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APNs: 1418-34-310-001  
When Recorded Mail To:  
ROBERT STEPHEN HARDY  
c/o JOAN C. WRIGHT  
Allison, MacKenzie, Pavlakis,  
Wright & Fagan, Ltd.  
402 N. Division Street  
P.O. Box 646  
Carson City, NV 89702

Douglas County - NV  
Karen Ellison - Recorder  
Page: 1 Of 12 Fee: 25.00  
BK-0811 PG- 0188 RPTT: 0.00



The party executing this document hereby affirms that this document submitted for recording does not contain the social security number of any person or persons pursuant to NRS 239B

DEED OF TRUST  
AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 29<sup>th</sup> day of July, 2011,  
by and between STEELE & ASSOCIATES, LLC as Trustee of the EAGLE FALLS DOMESTIC  
NON GRANTOR TRUST, "Trustor," to TSI TITLE AND ESCROW, INC., a Nevada  
corporation, "Trustee," for ROBERT STEPHEN HARDY, as Trustee of THE ROBERT S.  
HARDY TRUST, "Beneficiary,"

WITNESSETH:

That the Trustor does hereby grant, bargain, sell and convey unto the Trustee in trust with power of sale all that certain real property together with any and all appurtenances, situated in Douglas County, State of Nevada, more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

AND ALSO, all the estate, interest, homestead and other claim, in law and in equity, which the Trustor now has or may hereafter acquire in and to said property.

TOGETHER with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, subject, however, to the right, power and authority

hereinafter given to and conferred upon the Beneficiary to collect and apply such rents, issues and profits; and also all the estate, right, title and interest, homestead or other claim or demand, as well in law as in equity, which the Trustor now has or hereafter may acquire of, in, and to the said property, or any part thereof, with the appurtenances; and all of the water rights if any, whether surface or underground, certificated, adjudicated or decreed, together with all of means, methods, structure and devices for diversion to beneficial use of the appurtenant water rights.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors, upon the trusts hereinafter expressed, for the purpose of securing the following:

FIRST: As security for the payment of an indebtedness in the principal sum not to exceed TWO MILLION AND NO/100 DOLLARS (\$2,000,000.00) in lawful money of the United States of America or such amount as may have been advanced, with interest thereon in like lawful money and such other obligations with expenses and counsel fees according to the terms of and evidenced by the promissory note for said sum of even date herewith executed and delivered by Trustor to the Beneficiary.

SECOND: Payment of such additional amounts as may be hereafter loaned by the Beneficiary or its successors, to the Trustor, or any successor in interest of the Trustor, with interest thereon and any other indebtedness or obligation of the Trustor, and any present or future demands of any kind or nature which the Beneficiary, or its successor, may have against the Trustor, whether created directly or acquired by assignment; whether absolute or contingent; whether due or not, or whether otherwise secured or not, or whether existing at the time of the execution of this instrument, or arising thereafter; also as security for the payment and performance of every obligation, covenant, promise or agreement herein or in any note or notes secured by this deed of trust, or in connection with the preservation of the property encumbered herein or the preservation or enforcement of the lien created hereby. Trustor grants to Beneficiary the right to record notice that this deed of trust is security for additional amounts and obligations

not specifically mentioned herein but which constitute indebtedness or obligations of the Trustor for which Beneficiary may claim this deed of trust as security.

THIRD: The expenses and costs incurred or paid by Beneficiary or Trustee in preservation or enforcement of the rights and remedies of Beneficiary and the duties and liabilities of Trustor hereunder, including, but not limited to, attorneys' fees, court costs, witnesses' fees, expert witnesses' fees, collection costs, and costs and expenses paid by Beneficiary or Trustee in performing for Trustor's account any obligations of Trustor or to collect the rents or prevent waste or to preserve the priority and rights of Beneficiary's interests in a bankruptcy proceeding.

The Trust created by this instrument is irrevocable by the Trustor.

AND THIS INDENTURE FURTHER WITNESSETH:

1. REPAIRS, MAINTENANCE, WASTE, LIENS AND ENCUMBRANCES: The Trustor promises to properly care for, maintain, and keep the said property in first class condition, order and repair; to properly care for, maintain, protect and to repair all buildings, improvements and fixtures damaged or destroyed thereon and to maintain and protect all water rights thereon; and to pay, when due, all claims for labor performed and for materials furnished therefor; to underpin and support, when necessary, any building or other improvement situate thereon, and otherwise to protect and preserve the same; to comply with all laws, ordinances and regulations with reference to any alterations or improvements made thereon; not to commit or permit any waste or deterioration of said property; to pay, when due, all taxes, assessments, penalties and levies affecting said property and any costs or penalties thereon; to pay when due, all leases, mortgages, deeds of trust and other encumbrances which are or appear to be a lien or a charge upon the property, or any part thereof, either prior or subordinate to this deed of trust; and indemnifies Beneficiary against any losses due to hazardous materials being found

on said property. The indemnification provisions hereof shall survive the foreclosure of this Deed of Trust.

2. **INSURANCE**: Trustor covenants to keep all buildings and improvements that may now or at any time be on said property during the continuance of this trust, insured by an all-risk policy of insurance, including but not limited to, coverage for loss by fire, lightning and flood with extended coverage endorsement not less than the amount of the loan and with no coinsurance.

Trustor covenants to keep relative to the premises, including all buildings and improvements, that may now, or at any time be on said property during the continuance of this trust, public liability and property damage insurance.

All insurance policies provided pursuant to this paragraph shall name Beneficiary as a mortgagee and loss payee as its interest appears, shall be with a company or companies authorized to issue such insurance in the State of Nevada rated "A" or better in the "Best's Ratings" book approved by Beneficiary and shall provide thirty (30) days written notice to Beneficiary prior to policy cancellation or modification.

3. **DEFAULT**: Trustor promises and agrees that upon the happening of any one of the following events, the Beneficiary, at its option, may declare all promissory notes, sums and obligations secured hereby immediately due and payable without demand or notice, irrespective of the maturity dates expressed therein, and Beneficiary or Trustee may record a notice of such breach or default and elect to cause said property to be sold to satisfy the indebtedness and obligations secured hereby:

(a) If default be made in the payment when due of any installment of principal or interest, or any obligation in accordance with the terms of any note secured hereby, or in the performance of any of the covenants, promises or agreements contained in this Deed of Trust and Assignment of Rents; or

(b) If default be made in the payment of any installment of principal or interest, or obligation, in accordance with the terms of any note or notes secured by a deed of trust, if any, which are subordinate to or which have priority over this Deed of Trust and Assignment of Rents securing this note, or in the performance of any of the covenants, promises or agreements contained in any such subordinate or prior deed of trust; or

(c) If the Trustor becomes insolvent or makes a general assignment for the benefit of creditors, or consents to or applies for the appointment of a trustee or receiver for the property encumbered hereby, or any part thereof; or

(d) If a trustee or receiver is appointed for said property or any part thereof; or

(e) IN THE EVENT THE REAL PROPERTY, ENCUMBERED BY THIS DEED OF TRUST AND ASSIGNMENT OF RENTS, OR ANY PART THEREOF, OR ANY INTEREST THEREIN, IS SOLD, AGREED TO BE SOLD BY CONTRACT OF SALE OR OTHERWISE CONVEYED OR ALIENATED BY THE TRUSTOR, OR

(f) IF THE TRUSTOR SHALL BE DIVESTED OF TITLE TO SAID REAL PROPERTY SECURING THIS OBLIGATION OR ANY PART THEREOF, IN ANY MANNER OR WAY, WHETHER VOLUNTARILY OR INVOLUNTARILY, OR BY THE OPERATION OF LAW OR OTHERWISE; OR

(g) IN THE EVENT THE REAL PROPERTY SECURING THIS OBLIGATION OR ANY PART THEREOF, OR ANY INTEREST THEREIN IS, IN ANY WAY, ENCUMBERED, MORTGAGED, PLEDGED, OR ASSIGNED AS SECURITY, COLLATERAL, OR OTHERWISE; OR

(h) IN THE EVENT THE MAKER DEFAULTS UNDER A NOTE OF EVEN DATE FROM SS MANAGEMENT, LLC, A NEVADA LIMITED LIABILITY COMPANY HELD BY BENEFICIARY.

4. INSPECTION OF PROPERTY: The Beneficiary or its collection agent shall have access to and the right to inspect said property at all reasonable times.

5. EMINENT DOMAIN: If the above-described property, or any portion thereof, be condemned under any power of eminent domain or acquired for any public use or quasi-public use, the damages, proceeds and consideration for such acquisition to the extent of the full amount of indebtedness secured hereby remaining unpaid, are hereby irrevocably assigned by Trustor to Beneficiary, and shall be paid forthwith to Beneficiary, to be applied on account of the last maturing installments of such indebtedness. Such payment will not constitute a prepayment under the terms of any prepayment charge provisions of the promissory note secured hereby.

6. COMPLIANCE WITH LAW: Without limiting any other provision contained herein relating to the same or similar matters as hereinafter set forth, Trustor covenants and agrees to observe and comply with all applicable federal, state, and local statutes, ordinances, regulations, orders, and restrictions.

7. ASSIGNMENT OF RENTS: As a portion of the security hereunder, Trustor hereby assigns and gives to and confers upon the Trustee and Beneficiary the right, title and interest and, during the continuance of these trusts, to collect the rents, issues and profits of the property encumbered by this deed of trust, with or without taking possession of the property affected hereby, and further assigns to Beneficiary all right, title and interest in and to any and all leases now or hereafter on or affecting the encumbered property, reserving unto the Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby, or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as

they may accrue and become payable. The foregoing assignment of any lease shall not be deemed to impose upon the Trustee and Beneficiary any of the obligations or duties of Trustor provided in any such lease, and Trustor agrees to fully perform all obligations of the lessor under all such leases.

The Trustee or Beneficiary may enter the encumbered property and inspect the same at any time during the existence of the trust hereby created, and in case default be made in the payment of any sum secured hereby, or in the performance of any act the performance of which is secured hereby, the Trustee or Beneficiary shall be entitled at any time, at its option either by itself, by an agent, or a Receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, to enter upon and take possession of the encumbered property, or any part thereof, and to do and perform such acts of repair, cultivation, protection or irrigation as may be necessary or proper to conserve the value thereof; to rent or lease the same or any part thereof for such rental, term and upon such conditions as its judgement may dictate, and to collect and receive the rents, issues and profits thereof; (which rents, issues, and profits, present and future, are hereby assigned to the Beneficiary as further security, but which assignment Trustee or Beneficiary agrees not to enforce so long as Trustor is not in default in payment of any sum or performance of any act to be made or performed hereunder), and to apply such rents, issues, and profits, to the reduction or satisfaction of any obligation secured by this deed of trust, and also to do any other act or acts, as it may deem necessary or proper, in the use, management or operation of the said premises, or to protect or conserve the value thereof, the specific enumerations herein not excluding the general. In the event that the Trustee or Beneficiary shall exercise the option granted in this paragraph the Trustor agrees to surrender to the Beneficiary peaceable possession of said property, and not to interfere in any manner with the exercise of the rights granted herein; and the expenses therein incurred, including compensation to said Beneficiary, its designated agent or Receiver, for

attorney's fees, costs and related expenditures, shall be deemed to be a portion of the expense of this trust, and secured hereby. Trustor also assigns to Beneficiary, as a portion of the security for the performance of the obligations secured hereby, all prepaid rents and all monies which have been or may hereafter be deposited with said Trustor by any lessee of the property encumbered by this deed of trust, to secure the payment of any rent, and upon default in the performance of any of the provisions hereof Trustor agrees to deliver said rents and deposits to the Trustee.

Trustor shall not, without Beneficiary's prior written consent, further assign the rents, issues and profits from the encumbered property, nor enter into any agreement or do any act to amend, modify, extend, terminate or cancel, accept the surrender, subordinate, accelerate the payment of rent, or change the terms of any renewal option of any lease now or hereafter affecting such property or any portion thereof.

8. **EXERCISE OF POWERS AND REMEDIES:** Each and every power or remedy herein specifically given shall be in addition to every other power or remedy, existing or implied, now or hereafter given or existing in law or in equity, and each and every power and remedy herein specifically given or otherwise so existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by Beneficiary or the holder of the Promissory Note and the exercise or the beginning of the exercise of one power or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any power or remedy. No delay or omission of the Beneficiary in the exercise of any right or power accruing hereunder shall impair any such right or power or be construed to be a waiver of any default or acquiescence therein. The Trust created hereby shall be irrevocable by Trustor.

9. **SEVERABILITY:** The unenforceability or invalidity of any provision or provisions of this deed of trust as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

10. SUCCESSORS AND ASSIGNS: The benefits of the covenants, terms, conditions, and agreements contained herein shall accrue to, and the obligations thereof shall bind the heirs, representatives, successors, and assigns of the parties hereto and the Beneficiary hereof. However, nothing in the foregoing shall be implied to mean that Beneficiary has or will consent in any fashion to an assignment or delegation of the duties hereunder. Whenever used, the singular number shall include the plural, the plural the singular and the use of any gender shall include all other genders, and the term "Beneficiary" shall include any holder of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise.

11. NOTICES: Any notice or demand to be given or required by the terms of this deed of trust shall be given to the Trustor and Beneficiary by certified at the following addresses:

Beneficiary: c/o ROBERT STEPHEN HARDY  
P.O. Box 12429  
Zephyr Cove, NV 89448

Trustor: EAGLE FALLS DOMESTIC NON GRANTOR TRUST  
P.O. Box 257  
Glenbrook, NV 89413

12. N.R.S. COVENANTS: The following covenants, Nos. 1, 3, 4 (interest 9%), 5, 6, 7 (counsel fees shall be in an amount equal to the actual and reasonable attorneys' fees incurred by Trustee and Beneficiary), 8 and 9 of NRS 107.030, when not inconsistent with covenants and provisions contained herein, are hereby adopted and made a part of this deed of trust.

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IN WITNESS WHEREOF, the Trustor has executed this Deed of Trust and Assignment of Rents the day and year first above written.

EAGLE FALLS DOMESTIC NON GRANTOR TRUST

By: STEELE & ASSOCIATES, LLC, a Nevada limited liability company, Trustee

By: BENJAMIN C. STEELE, Managing Member

By: JONATHAN S. STEELE, Managing Member

STATE OF NEVADA ) : ss. COUNTY OF \_\_\_\_\_ )

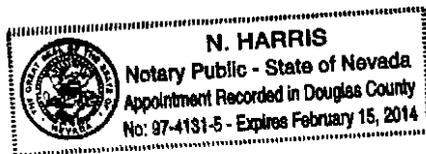
On \_\_\_\_\_, 2011, personally appeared before me, a notary public, BENJAMIN C. STEELE, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that is the Managing Member of STEELE & ASSOCIATES, LLC, the Trustee of EAGLE FALLS DOMESTIC NON GRANTOR TRUST, and who further acknowledged to me that he executed the foregoing on behalf of said trust.

NOTARY PUBLIC

STATE OF NEVADA ) : ss. COUNTY OF Douglas )

On July 29 2011, 2011, personally appeared before me, a notary public, JONATHAN S. STEELE, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that is the Managing Member of STEELE & ASSOCIATES, LLC, the Trustee of EAGLE FALLS DOMESTIC NON GRANTOR TRUST, and who further acknowledged to me that he executed the foregoing on behalf of said trust.

NOTARY PUBLIC





**EXHIBIT "A"**  
**Legal Description**

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

All that portion of Lot 1 and Lot 12, Common Area as shown on the map of LAKESIDE COVE RESORT, a Planned Unit Development, filed for record on June 28, 1993 as Document No. 311003 more particularly described as follows:

Beginning at a point on the Westerly line of said Lot 1 which bears North 22°38'41" West 4.00 feet from the most Southerly corner of said Lot 1:

