mortgaged Property includes goods which are, or are to become, fixtures related to the Premises, and this Deed of Trust is intended to be a fixture filing under NRS 104.9502 as it may be amended, or recodified, from time to time. Grantor's Nevada Organizational Identification Number is C10754-1991. The address of Collateral Agent from which information may be obtained concerning the security interest granted hereunder and the mailing address of Grantor are as follows:

Collateral Agent: U.S. BANK NATIONAL ASSOCIATION
60 Livingston Avenue
EP-MN-WS3C



St. Paul, Minnesota 55101
Attn: Rick Prokosch

Grantor: WALLACE THEATER CORPORATION
919 SW Taylor Street
Suite #800
Portland, Oregon 97205
Attn: Chief Financial Officer

(c) Remedies in Respect of Personal Property. Upon the occurrence and during the continuance of an Event of Default, as defined in the Credit Agreement:

(i) Beneficiary may exercise in respect of the Personal Property, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party after default under Article 9 of the Commercial Code (whether or not Article 9 of the Commercial Code applies to the affected Personal Property). Beneficiary may also: (aa) require Grantor to, and Grantor hereby agrees that it will, at its expense and at the request of Beneficiary upon reasonable notice, assemble all or part of its Personal Property as directed by Beneficiary and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties; and (bb) without notice except as specified below, sell the Personal Property or any part thereof in one or more parcels at public or private sale, at any of Beneficiary's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Beneficiary may deem to be commercially reasonable. Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' prior notice to Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Beneficiary shall not be obligated to make any sale of Personal Property regardless of notice of sale having been given. Beneficiary may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned;

(ii) Upon any sale of the Personal Property (whether public or private) by Beneficiary, Beneficiary shall have the right to deliver, assign and transfer to the purchaser thereof the Personal Property so sold. Each purchaser (including the Collateral Agent and Second Priority Secured Parties) at any such sale shall hold the Personal Property so sold free from any claim or right of whatever kind, including any equity or right of redemption of Grantor, and Grantor, to the extent permitted by law, hereby specifically waives all rights of redemption under the Commercial Code, and any right to a judicial or other stay or approval which it has or may have under any law now existing or hereafter adopted;

(iii) Beneficiary shall have the right and power to institute and maintain such suits and proceedings as it may deem appropriate to protect and enforce the rights vested in it by this Deed of Trust and may proceed by suit or suits at law or in equity to enforce



such rights and to foreclose upon and sell the Personal Property or any part thereof pursuant to the judgment or decree of a court of competent jurisdiction;

(iv) To the extent permitted by law and without regard to the solvency or insolvency at the time of any Person then liable for the payment of any of the Secured Obligations or the then value of the Personal Property, and without requiring any bond from any party to such proceedings, Beneficiary shall be entitled to request the appointment of a special receiver or receivers for the Personal Property or any part thereof and for the rents, issues, tolls, profits, royalties, revenues and other income therefrom, which receiver shall have such powers as the court making such appointment shall confer, and to request the entry of an order directing that the rents, issues, tolls, profits, royalties, revenues and other income of the property constituting the whole or any part of the Personal Property be segregated, sequestered and impounded for the benefit of Collateral Agent and Second Priority Secured Parties; and

(v) No remedy conferred upon or reserved to Beneficiary in this Deed of Trust is intended to be exclusive of any other remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law, in equity or by statute.

8.3 Default Remedies. If the notice of breach and election to sell which is required by Chapter 107 of the Nevada Revised Statutes shall be first recorded, and if the time period after such recording, which is required by Chapter 107 of the Nevada Revised Statutes, shall have elapsed, then Trustee, its successors or assigns, on demand by Beneficiary, shall sell the above-granted premises, in order to accomplish the objects of these trusts, in the following manner, namely:

(i) the Trustee shall first give notice of the time and place of such sale, in the manner provided by the laws of the State of Nevada for the sale of real property under execution, and may from time to time postpone such sale by such advertisement as it may deem reasonable, or without further advertisement, by proclamation made to the persons assembled at the time and place previously appointed and advertised for such sale (as such time may have been previously postponed), and: (aa) on the day of sale so advertised, the Trustee may, in its discretion, sell the Mortgaged Property so advertised, or any portion thereof, in one or more lots (and thereafter postpone such sale, in accordance herewith, as to any portion of the Mortgaged Property remaining unsold, if Trustee so elects); and/or (bb) on any day to which such sale may have been postponed, the Trustee may, in its discretion, sell all or any portion of the Mortgaged Property then remaining unsold, in one or more lots (and thereafter further postpone such sale, in accordance herewith, as to any portion of the Mortgaged Property remaining unsold, if Trustee so elects); all at public auction, at the time and place specified in the notice (as such time may have been postponed), either in the county in which the Mortgaged Property, or any part thereof, to be sold, is situated, or at the principal office of the Trustee, in its discretion, to the highest cash bidder. The Beneficiary, Trustee, obligee, creditor, or the holder or holders of the Note (and/or other obligations) secured hereby may bid (including by credit bid) and purchase at such sale. The Beneficiary may, after



recording the notice of breach and election, waive or withdraw the same or any proceedings thereunder, and shall thereupon be restored to its former position and have and enjoy the same rights as though such notice had not been recorded.

(ii) the Trustee, upon such sale, shall make (without warranty), execute and, after due payment made, deliver to purchaser or purchasers, his, her or their heirs or assigns, a deed or deeds of the premises so sold which shall convey to the purchaser all the title of Grantor in the trust premises, and shall apply the proceeds of the sale thereof in accordance with the terms and conditions of the Credit Agreement. The recital in any such deed, of: (aa) default; (bb) recording notice of breach and election of sale; (cc) the elapsing of the three (3) month period after such recording; (dd) the giving of notice of sale; and (ee) demand by Beneficiary, its heirs or assigns, that such sale should be made; shall be conclusive proof of such default, recording, elapsing of time and of the due giving of notice and that the sale was regularly and validly made on due and proper demand by Beneficiary, its heirs and assigns; and any such deed or deeds with such recitals therein shall be effectual and conclusive against Grantor or its successors and assigns, and all other persons; and the receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligation to see to the proper application of the purchase money, according to the trusts aforesaid.



IN WITNESS WHEREOF, the Grantor has executed this Deed of Trust under seal as of the above written date.

WALLACE THEATER CORPORATION,
a California corporation

By: Charles P. Kirk
Name: CHARLES P. KIRK
Title: SR. VP, CFO and Secretary

STATE OF Oregon
COUNTY OF Multnomah

Before me, the undersigned Notary Public in and for said state and county, personally appeared Charles P. Kirk, Sr. VP, CFO & Sec of WALLACE THEATER CORPORATION, a California corporation, whose name is signed to the foregoing Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing and who is known to me, acknowledged before me on this day that, being informed of the contents of the Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (s)he, as such officer and with full authority, executed the same voluntarily for and as the act of the said corporation.

Given under my hand and official seal, this the 15th day of September, 2009.



Cathy A Aman
Notary Public
My Commission Expires: 1-18-13



EXHIBIT A

Legal Description

All that certain real property situate in the County of Douglas, State of Nevada, described as follows:

Improvements as located on the property described as follows:

A parcel of land located within a portion of the East 1/2 of Section 27, Township 13 North, Range 18 East, M.D.B.&M., Douglas County, Nevada, being more particularly described as follows:

COMMENCING at a point, being the intersection of the westerly right-of-way line of U. S. Highway 50 and the Nevada/California State Line, which bears South 48°39'46" East, 991.89 feet from the General Land Office State Line Monument as shown on the Record of Survey for Park Cattle Company, Document No. 155945 of the Douglas County Recorder's office; thence North 27°59'57" East, along said westerly right-of-way line, 745.71 feet to the true point of beginning; thence North 62°01'24" West, 1105.54 feet to a brass cap in concrete; thence North 27°58'53" East, 713.86 feet to a 5/8" rebar and cap marked LS#625 on the southerly right-of-way line of Loop Road per Document No. 24881 of the Douglas County Recorder's office; thence 161.15 feet along said southerly right-of-way line and along the arc of a curve to the right having a central angle of 07°53'30" and a radius of 1170.00 feet, (chord bears North 73°30'38" East, 161.02 feet); thence South 62°00'03" East, 990.89 feet to said westerly right-of-way line; thence South 27°59'57" West, along said westerly right-of-way line, 826.26 feet to the point of beginning.

Reference is hereby made to that certain Record of Survey for PARK CATTLE COMPANY, recorded in Book 392, Page 4659, as Document No. 274260, Official Records of Douglas County.

NOTE: In compliance with Nevada Revised Statute 111.312, the hereinabove legal description was taken from instrument recorded March 27, 1992, in Book 392, Page 4659, as File No. 274260, recorded in the Official Records of Douglas County, State of Nevada.

Assessor's Parcel Number(s):
1318-27-001-009

Horizon 8
50 West Highway 50
Stateline, NV 89449
(Douglas County)



Schedule 1

Description of Lease

Lease dated October 8, 1998, between Wimar Tahoe Corporation, a Nevada corporation, as landlord ("Landlord") and Wallace Theater Corporation, a California corporation, as tenant ("Tenant"), which lease is evidenced by a Short Form Lease, dated April 22, 1999, between Landlord and Tenant and recorded on May 24, 1999 as Document No. 0468659 in Book 0599, Page 4720 in the office of the Recorder of Douglas County, Nevada (the "Recorder's Office"), and which Short Form Lease is intended to be re-recorded in the Recorder's Office, immediately prior to the recording of this leasehold deed of trust.

