

First American
Order NCS-492216-SF
APN: 1318-22-002-22

DOC # 787256
07/29/2011 11:41AM Deputy: PK
OFFICIAL RECORD
Requested By:
First American Title Howard
Douglas County - NV
Karen Ellison - Recorder
Page: 1 of 24 Fee: \$37.00
BK-711 PG-5988 RPTT: 0.00



Recording Requested and
When Recorded Return to:

Seyfarth Shaw LLP
560 Mission Street, Suite 3100
San Francisco, California 94105
Attn: Mark Mengelberg

Mail Tax Statements to:

Tahoe Shores LLC
P.O. Box 12520
Zephyr Cove, Nevada 89448

The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons (per Nevada Revised Statutes 239B.030)
1318-22-002-001
1318-22-002-002

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

TAHOE SHORES LLC,
as Borrower

to

FIRST AMERICAN TITLE INSURANCE COMPANY,
as Trustee

for the benefit of

DB PRIVATE WEALTH MORTGAGE LTD.,
as Lender

The County of Douglas
The State of Nevada

Premises Address: 300 - 346 Eugene Drive
City of: Stateline
County of: Douglas
State of: Nevada



THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, FIXTURE FILING AND SECURITY AGREEMENT (this "Security Instrument"), dated as of July 29, 2011, is by and among **TAHOE SHORES LLC**, a Nevada limited liability company ("Borrower"), whose address is P.O. Box 12520, Zephyr Cove, Nevada 89448; **FIRST AMERICAN TITLE INSURANCE COMPANY** ("Trustee"), as trustee, whose address is 100 Spear Street, Suite 1600, San Francisco, California 94105; and **DB PRIVATE WEALTH MORTGAGE LTD.**, a New York banking corporation, as beneficiary ("Lender"), whose address is 345 Park Avenue – 14th Floor, New York, New York 10154.

To secure the full and timely payment of the Indebtedness in the original principal amount of up to ELEVEN MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$11,500,000.00) and the full and timely performance and discharge of the Obligations, Borrower GRANTS, BARGAINS, SELLS, AND CONVEYS to Trustee the Mortgaged Premises, with power of sale and right of entry, subject only to the Permitted Encumbrances, to have and to hold the Mortgaged Premises to Trustee, its successors in trust, and the Trustee's assigns forever, and Borrower does hereby bind itself, its successors, and its assigns to warrant and forever defend the title to the Mortgaged Premises to Trustee against anyone lawfully claiming it or any part of it; provided, however, that if the Indebtedness is paid in full as and when it becomes due and payable and the Obligations are performed on or before the date they are to be performed and discharged, then the liens, security interests, estates, and rights granted by the Loan Documents shall terminate; otherwise, they shall remain in full force and effect. As additional security for the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations, Borrower grants to Lender a security interest in the Personalty, Fixtures, Leases, and Rents under Article Nine of the Uniform Commercial Code in effect in the State of Nevada. Borrower further grants, bargains, conveys, assigns, transfers, and sets over to Trustee, acting as both a trustee and an agent for Lender under this Security Instrument, a security interest in and to all of Borrower's right, title, and interest in, to, and under the Personalty, Fixtures, Leases, Rents, and Mortgaged Premises (to the extent characterized as personal property) to secure the full and timely payment of the Indebtedness and the full and timely performance and discharge of the Obligations.

Borrower agrees to execute and deliver, from time to time, such further instruments, including, but not limited to, security agreements, assignments, and UCC financing statements, as may be requested by Lender to confirm the lien of this Security Instrument on any of the Mortgaged Premises.

Borrower further irrevocably grants, transfers, and assigns to Lender the Rents.

TO MAINTAIN AND PROTECT THE SECURITY OF THIS SECURITY INSTRUMENT, TO SECURE THE FULL AND TIMELY PERFORMANCE BY BORROWER OF EACH AND EVERY OBLIGATION, COVENANT, AND AGREEMENT OF BORROWER UNDER THE LOAN DOCUMENTS, AND AS ADDITIONAL CONSIDERATION FOR THE INDEBTEDNESS AND OBLIGATIONS EVIDENCED BY THE LOAN DOCUMENTS, BORROWER HEREBY COVENANTS, REPRESENTS, AND AGREES AS FOLLOWS:

SECTION 1

DEFINITIONS

For purposes of this Security Instrument, each of the following terms shall have the following respective meanings:

1.1 "Agreement" means that certain Term Loan Agreement dated as of the date hereof, between Borrower and Lender.



1.2 “Attorney Fees.” Any and all attorney fees (including the allocated cost of in-house counsel), paralegal, and law clerk fees, including, without limitation, fees for advice, negotiation, consultation, arbitration, and litigation at the pretrial, trial, and appellate levels, and in any bankruptcy proceedings, and attorney costs and expenses incurred or paid by Lender in protecting its interests in the Mortgaged Premises, including, but not limited to, any action for waste, and enforcing its rights under this Security Instrument.

1.3 “Default Rate.” As defined in Section 1.1 of the Agreement.

1.4 “Environmental Laws.” As defined in Section 1.1 of the Agreement.

1.5 “Event of Default.” As defined in the Agreement.

1.6 “Fixtures.” All right, title, and interest of Borrower in and to the Mobile Homes (as defined below), all materials, supplies, equipment, apparatus, and other items now or later attached to, installed on or in the Land or the Improvements, or that in some fashion are deemed to be fixtures to the Land or Improvements under the laws of the State of Nevada, including the Nevada Uniform Commercial Code. “Fixtures” includes, without limitation, all items of Personalty to the extent that they may be deemed Fixtures under Legal Requirement.

1.7 “Governmental Authority.” As defined in Section 1.1 of the Agreement.

1.8 “Hazardous Substance.” As defined in Section 1.1 of the Agreement.

1.9 “Impositions.” All real estate and personal property taxes, water, gas, sewer, electricity, and other utility rates and charges; charges imposed under any subdivision, planned unit development, or condominium declaration or restrictions; charges for any easement, license, or agreement maintained for the benefit of the Mortgaged Premises, and all other taxes, charges, and assessments and any interest, costs, or penalties of any kind and nature that at any time before or after the execution of this Security Instrument may be assessed, levied, or imposed on the Mortgaged Premises or on its ownership, use, occupancy, or enjoyment.

1.10 “Improvements.” Any and all buildings, structures, improvements, fixtures, and appurtenances now and later placed on the Mortgaged Premises, including, without limitation, the Mobile Homes (as defined below), all apparatus and equipment, whether or not physically affixed to the land or any building, which is used to provide or supply air cooling, air conditioning, heat, gas, water, light, power, refrigeration, ventilation, laundry, drying, dish washing, garbage disposal, or other services; and all elevators, escalators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, partitions, ducts, compressors, plumbing, ovens, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, screens, blinds, shades, curtains, curtain rods, mirrors, cabinets, paneling, rugs, attached floor coverings, furniture, pictures, antennas, pools, spas, pool and spa operation and maintenance equipment and apparatus, and trees and plants located on the Mortgaged Premises, all of which, including replacements and additions, shall conclusively be deemed to be affixed to and be part of the Mortgaged Premises conveyed to Trustee under this Security Instrument.

1.11 “Indebtedness.” The principal of, interest on, and all other amounts and payments due under or evidenced by the following:

(a) The Note (including, without limitation, the prepayment premium, late payment, and other charges payable under the Note);



- (b) This Security Instrument and all other Loan Documents;
- (c) All funds later advanced by Lender to or for the benefit of Borrower under any provision of any of the Loan Documents;
- (d) Any future loans or amounts advanced by Lender to Borrower when evidenced by a written instrument or document that specifically recites that the Obligations evidenced by such document are secured by the terms of this Security Instrument, including, but not limited to, funds advanced to protect the security or priority of the Security Instrument; and
- (e) Any amendment, modification, extension, rearrangement, restatement, renewal, substitution, or replacement of any of the foregoing.

1.12 "Land." The real estate or any interest in it described in Exhibit A attached to this Security Instrument and made a part of it, together with all Improvements and Fixtures and all rights, titles, and interests appurtenant to it.

1.13 "Legal Requirement(s)." As defined in Section 1.1 of the Agreement.

1.14 "Loan." As defined in Section 1.1 of the Agreement.

1.15 "Loan Documents." Collectively, this Security Instrument, the Note, and all other instruments and agreements required to be executed by Borrower or any guarantor in connection with the Loan.

1.16 "Mobile Homes." As defined in Section 21.1 of this Security Instrument.

1.17 "Mortgaged Premises." The Land, Improvements, Fixtures, Personalty, Leases, and Rents, together with:

(a) All right, title, and interest (including any claim or demand or demand in law or equity) that Borrower now has or may later acquire in or to such Mortgaged Premises; all easements, rights, privileges, tenements, hereditaments, and appurtenances belonging or in any way appertaining to the Mortgaged Premises; all of the estate, right, title, interest, claim, demand, reversion, or remainder of Borrower in or to the Mortgaged Premises, either at law or in equity, in possession or expectancy, now or later acquired; all crops growing or to be grown on the Mortgaged Premises; all development rights or credits and air rights; all water and water rights (whether or not appurtenant to the Mortgaged Premises) and shares of stock pertaining to such water or water rights, ownership of which affects the Mortgaged Premises; all minerals, oil, gas, and other hydrocarbon substances and rights thereto in, on, under, or upon the Mortgaged Premises and all royalties and profits from any such rights or shares of stock; all right, title, and interest of Borrower in and to any streets, ways, alleys, strips, or gores of land adjoining the Land or any part of it that Borrower now owns or at any time later acquires and all adjacent lands within enclosures or occupied by buildings partly situated on the Mortgaged Premises;

(b) All intangible Mortgaged Premises and rights relating to the Mortgaged Premises or its operation or used in connection with it, including, without limitation, permits, licenses, plans, specifications, construction contracts, subcontracts, bids, deposits for utility services, installations, refunds due Borrower, trade names, trademarks, and service marks;

(c) All of the right, title, and interest of Borrower in and to the land lying in the bed of any street, road, highway, or avenue in front of or adjoining the Land;



(d) Any and all awards previously made or later to be made by any Governmental Authority to the present and all subsequent owners of the Mortgaged Premises that may be made with respect to the Mortgaged Premises as a result of the exercise of the right of eminent domain, the alteration of the grade of any street, or any other injury to or decrease of value of the Mortgaged Premises, which award or awards are assigned to Lender and Lender, at its option, is authorized, directed, and empowered to collect and receive the proceeds of any such award or awards from the authorities making them and to give proper receipts and acquittances for them, and to apply them as provided in the Agreement;

(e) All certificates of deposit of Borrower in Lender's possession and all bank accounts of Borrower with Lender and their proceeds, and all deposits of Borrower with any Governmental Authority and/or public utility company that relate to the ownership of the Mortgaged Premises;

(f) All Leases of the Mortgaged Premises or any part of it now or later entered into and all right, title, and interest of Borrower under such Leases, including cash or securities deposited by the tenants to secure performance of their obligations under such Leases (whether such cash or securities are to be held until the expiration of the terms of such Leases or applied to one or more of the installments of rent coming due immediately before the expiration of such terms), all rights to all insurance proceeds and unearned insurance premiums arising from or relating to the Mortgaged Premises, all other rights and easements of Borrower now or later existing pertaining to the use and enjoyment of the Mortgaged Premises, and all right, title, and interest of Borrower in and to all declarations of covenants, conditions, and restrictions as may affect or otherwise relate to the Mortgaged Premises;

(g) Any and all proceeds of any insurance policies covering the Mortgaged Premises, whether or not such insurance policies were required by Lender as a condition of making the loan secured by this Security Instrument or are required to be maintained by Borrower as provided below in this Security Instrument; which proceeds are assigned to Lender, and Lender, at its option, is authorized, directed, and empowered to collect and receive the proceeds of such insurance policies from the insurers issuing the same and to give proper receipts and acquittances for such policies, and to apply the same as provided below;

(h) If the Mortgaged Premises includes a leasehold estate, all of Borrower's right, title, and interest in and to the lease, more particularly described in **Exhibit A** attached to this Security Instrument (the "Leasehold") including, without limitation, the right to surrender, terminate, cancel, waive, change, supplement, grant subleases of, alter, or amend the Leasehold;

(i) All plans and specifications for the Improvements; all contracts and subcontracts relating to the Improvements; all deposits (including tenants' security deposits; provided, however, that if Lender acquires possession or control of tenants' security deposits Lender shall use the tenants' security deposits only for such purposes as Legal Requirement permit), funds, accounts, contract rights, instruments, documents, general intangibles, and notes or chattel paper arising from or in connection with the Land or other Mortgaged Premises; all permits, licenses, certificates, and other rights and privileges obtained in connection with the Land or other Mortgaged Premises; all soils reports, engineering reports, land planning maps, drawings, construction contracts, notes, drafts, documents, engineering and architectural drawings, letters of credit, bonds, surety bonds, any other intangible rights relating to the Land and Improvements, surveys, and other reports, exhibits, or plans used or to be used in connection with the construction, planning, operation, or maintenance of the Land and Improvements and all amendments and modifications; all proceeds arising from or by virtue of the sale, lease, grant of option, or other disposition of all or any part of the Land, Fixtures, Personalty, or other Mortgaged Premises (consent to same is not granted or implied); and all proceeds (including premium refunds) payable or to



be payable under each insurance policy relating to the Land, Fixtures, Personalty, or other Mortgaged Premises;

(j) All trade names, trademarks, symbols, service marks, and goodwill associated with the Mortgaged Premises and any and all state and federal applications and registrations now or later used in connection with the use or operation of the Mortgaged Premises;

(k) All tax refunds, bills, notes, inventories, accounts and charges receivable, credits, claims, securities, and documents of all kinds, and all instruments, contract rights, general intangibles, bonds and deposits, and all proceeds and products of the Mortgaged Premises;

(l) All money or other personal property of Borrower (including, without limitation, any instrument, deposit account, general intangible, or chattel paper, as defined in Division 9 of the Nevada Uniform Commercial Code) previously or later delivered to, deposited with, or that otherwise comes into Lender's possession;

(m) All accounts, contract rights, chattel paper, documents, instruments, books, records, claims against third parties, money, securities, drafts, notes, proceeds, and other items relating to the Mortgaged Premises;

(n) All construction, supply, engineering, and architectural contracts executed and to be executed by Borrower for the construction of the Improvements; and

(o) All proceeds of any of the foregoing.

As used in this Security Instrument, "Mortgaged Premises" is expressly defined as meaning all or, when the context permits or requires, any portion of it and all or, when the context permits or requires, any interest in it.

1.18 "Note." That certain Promissory Note of even date herewith in the original principal amount of Eleven Million Five Hundred Thousand and 00/100 Dollars (\$11,500,000.00), executed and delivered by Borrower in favor of Lender, as the same may be amended, supplemented, extended, renewed, replaced and/or restated from time to time.

1.19 "NRS." The Nevada Revised Statutes, as the same may be amended from time to time.

1.20 "Obligation(s)." As defined in Section 1.1 of the Agreement.

The Obligations specifically exclude the Environmental Indemnity Agreement dated as of the date hereof, executed by Borrower and Guarantor (as defined in the Agreement), which is not secured by this Security Instrument.

1.21 "Permitted Encumbrance(s)." As defined in Section 1.1 of the Agreement.

1.22 "Permitted Transfer." As defined in Section 1.1 of the Agreement.

1.23 "Person." As defined in Section 1.1 of the Agreement.

1.24 "Personalty." All of the right, title, and interest of Borrower in and to all tangible and intangible personal property, whether now owned or later acquired by Borrower, including, but not limited to, water rights (to the extent they may constitute personal property), all equipment, inventory,



goods, consumer goods, accounts, chattel paper, instruments, money, general intangibles, letter-of-credit rights, deposit accounts, investment property, documents, minerals, crops, and timber (as those terms are defined in the Nevada Uniform Commercial Code) and that are now or at any later time located on, attached to, installed, placed, used on, in connection with, or are required for such attachment, installation, placement, or use on the Land, the Improvements, Fixtures, or on other goods located on the Land or Improvements, together with all additions, accessions, accessories, amendments, modifications to the Land or Improvements, extensions, renewals, and enlargements and proceeds of the Land or Improvements, substitutions for, and income and profits from, the Land or Improvements. The Personalty includes, but is not limited to, all goods, machinery, tools, equipment (including fire sprinklers and alarm systems); building materials, air conditioning, heating, refrigerating, electronic monitoring, entertainment, recreational, maintenance, extermination of vermin or insects, dust removal, refuse and garbage equipment; vehicle maintenance and repair equipment; office furniture (including tables, chairs, planters, desks, sofas, shelves, lockers, and cabinets); safes, furnishings, appliances (including ice-making machines, refrigerators, fans, water heaters, and incinerators); rugs, carpets, other floor coverings, draperies, drapery rods and brackets, awnings, window shades, venetian blinds, curtains, other window coverings; lamps, chandeliers, other lighting fixtures; office maintenance and other supplies; loan commitments, financing arrangements, bonds, construction contracts, leases, tenants' security deposits, licenses, permits, sales contracts, option contracts, lease contracts, insurance policies, proceeds from policies, plans, specifications, surveys, books, records, funds, bank deposits; and all other intangible personal property. Personalty also includes any other portion or items of the Mortgaged Premises that constitute personal property under the Nevada Uniform Commercial Code.

1.25 "Rents." As defined in Section 1.1 of the Agreement.

Any terms not otherwise defined in this Security Instrument shall have the meaning given them in the Agreement.

SECTION 2

USE OF
MORTGAGED PREMISES

2.1 Use of Mortgaged Premises. Unless otherwise required by Legal Requirement or unless Lender otherwise consents in writing, Borrower shall not allow changes in the use of the Mortgaged Premises from that which is contemplated by Borrower and Lender at the time of execution of this Security Instrument, as specified in the loan application and the Loan Documents. Borrower shall not initiate or acquiesce in a change in the zoning classification of the Mortgaged Premises without Lender's prior written consent.

SECTION 3

BORROWER'S RIGHT TO COLLECT
AND RECEIVE RENTS

3.1 Right to Collect and Receive Rents. Borrower shall have the right to collect and retain the Rents of the Mortgaged Premises as set forth in the Assignment of Leases and Rents.



SECTION 4

ASSIGNMENT OF CAUSES OF ACTION,
AWARDS AND DAMAGES

4.1 Assignment of Causes of Action, Awards, and Damages. All causes of action, and all sums due or payable to Borrower for injury or damage to the Mortgaged Premises, or as damages incurred in connection with the transactions in which the Loan secured by this Security Instrument was made, including, without limitation, causes of action and damages for breach of contract, fraud, concealment, construction defects, or other torts, or compensation for any conveyance in lieu of condemnation, are assigned to Lender, and all proceeds from such causes of action and all such sums shall be paid to Lender for credit against the Indebtedness secured by this Security Instrument. Borrower shall notify Lender immediately on receipt by Borrower of notice that any such sums have become due or payable and, immediately on receipt of any such sums, shall promptly remit such sums to Lender.

After deducting all expenses, including Attorney Fees, incurred by Lender in recovering or collecting any sums under this Section 4, Lender may apply or release the balance of any funds received by it under this paragraph, or any part of such balance, as it elects. Lender, at its option, may appear in and prosecute in its own name any action or proceeding to enforce any cause of action assigned to it under this paragraph and may make any compromise or settlement in such action whatsoever. Borrower covenants that it shall execute and deliver to Lender such further assignments of any such compensation awards, damages, or causes of action as Lender may request from time to time. If Lender fails or does not elect to prosecute any such action or proceeding and Borrower elects to do so, Borrower may conduct the action or proceeding at its own expense and risk.

SECTION 5

SUMS ADVANCED

5.1 Sums Advanced to Bear Interest and to Be Secured by Security Instrument. At Lender's request, Borrower shall immediately pay any sums advanced or paid by Lender or Trustee under any provision of this Security Instrument or the other Loan Documents. Until so repaid, all such sums and all other sums payable to Lender or Trustee shall be added to, and become a part of, the Indebtedness secured by this Security Instrument and bear interest from the date of advancement or payment by Lender or Trustee at the same rate as provided in the Note, unless payment of interest at such rate would be contrary to Legal Requirement. All sums advanced by Lender under this Security Instrument or the other Loan Documents, whether or not required to be advanced by Lender under the terms of this Security Instrument or the other Loan Documents, shall conclusively be deemed to be mandatory advances required to preserve and protect this Security Instrument and Lender's security for the performance of the Obligations and payment of the Indebtedness, and shall be secured by this Security Instrument to the same extent and with the same priority as the principal and interest payable under the Note.

SECTION 6

SECURITY AGREEMENT;
FIXTURE FILING

6.1 Uniform Commercial Code Security Agreement. This Security Instrument is intended to be and shall constitute a security agreement under the Nevada Uniform Commercial Code for any of the Personalty specified as part of the Mortgaged Premises that, under Legal Requirement, may be subject to a security interest under the Nevada Uniform Commercial Code, and Borrower grants to Lender a security



interest in those items. Borrower authorizes Lender to file financing statements in all states, counties, and other jurisdictions as Lender may elect, without Borrower's signature if permitted by law. Borrower agrees that Lender may file this Security Instrument, or a copy of it, in the real estate records or other appropriate index or in the Office of the Secretary of State of the State of Nevada and such other states as the Lender may elect, as a financing statement for any of the items specified above as part of the Mortgaged Premises. Any reproduction of this Security Instrument or executed duplicate original of this Security Instrument, or a copy certified by a County Recorder in the State of Nevada, or of any other security agreement or financing statement, shall be sufficient as a financing statement. In addition, Borrower agrees to execute and deliver to Lender, at Lender's request, any UCC financing statements, as well as any extensions, renewals, and amendments, and copies of this Security Instrument in such form as Lender may require to perfect a security interest with respect to the Personalty. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases of such statements, and shall pay all reasonable costs and expenses of any record searches for financing statements that Lender may reasonably require. Without the prior written consent of Lender, Borrower shall not create or suffer to be created any other security interest in the items, including any replacements and additions.

On any Event of Default, Lender shall have the remedies of a secured party under the Nevada Uniform Commercial Code and, at Lender's option, may also invoke the remedies in Section 8 of this Security Instrument as to such items. In exercising any of these remedies, Lender may proceed against the items of Mortgaged Premises and any items of Personalty separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies under the Nevada Uniform Commercial Code or of the remedies in Section 8 of this Security Instrument.

6.2 Fixture Filing. This Security Instrument constitutes a financing statement filed as a fixture filing under NRS Section 104.9502(3), as amended or recodified from time to time, covering any portion of the Mortgaged Premises that now is or later may become a fixture attached to the Mortgaged Premises or to any Improvement.

SECTION 7

ACCELERATION ON TRANSFER OR ENCUMBRANCE;
LEASES

7.1 Acceleration on Transfer or Encumbrance of Mortgaged Premises. Except with respect to a Permitted Transfer, or with Lender's prior written consent, if Borrower (a) contracts to sell, gives an option to purchase, conveys, leases with an option to purchase, encumbers, or alienates the Mortgaged Premises, or any interest in it, or suffers its title to, or any interest in, the Mortgaged Premises to be divested, whether voluntarily or involuntarily, or (b) transfers, pledges, assigns, sells, hypothecates or otherwise conveys any direct or indirect interests of or in Borrower, or (c) changes or permits to be changed the character or use of the Mortgaged Premises, or drills or extracts or enters into any lease for the drilling or extracting of oil, gas, or other hydrocarbon substances or any mineral of any kind or character on the Mortgaged Premises, or (d) permits title to such Mortgaged Premises to become subject to any lien or charge, voluntary or involuntary, contractual or statutory, then Lender, at Lender's option, may, without prior notice, declare all sums secured by this Security Instrument, regardless of their stated due date(s), immediately due and payable and may exercise all rights and remedies in this Security Instrument, including those in Section 8 below.

7.2 Leases of Mortgaged Premises by Borrower. Except as otherwise provided in the Agreement, Borrower shall not enter into, modify, amend, cancel, terminate or renew any Lease.



SECTION 8

ACCELERATION AND SALE ON DEFAULT;
NOTIFICATION OBLIGATION

8.1 Rights and Remedies. Upon the occurrence of an Event of Default, Lender may, at its option, declare all sums owing to Lender under the Note and the other Loan Documents immediately due and payable. In addition, at any time after any Event of Default, Lender shall have all of the following rights and remedies:

(a) Entry on Mortgaged Premises. Lender shall have the right to enter upon the Mortgaged Premises from time to time, with or without notice, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, and do such other acts and things as Lender deems necessary or desirable, in order to inspect, investigate, assess and protect the security hereof or to cure any Event of Default.

(b) Appointment of Receiver. Lender shall have the right, with or without notice or hearing (any rights of Borrower to notice or hearing being hereby irrevocably waived), to apply ex parte to a court of competent jurisdiction for and obtain appointment of a receiver for the Mortgaged Premises, for any purpose, including, without limitation, to enforce Lender's rights to collect Rents, to have the receiver market and sell the Mortgaged Premises to the extent permitted by applicable Legal Requirements, and to enter on and inspect the Mortgaged Premises for Hazardous Substances, as a matter of strict right and without regard to: (i) the adequacy of the security for the repayment of the Obligations, or the existence or nonexistence of any pending danger to the condition or value of the Mortgaged Premises or other security for the Obligations; (ii) the existence of a declaration that the Obligations are immediately due and payable; (iii) whether any foreclosure proceeding hereunder has been commenced; or (iv) the solvency of Borrower, or any other guarantor or other person or entity in any manner obligated to Lender under the Loan Documents. All expenses incurred by the receiver or his agents will constitute a part of the Secured Obligations. Such receivership shall, at the option of Lender, continue until all the Obligations have been paid and discharged in full or, in the case of a foreclosure hereunder of the Mortgaged Premises, until title to the Mortgaged Premises has passed following the foreclosure sale and all applicable periods of redemption have expired.

(c) Judicial Foreclosure; Injunction. Lender shall have the right to commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Borrower hereunder. For the purposes of any suit brought under this subparagraph, to the fullest extent permitted by applicable Legal Requirements, Borrower waives the defense of laches and any applicable statute of limitations.

(d) Nonjudicial Foreclosure. Lender may foreclose this Security Instrument through Trustee. If this Security Instrument encumbers more than one parcel of real estate, foreclosure may be by separate parcel or en masse, as Lender may elect in its sole discretion. Foreclosure through Trustee will be initiated by Lender's filing of its notice of election and demand for sale with Trustee. Upon the filing of such notice of election and demand for sale, Trustee shall promptly comply with all notice and other requirements of the laws of Nevada then in force with respect to such sales, and shall give 4 weeks' public notice of the time and place of such sale by advertisement weekly in some newspaper of general circulation then located in the County or City and County in which the Mortgaged Premises is located. Any sale conducted by Trustee pursuant to this Section shall be held at the front door of the county courthouse for such County or City and County, or on the Mortgaged Premises, or at such other place as similar sales are then customarily held in such County or City and County, provided that the actual place of sale shall be specified in the notice of sale. All fees, costs and expenses of any kind incurred by



Lender in connection with foreclosure of this Security Instrument, including, without limitation, the costs of any appraisals of the Mortgaged Premises by Lender, all Attorneys' Fees and consultants' fees incurred by Lender, and all other costs and expenses authorized by applicable law shall constitute a part of the Obligations and may be included as part of the amount owing from Borrower to Lender at any foreclosure sale. At the conclusion of any foreclosure sale, the officer conducting the sale shall execute and deliver to the purchaser at the sale a certificate of purchase which shall describe the property sold to such purchaser and shall state that upon the expiration of the applicable periods for redemption, the holder of such certificate will be entitled to a deed to the property described in the certificate. After the expiration of all applicable periods of redemption, unless the property sold has been redeemed by Borrower, the officer who conducted the sale shall, upon request, execute and deliver an appropriate deed to the holder of the certificate of purchase or the last certificate of redemption, as the case may be, and such deed shall operate to divest Borrower and all persons claiming under Borrower of all right, title and interest, whether legal or equitable, in the Mortgaged Premises or portions thereof or interests therein described in the deed. Nothing in this Section dealing with foreclosure procedures or specifying particular actions to be taken by Lender or by Trustee or any similar officer shall be deemed to contradict or add to the requirements and procedures now or hereafter specified by Nevada law, and any such inconsistency shall be resolved in favor of Nevada law applicable at the time of foreclosure.

(e) Multiple Foreclosures. Lender shall have the right to resort to and realize upon the Mortgaged Premises and Collateral and any other security now or later held by Lender concurrently or successively and in one or several consolidated or independent judicial actions or nonjudicial proceedings, or both.

(f) Collection of Rents. With or without taking possession of the Mortgaged Premises, sue for or otherwise collect Rents under the Leases, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including, without limitation, Attorneys' Fees, against the Obligations in such order as Lender may determine in its discretion, without in any way curing or waiving any Event of Default or other circumstances that may become a Event of Default.

(g) Discontinuance of Proceedings. If Lender shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Lender shall have the unqualified right to do so and, in such an event, Borrower and Lender shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Premises and otherwise, and the rights, remedies, recourses and powers of Lender shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Lender thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

(h) No Mortgagee in Possession. Neither the enforcement of any of the remedies under this Security Instrument nor any other remedies afforded to Lender under the Loan Documents, at law or in equity, shall cause Lender or Trustee to be deemed or construed to be a mortgagee in possession of the Mortgaged Premises, to obligate Lender or Trustee to lease the Mortgaged Premises or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise concerning Trustee.

8.2 Credit Bid. Upon sale of the Mortgaged Premises at any judicial or nonjudicial foreclosure, Lender may credit bid, as determined by Lender, all or any portion of the Obligations. In determining such credit bid, Lender may, but is not obligated to, take into account all or any of the following: (a) appraisals of the Mortgaged Premises as such appraisals may be discounted or adjusted by



Lender; (b) expenses and costs incurred by Lender with respect to the Mortgaged Premises prior to foreclosure; (c) expenses and costs which Lender anticipates will be incurred with respect to the Mortgaged Premises after foreclosure, but prior to resale, including, without limitation, costs of structural reports and other due diligence, costs to carry the Mortgaged Premises prior to resale, costs of resale (e.g., commissions, Attorneys' Fees and taxes), costs of any Hazardous Substances clean-up and monitoring, costs of deferred maintenance, repair, refurbishment and retrofit, costs of defending or settling litigation affecting the Mortgaged Premises, and lost opportunity costs (if any), including the time value of money during the anticipated holding period by Lender; (d) declining trends in real property values generally and with respect to properties similar to the Mortgaged Premises; (e) anticipated discounts upon resale of the Mortgaged Premises as a distressed or foreclosed property; (f) the fact of additional collateral (if any), for the Obligations; and (g) such other factors or matters that Lender deems appropriate. In regard to the above, Borrower acknowledges and agrees that: (h) Lender is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (i) this paragraph does not impose upon Lender any additional obligations that are not imposed by law at the time the credit bid is made; (j) the amount of Lender's credit bid need not have any relation to any loan-to-value ratios specified in the Loan Documents or previously discussed between Borrower and Lender; and (k) Lender's credit bid may be higher or lower than any appraised value of the Mortgaged Premises.

8.3 Remedies Cumulative. All rights and remedies of Lender under this Security Instrument are cumulative and in addition to such other rights as Lender may have at law or in equity or pursuant to the Loan Documents. Lender may enforce any one or more remedies or rights hereunder successively or concurrently.

8.4 Obligation to Notify Lender of Bankruptcy, Insolvency, Transfer, or Encumbrance. Borrower shall notify Lender in writing, at or before the time of the occurrence of an Event of Default or any event described in Sections 7 or 8 of this Security Instrument, of such event and shall promptly furnish Lender with any and all information on such event that Lender may request.

SECTION 9
WAIVER OF MARSHALING

9.1 Waiver of Marshaling. Despite the existence of interests in the Mortgaged Premises other than that created by this Security Instrument, and despite any other provision of this Security Instrument, if Borrower defaults in paying the Indebtedness or in performing any Obligations, Lender shall have the right, in Lender's sole and absolute discretion, to establish the order in which the Mortgaged Premises will be subjected to the remedies provided in this Security Instrument and to establish the order in which all or any part of the Indebtedness secured by this Security Instrument is satisfied from the proceeds realized on the exercise of the remedies provided in this Security Instrument. Borrower and any person who now has or later acquires any interest in the Mortgaged Premises with actual or constructive notice of this Security Instrument, to the fullest extent permitted by applicable Legal Requirements, waives any and all rights to require a marshaling of assets in connection with the exercise of any of the remedies provided in this Security Instrument or otherwise provided by Legal Requirement.

SECTION 10
TRUSTEE; DUTY TO RECONVEY;
SUBSTITUTION

10.1 Trustee. The Trustee shall be deemed to have accepted the terms of this trust when this Security Instrument, duly executed and acknowledged, is made a public record as provided by law. The Trustee shall not be obligated to notify any party to this Security Instrument of any pending sale under



any other deed of trust or of any action or proceeding in which Borrower, Lender, or Trustee is a party, unless such sale relates to or reasonably might affect the Mortgaged Premises, this Security Instrument, Lender's security for the payment of the Indebtedness and the performance of the Obligations, or the rights or powers of Lender or Trustee under the Loan Documents, or unless such action or proceeding has been instituted by Trustee against the Mortgaged Premises, Borrower, or Lender.

10.2 Power of Trustee to Reconvey or Consent. At any time, without liability and without notice to Borrower, on Lender's written request and presentation of the Note and this Security Instrument to Trustee for endorsement, and without altering or affecting (a) the personal liability of Borrower or any other person for the payment of the Indebtedness secured by this Security Instrument, or (b) the lien of this Security Instrument on the remainder of the Mortgaged Premises as security for the repayment of the full amount of the Indebtedness then or later secured by this Security Instrument, (c) or any right or power of Lender or Trustee with respect to the remainder of the Mortgaged Premises, Trustee may (i) reconvey or release any part of the Mortgaged Premises from the lien of this Security Instrument; (ii) approve the preparation or filing of any map or plat of the Mortgaged Premises; (iii) join in the granting of any easement burdening the Mortgaged Premises; or (iv) enter into any extension or subordination agreement affecting the Mortgaged Premises or the lien of this Security Instrument.

10.3 Duty to Reconvey. On Lender's written request reciting that all sums secured hereby have been paid, surrender of the Note and this Security Instrument to Trustee for cancellation and retention by Trustee, and payment by Borrower of any reconveyance fees customarily charged by Trustee, Trustee shall reconvey, without warranty, the Mortgaged Premises then held by Trustee under this Security Instrument. The recitals in such reconveyance of any matters of fact shall be conclusive proof of their truthfulness. The grantee in such reconveyance may be described as "the person or persons legally entitled to the Mortgaged Premises." Such request and reconveyance shall operate as a reassignment of the Rents assigned to Lender in this Security Instrument.

10.4 Substitution of Trustee. Lender, at Lender's option, may from time to time, by written instrument, substitute a successor or successors to any Trustee named in or acting under this Security Instrument, which instrument, when executed and acknowledged by Lender and recorded in the office of the Recorder of the county or counties in which the Mortgaged Premises is located, shall constitute conclusive proof of the proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the predecessor Trustee, succeed to all right, title, estate, powers, and duties of such predecessor Trustee, including, without limitation, the power to reconvey the Mortgaged Premises. To be effective, the instrument must contain the names of the original Borrower, Trustee, and Lender under this Security Instrument, the book and page or instrument or document number at which, and the county or counties in which, this Security Instrument is recorded, and the name and address of the substitute Trustee. If any notice of default has been recorded under this Security Instrument, this power of substitution cannot be exercised until all costs, fees, and expenses of the then acting Trustee have been paid. On such payment, the then acting Trustee shall endorse receipt of the payment on the instrument of substitution. The procedure provided in this paragraph for substitution of Trustees is not exclusive of other provisions for substitution provided by Legal Requirement.

10.5 Certain Rights. With the approval of Lender, Trustee shall have the right to take any and all of the following actions: (i) to select, employ and consult with counsel (who may be, but need not be, counsel for Lender) upon any matters arising hereunder, including the preparation, execution and interpretation of the Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his or her agents or attorneys, (iii) to select and employ, in and about the execution of his or her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee (and Trustee shall



not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith), and (iv) any and all other lawful action that Lender may instruct Trustee to take to protect or enforce Lender's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Mortgaged Premises for debts contracted for or liability or damages incurred in the management or operation of the Mortgaged Premises. 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 Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered. Borrower will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee for, and save and hold Trustee harmless against, any and all liability and expenses which may be incurred by Trustee in the performance of Trustee's duties.

10.6 Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, and shall be segregated from any other moneys of Trustee.

10.7 Perfection of Appointment. Should any deed, conveyance, or instrument of any nature be required from Borrower by any Trustee or substitute Trustee to more fully and certainly vest in and confirm to Trustee or substitute Trustee such estates, rights, powers, and duties, then, upon request by Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Borrower.

10.8 No Representation by Trustee or Lender. By accepting or approving anything required to be observed, performed, or fulfilled or to be given to Trustee or Lender pursuant to the Loan Documents, including, without limitation, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, neither Trustee nor Lender shall be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or affirmation with respect thereto by Trustee or Lender.

SECTION 11

LENDER'S RIGHTS TO MODIFY LOAN

11.1 Consents and Modifications; Borrower and Lien Not Released. Despite Borrower's default in the payment of any Indebtedness secured by this Security Instrument or in the performance of any Obligations under this Security Instrument or Borrower's breach of any obligation, covenant, or agreement in the Loan Documents, Lender, at Lender's option, without notice to or consent from Borrower, any guarantor of the Indebtedness and of Borrower's Obligations under the Loan Documents, or any holder or claimant of a lien or interest in the Mortgaged Premises that is junior to the lien of this Security Instrument, and without incurring liability to Borrower or any other person by so doing, may from time to time (a) extend the time for payment of all or any portion of Borrower's Indebtedness under the Loan Documents; (b) accept a renewal note or notes, or release any person from liability, for all or any portion of such Indebtedness; (c) agree with Borrower to modify the terms and conditions of payment under the Loan Documents; (d) reduce the amount of the monthly installments due under the Agreement; (e) reconvey or release other or additional security for the repayment of Borrower's Indebtedness under the Loan Documents; (f) approve the preparation or filing of any map or plat with respect to the



Mortgaged Premises; (g) enter into any extension or subordination agreement affecting the Mortgaged Premises or the lien of this Security Instrument; and (h) agree with Borrower to modify the term, the rate of interest, or the period of amortization of the Note or alter the amount of the monthly installments payable under the Note. No action taken by Lender under this paragraph shall be effective unless it is in writing, subscribed by Lender, and, except as expressly stated in such writing, no such action will impair or affect (i) Borrower's obligation to pay the Indebtedness secured by this Security Instrument and to observe all Obligations of Borrower contained in the Loan Documents; (ii) the guaranty of any Person of the payment of the Indebtedness secured by this Security Instrument; or (iii) the lien or priority of the lien of this Security Instrument. At Lender's request, Borrower shall promptly pay Lender a reasonable service charge, together with all insurance premiums and Attorney Fees as Lender may have advanced, for any action taken by Lender under this paragraph. Whenever Lender's consent or approval is specified as a condition of any provision of this Security Instrument, such consent or approval shall not be effective unless such consent or approval is in writing.

SECTION 12

BORROWER'S WAIVER OF
RIGHT OF OFFSET

12.1 Waiver of Right of Offset. No portion of the Indebtedness secured by this Security Instrument shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against Lender.

SECTION 13

PREPAYMENT

13.1 Prepayment. If the Note secured by this Security Instrument provides for a fee or charge as consideration for the acceptance of prepayment of principal, Borrower agrees to pay said fee or charge if the Indebtedness or any part of it shall be paid, whether voluntarily or involuntarily, before the due date stated in the Note, even if Borrower has defaulted in payment or in the performance of any agreement under this Security Instrument and Lender, for that reason or by reason of Sections 7 and 8 of this Security Instrument, shall have declared all sums secured by this Security Instrument immediately due and payable.

SECTION 14

REQUEST FOR NOTICE OF DEFAULT

14.1 Request for Notice of Default. The undersigned Borrower requests that a copy of any notice of default and any notice of sale under this Security Instrument be mailed to Borrower at its address specified in the Agreement.

SECTION 15

MECHANICS' LIENS

15.1 Mechanics' Liens. Borrower shall pay from time to time when due, all lawful claims and demands of mechanics, materialmen, laborers, and others that, if unpaid, might result in, or permit the creation of, a lien on the Mortgaged Premises or any part of it, or on the Rents arising therefrom, and in



general shall do or cause to be done everything necessary so that the lien and security interest of this Security Instrument shall be fully preserved, at Borrower's expense, without expense to Lender; provided, however, that if Legal Requirement empower Borrower to discharge of record any mechanics', laborer's, materialman's, or other lien against the Mortgaged Premises by the posting of a bond or other security, Borrower shall not have to make such payment if Borrower posts such bond or other security on the earlier of (a) ten (10) days after the filing or recording of same or (b) within the time prescribed by law, so as not to place the Mortgaged Premises in jeopardy of a lien or forfeiture.

SECTION 16

LIABILITY FOR ACTS OR OMISSIONS

16.1 Liability for Acts or Omissions. Lender shall not be liable or responsible for its acts or omissions under this Security Instrument, except for Lender's own gross negligence or willful misconduct, or be liable or responsible for any acts or omissions of any agent, attorney, or employee of Lender, if selected with reasonable care.

SECTION 17

STATEMENT OF OBLIGATIONS

17.1 Statement of Obligations. Except as otherwise provided by Legal Requirements, at Lender's request, Borrower shall promptly pay to Lender such fee as may then be provided by law as the maximum charge for each statement of obligations, Lender's statement, Lender's demand, payoff statement, or other statement on the condition of, or balance owed, under the Note or secured by this Security Instrument.

SECTION 18

GENERAL PROVISIONS

18.1 Governing Law. THIS SECURITY INSTRUMENT WAS ACCEPTED BY LENDER IN THE STATE OF NEW YORK AND THE PROCEEDS OF THE NOTE WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND THE LOAN. ACCORDINGLY, IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION, VALIDITY, ENFORCEABILITY AND PERFORMANCE, ALL LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE PRIORITY OF LIENS AND/OR SECURITY INTERESTS, ENFORCEMENT OF THE LIENS, ASSIGNMENTS AND SECURITY INTERESTS IN AND TO THE PROPERTY AND ALL OTHER REMEDIES OF LENDER, INCLUDING, BUT NOT LIMITED TO, FORECLOSURE OR EXERCISE OF LENDER'S STATUTORY POWER OF SALE OR OTHER POWER OF SALE (AS PERMITTED BY LAW) AND THE CREATION, PERFECTION AND ENFORCEMENT OF ALL SECURITY INTERESTS CREATED PURSUANT HERETO AND TO THE OTHER LOAN DOCUMENTS IN ANY COLLATERAL WHICH IS LOCATED IN THE STATE WHERE THE PROPERTY IS LOCATED SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER



JURISDICTION GOVERNS THIS SECURITY INSTRUMENT, THE AGREEMENT AND THE NOTE, AND, EXCEPT AS EXPRESSLY SET FORTH ABOVE IN THIS SECTION 18.1, THIS SECURITY INSTRUMENT AND THE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO § 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

18.2 Notices. All notices, consents, approvals and requests required or permitted hereunder shall be in writing, and shall be sent, and shall be deemed effective, as provided in the Agreement.

18.3 Remedies Are Cumulative. Each remedy in this Security Instrument is separate and distinct and is cumulative to all other rights and remedies provided by this Security Instrument or by Legal Requirement, and each may be exercised concurrently, independently, or successively, in any order whatsoever.

18.4 Delegation of Authority. Whenever this Security Instrument provides that Borrower authorizes and appoints Lender as Borrower's attorney-in-fact to perform any act for or on behalf of Borrower or in the name, place, and stead of Borrower, Borrower expressly understands and agrees that this authority shall be deemed a power coupled with an interest and such power shall be irrevocable.

18.5 Obligations of Borrower Joint and Several. If more than one Person is named as Borrower, each obligation of Borrower under this Security Instrument shall be the joint and several obligations of each such Person.

18.6 Severability. If any provision of the Loan Documents, or the application of them to the circumstances, is held void, invalid, or unenforceable by a court of competent jurisdiction, the Loan Documents, and the applications of such provision to other parties or circumstances, shall not be affected thereby, the provisions of the Loan Documents being severable in any such instance.

18.7 Waiver of Statute of Limitations. Borrower waives the right to assert any statute of limitations as a defense to the Loan Documents and the Obligations secured by this Security Instrument, to the fullest extent permitted by Legal Requirement.

18.8 Successors and Assigns. Except as otherwise provided in the Agreement and otherwise subject to Sections 7 and 8 of this Security Instrument, this Security Instrument applies to, inures to the benefit of, and binds, the respective heirs, legatees, devisees, administrators, executors, successors, and assigns of each party to this Security Instrument.

18.9 Meaning of Certain Terms. As used in this Security Instrument and unless the context otherwise provides, the words "herein," "hereunder" and "hereof" mean and include this Security Instrument as a whole, rather than any particular provision of it.

18.10 Authorized Agents. In exercising any right or remedy, or taking any action provided in this Security Instrument, Lender may act through its employees, agents, or independent contractors, as Lender expressly authorizes.

18.11 Captions. Captions and paragraph headings used in this Security Instrument are for convenience of reference only, are not a part of this Security Instrument, and shall not be used in construing it.

18.12 Time Is of the Essence. Time is of the essence as to all dates set forth herein or under the Loan Documents.



SECTION 19

WAIVER OF RIGHT TO JURY TRIAL

19.1 WAIVER OF RIGHT TO JURY TRIAL. TO THE EXTENT NOW OR HEREAFTER PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS SECURITY INSTRUMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. BORROWER AND, BY ITS ACCEPTANCE OF THE BENEFITS OF THIS SECURITY INSTRUMENT, LENDER EACH (A) ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR BORROWER AND LENDER TO ENTER INTO A BUSINESS RELATIONSHIP, THAT BORROWER AND LENDER HAVE ALREADY RELIED ON THIS WAIVER BY ENTERING INTO THIS SECURITY INSTRUMENT OR ACCEPTING ITS BENEFITS, AS THE CASE MAY BE, AND THAT EACH SHALL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS, AND (B) FURTHER WARRANTS AND REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS, OR MODIFICATIONS TO THIS SECURITY INSTRUMENT.

SECTION 20

STATE SPECIFIC PROVISIONS

With respect to the Mortgaged Premises which is located in the State of Nevada, in the event of any conflict between the other terms of this Security Instrument and the terms of this Section 20, the terms of this Section 20 shall govern:

20.1 The granting clause of this Security Instrument is and shall be deemed to be amended to provide that the Mortgaged Premises is conveyed unto Trustee, in trust for the benefit of Lender, with power of sale and with right of entry and possession.

20.2 All notice and cure periods provided in this Security Instrument or in any Loan Document shall run concurrently with any notice or cure periods provided by Legal Requirements. Without limiting the foregoing, Lender shall be entitled to exercise its remedies under this Security Instrument if any event occurs which, with the giving of notice or the passage of time, or both, would constitute an Event of Default or would entitle Lender to accelerate the indebtedness evidenced by the Note. Furthermore, the recording or mailing to Borrower of a notice of breach and election to sell shall constitute notice of such failure to perform pursuant to this Security Instrument or any other Loan Document.

20.3 Sections 8.1(d) and (e) are hereby deleted in their entirety, and the following is substituted therefor:



“Should Lender have elected to accelerate the Indebtedness secured hereby, Lender may initiate foreclosure of the Mortgaged Premises by requesting the Trustee to effectuate a non-judicial foreclosure sale. Trustee shall give and record such notice as Legal Requirements then requires as a condition precedent to a trustee's sale. When the minimum period of time required by Legal Requirements after such notice has elapsed, Trustee, without notice or demand upon Borrower except as required by Legal Requirements, shall sell the Mortgaged Premises at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as Lender in its sole discretion may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale. Neither Borrower nor any other person or entity other than Lender shall have the right to direct the order in which the Mortgaged Premises is sold. Subject to requirements and limits imposed by Legal Requirements, Trustee may, from time to time, postpone the sale of all or any portion of the Mortgaged Premises by public announcement at such time and place of sale, and from time to time may postpone the sale by public announcement at the time and place fixed by the preceding postponement. A sale of less than the whole of the Mortgaged Premises or any defective or irregular sale made hereunder shall not exhaust the power of sale provided for herein. Trustee shall deliver to the purchaser at such sale a deed conveying the Mortgaged Premises or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Lender shall have the right to become the purchaser at any sale held by any Trustee or substitute or successor Trustee, or by any receiver or public officer. Any Lender purchasing at any such sale shall have the right to credit all or a portion of the secured indebtedness owing to such Lender upon the amount of its bid entered at such sale to the extent necessary to satisfy such bid. Said Trustee may appoint an attorney-in-fact to act in its stead as Trustee to conduct sale as hereinbefore provided. Borrower binds itself to warrant and forever defend the title of such purchaser or purchasers when so made by the Trustee, and agrees to accept proceeds of said sale, if any, which are payable to Trustee as provided herein.

20.4 It is the intention of Borrower and Lender that this Security Instrument is an instrument (as defined in NRS Section 106.330, as amended or recodified from time to time) which secures future advances (as defined in NRS Section 106.320, as amended or recodified from time to time) and which is governed pursuant to NRS Sections 106.300 through 106.400, as amended or recodified from time to time. This Security Instrument secures future advances, as defined in NRS Section 106.320, and is to be governed by NRS Sections 106.300 to 106.400, inclusive. The maximum principal amount to be secured hereby is Eleven Million Five Hundred Thousand and No/100 Dollars (\$11,500,000.00).

20.5 As used in this Security Instrument, "Environmental Laws" shall also include, without limitation, the applicable provisions of NRS Chapters 444, 445A, 445B, 445C, 459 and 590, NRS Sections 618.750 through 618.850, inclusive, and NRS Section 477.045, and the present and future rules, regulations and guidance documents promulgated under any or all of the foregoing.

20.6 Lender's rights and remedies under this Security Instrument shall be subject to NRS Section 107.080.

20.7 Without limiting the generality of Sections 8.1(a) and (b) of this Security Instrument, Borrower agrees that Lender shall have the same right, power and authority to enter and inspect the Mortgaged Premises as is granted to a secured lender under NRS Section 40.507, and that Lender will have the right to appoint a receiver to enforce the right to enter and inspect the Mortgaged Premises to the extent such authority is provided under Nevada Legal Requirements, including, without limitation, the authority granted to a secured lender under NRS Section 32.015.

20.8 Supplementing the provisions of Section 6.2 of this Security Instrument, this Security Instrument shall constitute a fixture filing pursuant to NRS Section 104.9502, as amended from time to



time. Some or all of the Personalty may be or become a fixture in which Lender has a security interest under the security agreement provided for in Section 6.1 above (the "Security Agreement"). However, nothing herein shall, or shall be deemed to, create any lien or interest in favor of Trustee in any Personalty which is not a fixture. The rights, remedies and interests of Lender are independent and cumulative, and there shall be no merger of any lien hereunder with any security interest created by the Security Agreement. Lender may elect to exercise or enforce any of its rights, remedies or interests under either or both this Security Instrument or the Security Agreement as Lender may from time to time deem appropriate. The debtor hereunder shall be Tahoe Shores LLC, whose address is set forth on the first page of this Security Instrument. The secured party hereunder shall be DB Private Wealth Mortgage Ltd., a New York banking corporation, whose address is set forth on the first page of this Security Instrument.

SECTION 21

MOBILE HOMES

21.1 Borrower covenants to Lender that all manufactured and mobile homes currently on or in the future located on the Mortgaged Premises (the "Mobile Homes"), along with the respective pad associated therewith, shall be, throughout the term of the Loan, maintained in accordance with all Legal Requirements and otherwise in good condition and working order.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOLLOWS.]**



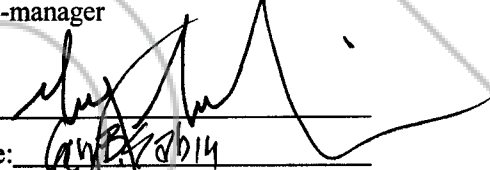
IN WITNESS WHEREOF, Borrower has executed and delivered this Security Instrument as of the date first written above.

BORROWER:

TAHOE SHORES LLC,
a Nevada limited liability company

By: South Shore Tahoe, LLC,
a Nevada limited liability company,
its sole member

By: Bluelake Partners, LLC
a Nevada limited liability company,
its co-manager

By: 

Name: Anthony J. J. 2014

Title: Manager

By: KBM Enterprises LLC,
a Nevada limited liability company,
its co-manager

By: 

Name: Robert M. Keedy

Title: MANAGING MEMBER



CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California of San Diego California
County of San Diego

On July 18, 2011, before me, Jennifer Sattley, a Notary Public in and for said State, personally appeared Chay B. Salvo, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jennifer Sattley (Seal)



CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California of San Diego California
County of San Diego

On July 18, 2011, before me, Jennifer Sattley, a Notary Public in and for said State, personally appeared Robert M. Meach, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jennifer Sattley (Seal)





EXHIBIT A

Legal Description of Property

The land referred to in this Security Instrument is situated in the County of Douglas, State of Nevada, and is described as follows:

PARCEL NO. 1:

BEING A PORTION OF THE SOUTH ONE-HALF AND THE SOUTHEAST ONE QUARTER OF THE NORTHEAST ONE QUARTER OF SECTION 22, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B.&M., DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26 AND 27 OF SAID TOWNSHIP AND RANGE; THENCE SOUTH 60°13' WEST, A DISTANCE OF 127.20 FEET; THENCE NORTH 61° WEST, A DISTANCE OF 1340.20 FEET TO THE MOST EASTERLY CORNER OF THE NEVADA STATE FARM BUREAU PROPERTY AS DESCRIBED IN THE DEED RECORDED JANUARY 7, 1954 IN BOOK B-1 OF DEEDS, AT PAGE 14, DOUGLAS COUNTY, NEVADA, RECORDS, BEING ALSO THE SOUTHWESTERLY CORNER OF THE PROPERTY SHOWN ON THE MAP OF OLIVER PARK, AS FILED ON FEBRUARY 2, 1959 IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, NEVADA; THENCE NORTH ALONG THE EASTERLY LINE OF SAID FARM BUREAU PROPERTY, A DISTANCE OF 300.00 FEET TO AN ANGLE POINT, AND BEING THE NORTHWESTERLY CORNER OF LOT 16, IN BLOCK 3 AS SHOWN ON THE MAP OF OLIVER PARK; THENCE CONTINUING ALONG THE NORTHEASTERLY AND NORTHERLY LINES OF SAID FARM BUREAU PROPERTY, AND THE SOUTHERLY LINE OF THE PROPERTY CONVEYED TO TAHOE VILLAGE PROPERTIES, INC., BY DEED RECORDED AUGUST 19, 1955 IN BOOK B-1 OF DEEDS, AT PAGE 417, DOUGLAS COUNTY, NEVADA, RECORDS, NORTH 32°20'40" WEST, A DISTANCE OF 362.80 FEET; THENCE CONTINUING ALONG THE LINE COMMON TO SAID PROPERTIES NORTH 60°40'41" WEST, A DISTANCE OF 648.68 FEET, TO THE SOUTHWESTERLY CORNER OF THE PROPERTY CONVEYED TO R. D. KEILLOR, ET AL, BY DEED RECORDED APRIL 16, 1963 IN BOOK 16 OF OFFICIAL RECORDS, AT PAGE 695, DOUGLAS COUNTY, NEVADA, RECORDS; THE TRUE POINT OF BEGINNING; THENCE FROM THE TRUE POINT OF BEGINNING, NORTH 60°46'32" WEST (NORTH 60°40'53" WEST), 1744.35 FEET; (1744.33 FEET) THENCE NORTH 81°15'50" WEST (NORTH 81°12'08" WEST), 399.30 FEET (399.40 FEET) TO THE SOUTHWESTERLY CORNER OF THE PROPERTY CONVEYED TO TAHOE VILLAGE PROPERTIES, INC., AS ABOVE REFERRED TO; THENCE NORTH 00°02'04" WEST (NORTH), 217.00 FEET ALONG THE WEST LINE OF SAID PROPERTY; THENCE NORTH 86°49'14" EAST (NORTH 86°55'13" EAST), ALONG THE NORTHERLY LINE OF SAID PROPERTY, A DISTANCE OF 561.96 FEET; THENCE CONTINUING ALONG SAID NORTHERLY LINE, SOUTH 61°16'41" EAST (SOUTH 61°11'11" EAST), A DISTANCE OF 1747.00 FEET, TO A POINT FROM WHICH THE POINT OF BEGINNING BEARS SOUTH 28°48'49" WEST; THENCE SOUTH 28°44'42" WEST (SOUTH 28°48'49" WEST), ALONG THE NORTHERLY EXTENSION OF THE WESTERLY LINE OF THE PROPERTY CONVEYED TO R. D. KEILLOR, ET AL, AS ABOVE REFERRED TO AND THE WESTERLY LINE THEREOF, A DISTANCE OF 366.03 FEET (365.71 FEET) TO THE TRUE POINT OF BEGINNING.



PARCEL NO. 2:

BEGINNING AT A POINT ON THE MEANDER LINE OF LAKE TAHOE, WHICH POINT IS THE SOUTHWEST CORNER OF LOT 2, OF SECTION 22, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B.&M., THENCE ALONG A LINE HEREAFTER REFERRED TO AS COURSE 1, EAST 509.52 FEET ALONG THE QUARTER SECTION LINE TO THE CENTER-WEST ONE-SIXTEENTH CORNER (WEST ONE SIXTEENTH CORNER); THENCE SOUTH 00°02'04" EAST (SOUTH ALONG THE ONE SIXTEENTH LINE), 217.00 FEET; THENCE NORTH 89°11'56" WEST (NORTH 89°11'30" WEST), 457.06 FEET, TO A POINT ON THE MEANDER LINE, WHICH POINT IS SOUTH 14°02'15" EAST (SOUTH 14°00'00" EAST) 217.00 FEET FROM THE POINT OF BEGINNING; THENCE, CONTINUING NORTH 89°11'56" WEST (NORTH 89°11'30" WEST) 50 FEET, MORE OR LESS, TO A POINT ON THE ORDINARY LOW WATER LINE OF LAKE TAHOE AT ELEVATION 6223.00 LAKE TAHOE DATUM; THENCE, NORTHWESTERLY, 222 FEET, MORE OR LESS, ALONG SAID ORDINARY LOW WATER LINE AT 6223.00 LAKE TAHOE DATUM, TO A POINT ON THE WESTERLY EXTENSION OF THE AFORESAID COURSE 1; THENCE, ALONG THE WESTERLY EXTENSION OF THE AFORESAID COURSE 1, NORTH 89°59'24" EAST, 75 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING ANY PORTION OF THE ABOVE DESCRIBED PROPERTY LYING BELOW THE 6223.00 LEVEL OF LAKE TAHOE AND ALSO ANY ARTIFICIAL ACCRETIONS TO SAID LAND WATERWARD OF SAID LAND OR NATURAL ORDINARY LOW WATER OR IF LAKE LEVEL HAS BEEN ARTIFICIALLY LOWERED. EXCEPTING ANY PORTION BELOW SUCH ELEVATION AS MAY BE ESTABLISHED AS THE BOUNDARY BY BOUNDARY LINE ADJUSTMENT WITH THE STATE OR BY QUIET TITLE ACTION IN WHICH THE STATE IS A PARTY.

NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED FEBRUARY 7, 2002 IN BOOK 202, PAGE 2102 AS DOCUMENT NO. 534184 OF OFFICIAL RECORDS.