

APN: 1318-26-101-007

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

Umpqua Bank
2998 Douglas Boulevard, Suite 100
Roseville, CA 95661
Attn: Kevin Sargent
Vice President



The undersigned hereby affirm(s) that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

(Space Above For Recorder's Use)

**FIRST MODIFICATION TO DEED OF TRUST
("Second N.C. Brown Loan")**

This First Modification of Deed of Trust (this "**Modification**") is made as of September 13, 2013, between N.C. Brown Development, Inc., a California corporation ("**Trustor**"), and Umpqua Bank, successor in interest to Silverado Bank ("**Beneficiary**") and serves to amend and modify that certain Deed of Trust dated October 3, 2006, executed by Trustor in favor of First American Title Company of Nevada, as Trustee, for the benefit of Beneficiary, encumbering the real property and improvements described on Exhibit A hereto and incorporated herein by this reference, and recorded October 19, 2006 as Document No. 0686828, Official Records of Douglas County, Nevada (the "**Original Deed of Trust**"). The Original Deed of Trust, as modified by this Modification, is referred to herein as the "**Modified Deed of Trust**."

The Original Deed of Trust is hereby modified as follows:

1. The definition of "Note" is deleted in its entirety and the following is substituted:

Note. The word "Note" means, individually and collectively, all of the following promissory notes:

- (a) that certain promissory note dated October 12, 2005, in the face amount of One Million Three Hundred Thousand and 00/100 Dollars (\$1,300,000.00) made by Trustor in favor of Beneficiary, as modified by that certain Change in Terms Agreement dated October 10, 2006 (evidencing an additional advance of Seventy-Five Thousand and 00/100 Dollars (\$75,000.00) and by that certain Modification to Promissory Note and Loan Agreement, Reaffirmation of Guaranty and Spousal Consent dated the same date as this Modification, together with all renewals of, extensions of, modification of, refinancings of, consolidations of, and substitutions for the promissory note or agreement;



(b) that certain Promissory Note dated October 3, 2006, made by Trustor in favor of Beneficiary in the face amount of Five Hundred Thousand and 00/100 Dollars (\$500,000.00), as modified by Change in Terms Agreements dated September 26, 2007, October 5, 2009 and January 5, 2010, and by that certain Modification to Promissory Note and Loan Agreement, Reaffirmation of Guaranty and Spousal Consent dated the same date as this Modification, together with all renewals of, extensions of, modification of, refinancings of, consolidations of, and substitutions for the promissory note or agreement;

(c) that certain promissory note dated July 12, 2006 (the "**Partners Note**"), made by Norman Partners, LLC, a California limited liability company ("**Partners**"), in favor of Beneficiary, in an amount not to exceed Seven Hundred Thirty-Five Thousand and 00/100 Dollars (\$735,000.00) in the aggregate, as modified by modified by that certain Change in Terms Agreement dated July 10, 2007 (increasing the face amount to Seven Hundred Seventy-Five Thousand and 00/100 Dollars (\$775,000.00)), by that certain Change in Terms Agreement dated February 27, 2008 (increasing the face amount to Eight Hundred Fifty Thousand and 00/100 Dollars (\$850,000.00)), by that certain Change in Terms Agreement dated August 5, 2009, by that certain Change in Terms Agreement dated October 21, 2009, by that certain Change in Terms Agreement dated February 5, 2010 and by that certain Modification to Promissory Note and Loan Agreement, Reaffirmation of Guaranty and Spousal Consent dated the same date as this Modification, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement; and

(d) that certain Promissory Note Secured by Deed of Trust (the "**Recovery Note**") dated the same date of this Modification, in the face amount of \$267,673.96, executed by Trustor and Partners, jointly and severally, in favor of Beneficiary, together with all renewals of, extensions of, modification of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

2. The maximum committed amount secured by the Original Deed of Trust has concurrently herewith been increased. The Original Deed of Trust as modified by this Modification is governed by NRS Sections 106.300 to 106.400 and secures future advances as provided in such sections. The maximum amount of "Principal" (as defined in NRS Section 106.345) secured hereby (including disbursements that the Beneficiary may, but shall not be obligated to, make under the Original Deed of Trust as amended by this Modification or any other document with respect thereto) shall not exceed \$4,742,209.68. The Original Deed of Trust as amended by this Modification shall be valid and have priority to the extent of the maximum amount secured hereby over all subsequent liens and encumbrances, including statutory liens, excepting solely taxes and assessments levied on the Property given priority by law.

3. The following provisions are hereby added to the Original Deed of Trust. For purposes of this Section 3, the words "**Partners Indebtedness**" mean all indebtedness of Partners evidenced by the Partners Note, the Recovery Note and any documents securing or executed in connection with either of them (collectively, the "**Partners Related Documents**").

CONSENTS BY TRUSTOR. Trustor hereby unconditionally consents and agrees that, without notice to or further assent from the Trustor:



(a) the principal amount of the Partners Indebtedness may be increased or decreased and additional Partners Indebtedness or obligations of Partners under the Partners Related Documents may be incurred, by one or more amendments, modifications, renewals or extensions of any Partners Related Document or otherwise;

(b) the time, manner, place or terms of any payment under any Partners Related Document may be extended or changed, including by an increase or decrease in the interest rate on any Partners Indebtedness or any fee or other amount payable related to the Partners Indebtedness or under such Partners Related Document, by an amendment, modification or renewal of any Partners Related Document or otherwise;

(c) the time for Partners' (or any other party's) performance of or compliance with any term, covenant or agreement on its part to be performed or observed under any Partners Related Document may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to, all in such manner and upon such terms as the Beneficiary or Trustee may deem proper;

(d) the Beneficiary or Trustee may discharge or release, in whole or in part, Partners, any guarantor or other party liable for the payment and performance of all or any part of the Partners Indebtedness (each, a "Guarantor") or other party liable for the payment and performance of all or any part of the Partners Indebtedness, and may permit or consent to any such action or any result of such action, and shall not be obligated to demand or enforce payment upon any of the collateral for the Partners Indebtedness, nor shall the Beneficiary or Trustee be liable to the Trustor for any failure to collect or enforce payment or performance of the Partners Indebtedness from any Guarantor or party or to realize on the collateral therefor;

(e) in addition to the collateral for the Partners Indebtedness, the Beneficiary or Trustee may take and hold other security (legal or equitable) of any kind, at any time, as collateral for the Partners Indebtedness, and may, from time to time, in whole or in part, exchange, sell, surrender, release, subordinate, modify, waive, rescind, compromise or extend such security and may permit or consent to any such action or the result of any such action, and may apply such security and direct the order or manner of sale thereof;

(f) the Beneficiary or Trustee may request and accept other guaranties of or collateral for the Partners Indebtedness and any other indebtedness, obligations or liabilities of Partners to the Beneficiary or Trustee and may, from time to time, in whole or in part, surrender, release, subordinate, modify, waive, rescind, compromise or extend any such guaranty or collateral and may permit or consent to any such action or the result of any such action; and

(g) the Beneficiary or Trustee may exercise, or waive or otherwise refrain from exercising, any other right, remedy, power or privilege (including the right to accelerate the maturity of any Partners Indebtedness and any power of sale) granted by any Partners Related Document or other security document or agreement, or otherwise available to the Beneficiary or Trustee with respect to the Partners Indebtedness or any of the collateral or other security for any or all of the Partners Indebtedness, even if the exercise of such right, remedy, power or privilege affects or eliminates any right of subrogation or any other right of the Trustor against Partners; all as the Beneficiary or Trustee may deem advisable, and all without impairing, abridging, releasing or affecting this Deed of Trust.



WAIVERS BY TRUSTOR. To the fullest extent permitted by applicable law, Trustor waives and agrees not to assert:

(a) any right to require the Beneficiary or Trustee to marshal assets in favor of Partners, the Trustor, any other guarantor or any other party, to proceed against Partners, any other Trustor or any guarantor or other party, to proceed against or exhaust any of the collateral or any other security held for the Partners Indebtedness, to give notice of the terms, time and place of any public or private sale of personal property security constituting the collateral or any other collateral or security for the Partners Indebtedness or comply with any other provisions of §9504 of the California Commercial Code (or any equivalent provision of any other applicable law) or to pursue any other right, remedy, power or privilege of the Beneficiary or Trustee whatsoever;

(b) the defense of the statute of limitations in any action hereunder or for the collection or performance of the Partners Indebtedness;

(c) any defense arising by reason of any lack of corporate or other authority or any other defense of Partners, the Trustor, any Guarantor or any other party;

(d) any defense based upon the Beneficiary or Trustee's errors or omissions in the administration of the Partners Indebtedness;

(e) any rights to set-offs and counterclaims;

(f) the Trustor's rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to the Trustor by reason of California Civil Code Sections 2787 to 2855, inclusive;

(g) any rights or defenses the Trustor may have in respect of his, her, or their obligations as a trustor, guarantor or other surety by reason of any election of remedies by the creditor;

(h) any rights or defenses Trustor may have because the Partners Indebtedness obligation is secured by real property or an estate for years. These rights or defenses include but are not limited to any rights or defenses that are based upon directly or indirectly, the application of Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure to the Partners Indebtedness;

(i) any rights or defenses that Trustor may have because the Partners Indebtedness is secured by real property. This means, among other things: (A) Beneficiary or Trustee may collect from Trustor without first foreclosing on any real or personal property collateral pledged by Partners; and (B) If Beneficiary or Trustee forecloses on any real property collateral pledged by Partners: (1) The amount of the Partners Indebtedness may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (2) Beneficiary or Trustee may collect from Trustor even if Beneficiary or Trustee, by foreclosing on the real property collateral, has destroyed any right Trustor may have to collect from Partners. This is an unconditional and irrevocable waiver of any rights and defenses Trustor may have because Partners' debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure;



(j) any rights or defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for the Partners Indebtedness, has destroyed the Trustor's rights of subrogation and reimbursement against the principal by the operation of California Code of Civil Procedure Section 580d or otherwise;

(k) any and all notice of the acceptance of this Deed of Trust, and any and all notice of the creation, renewal, modification, extension or accrual of the Partners Indebtedness, or the reliance by the Beneficiary or Trustee upon this Deed of Trust, or the exercise of any right, power or privilege hereunder. The Partners Indebtedness shall conclusively be deemed to have been created, contracted, incurred and permitted to exist in reliance upon this Deed of Trust. The Trustor waives promptness, diligence, presentment, protest, demand for payment, notice of default, dishonor or nonpayment and all other notices to or upon Partners, the Trustor or any Guarantor or other party with respect to the Partners Indebtedness; and

(l) without limiting the generality of the foregoing, to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties, or which may conflict with the terms of this Deed of Trust.

The obligations of Trustor hereunder are independent of and separate from the obligations of Partners and any Guarantor, and upon the occurrence and during the continuance of any Event of Default, to the fullest extent permitted by applicable law, a separate action or actions may be taken or brought against Trustor to foreclose this Deed of Trust, whether or not Partners or any Guarantor is joined therein or a separate action or actions are brought against the Borrower or any Guarantor.

Trustor shall not have any right to require the Beneficiary or Trustee to obtain or disclose any information with respect to: (i) the financial condition or character of the Partners or the ability of Partners to pay and perform the Partners Indebtedness; (ii) the Partners Indebtedness; (iii) the collateral or other security for any or all of the Partners Indebtedness; (iv) the existence or nonexistence of any other guarantees of all or any part of the Partners Indebtedness; (v) any action or inaction on the part of the Beneficiary or Trustee or any other party; or (vi) any other matter, fact or occurrence whatsoever.

TRUSTOR REPRESENTATIONS AND WARRANTIES.

(a) This Deed of Trust constitutes the legal, valid and binding obligation of the Trustor, enforceable against the Trustor in accordance with its terms.

(b) Immediately prior to and after and giving effect to the incurrence of the Trustor's obligations under this Deed of Trust the Trustor will not be insolvent.

(c) The Trustor has received at least "reasonably equivalent value" (as such phrase is used in §548 of the Bankruptcy Code, in § 3439.04 of the California Uniform Fraudulent Transfer Act, in Section 112.170 of the Nevada Revised Statutes, and in comparable provisions of other applicable law) and more than sufficient consideration to support its obligations hereunder.



(d) Trustor hereby acknowledges that it has undertaken its own independent investigation of the financial condition of Partners and all other matters pertaining to this Deed of Trust and further acknowledges that it is not relying in any manner upon any representation or statement of the Beneficiary with respect thereto. Trustor represents and warrants that it has received and reviewed copies of the Partners Related Documents and that it is in a position to obtain, and it hereby assumes full responsibility for obtaining, any additional information concerning the financial condition of Partners and any other matters pertinent hereto that the Trustor may desire. Trustor is not relying upon or expecting the Beneficiary to furnish to the Trustor any information now or hereafter in the Beneficiary's possession concerning the financial condition of Partners or any other matter.

SUBORDINATION OF SUBROGATION RIGHTS.

Trustor shall not have, shall not directly or indirectly exercise, and hereby subordinates to the rights of Beneficiary and Trustor, (a) any rights that it may acquire by way of subrogation under this Deed of Trust, by any payment hereunder or otherwise, (b) any rights of contribution, indemnification, reimbursement or similar suretyship claims arising out of this Deed of Trust, and (c) any other right which it might otherwise have or acquire (in any way whatsoever) which could entitle it at any time to share or participate in any right, remedy or security of the Beneficiary or Trustee as against Partners or any Guarantor, whether in connection with any of the Partners Related Documents or otherwise. If any amount shall be paid to the Trustor on account of the foregoing rights at any time when all the Partners Indebtedness shall not have been paid in full, such amount shall be held in trust for the benefit of the Beneficiary or Trustee and shall forthwith be paid to the Beneficiary or Trustee to be credited and applied to the Partners Indebtedness, whether matured or unmatured, in accordance with the terms of the Partners Related Documents.

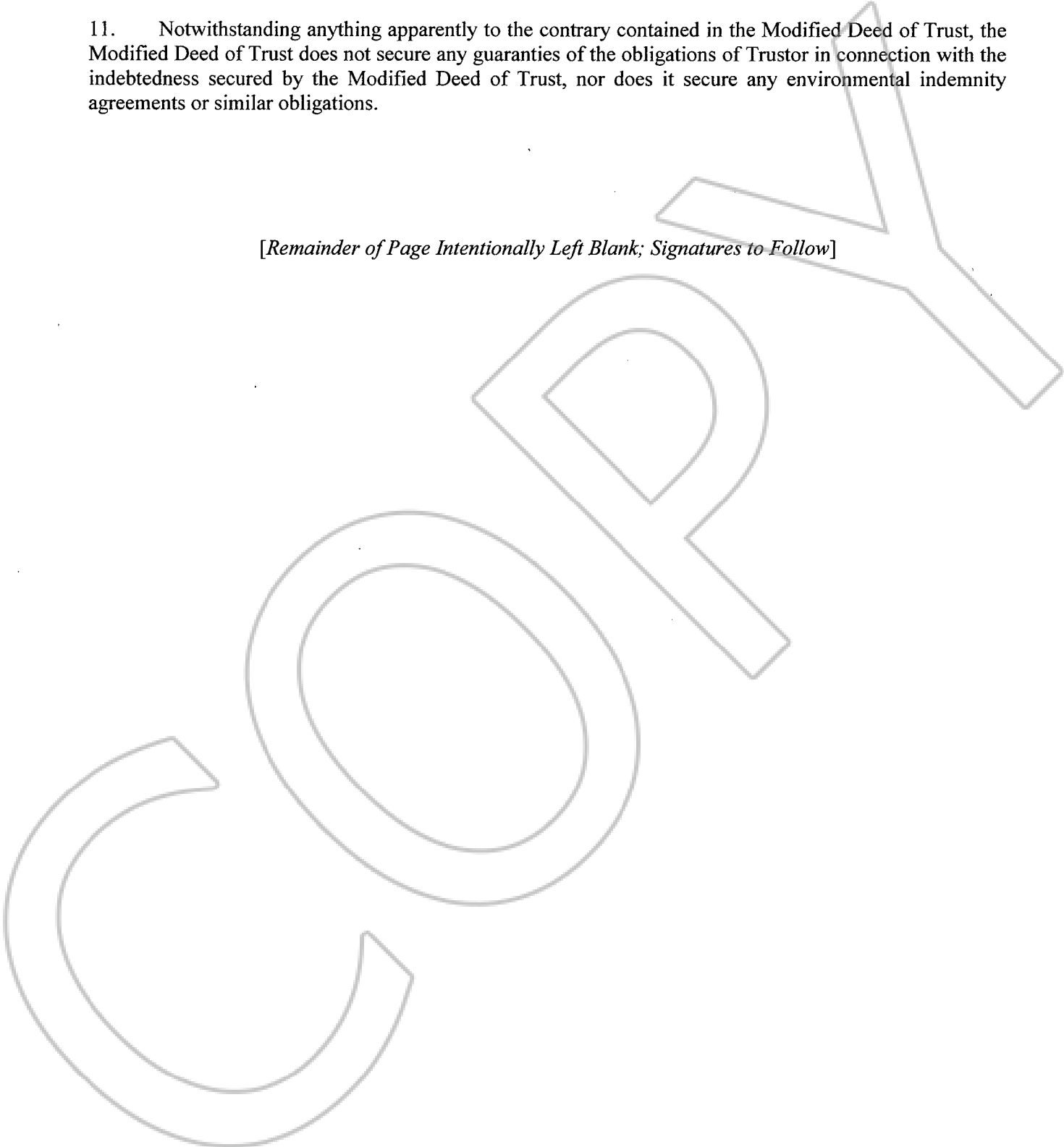
4. Notwithstanding anything to the contrary contained in this Modification, this Modification shall not be effective until the date on which this Modification is recorded in the Official Records.
5. Except as specifically modified by this Modification, the Original Deed of Trust shall remain unmodified and in full force and effect.
6. No failure on the part of Lender to exercise and no delay in exercising any right or remedy will operate as a waiver; nor will Lender be estopped to exercise any right or remedy at any future time because of any failure or delay; nor will any single or partial exercise of any right or remedy preclude any other or further exercise or the exercise of any other right or remedy. The remedies provided are cumulative and not exclusive of any remedies provided by law.
7. This Modification and the Related Documents contain or expressly incorporate by reference the entire agreement between Lender and Borrower with respect to the covered matters and supersede all prior negotiations.
8. This Modification may be executed in multiple original counterparts that, taken together, constitute one and the same instrument.
9. Every provision of this Modification is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.



10. This Modification shall be binding upon, and shall inure to the benefit of, Trustor and Beneficiary and their assigns, successors, heirs, administrators and executors.

11. Notwithstanding anything apparently to the contrary contained in the Modified Deed of Trust, the Modified Deed of Trust does not secure any guaranties of the obligations of Trustor in connection with the indebtedness secured by the Modified Deed of Trust, nor does it secure any environmental indemnity agreements or similar obligations.

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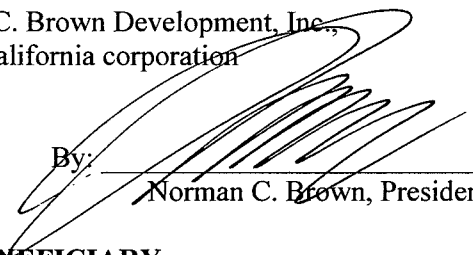




IN WITNESS WHEREOF, Trustor and Beneficiary have caused this Modification to be duly executed and delivered as of the date first above written.

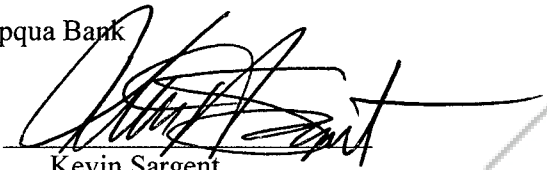
TRUSTOR:

N. C. Brown Development, Inc.,
a California corporation

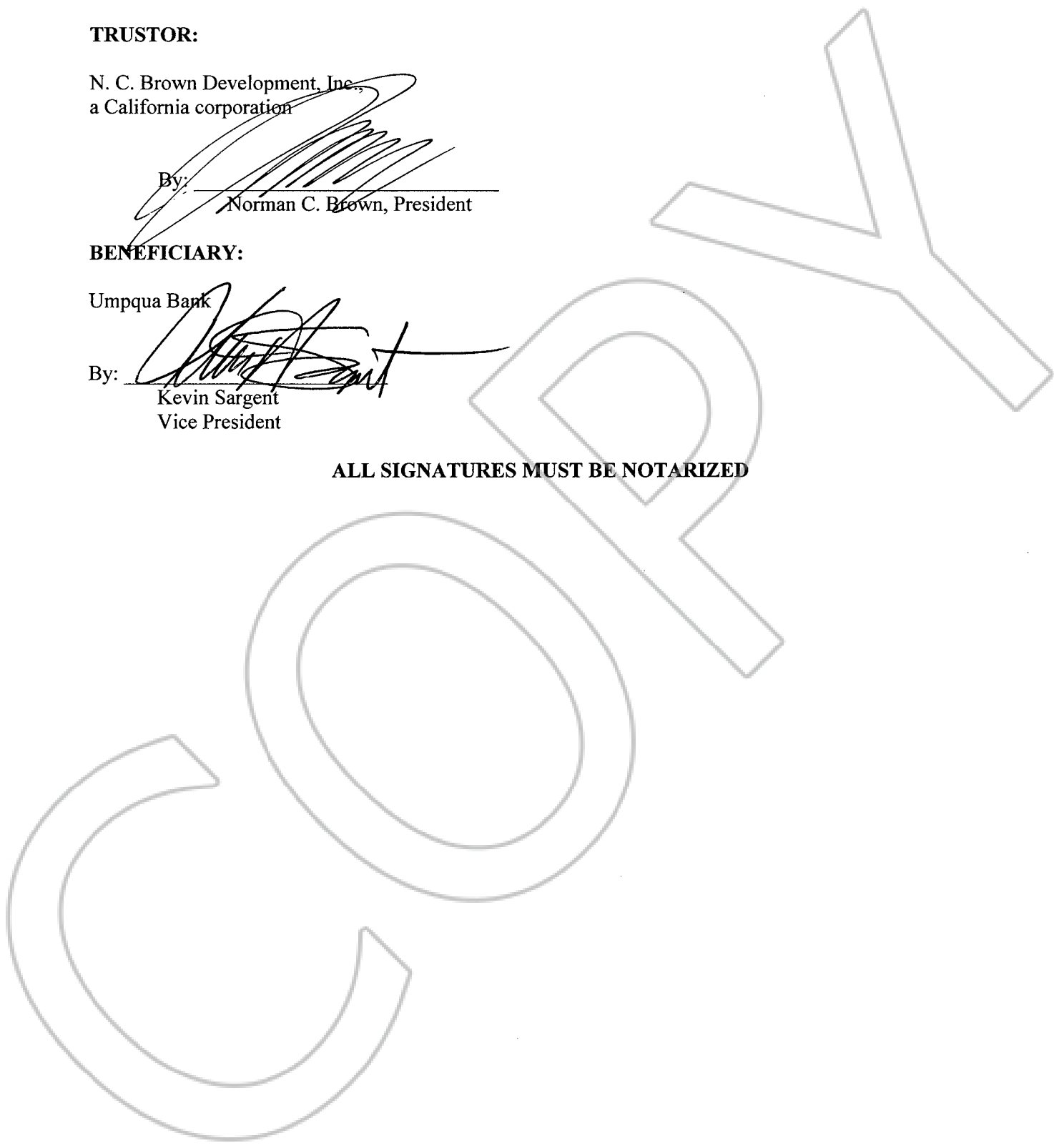
By: 
Norman C. Brown, President

BENEFICIARY:

Umpqua Bank

By: 
Kevin Sargent
Vice President

ALL SIGNATURES MUST BE NOTARIZED





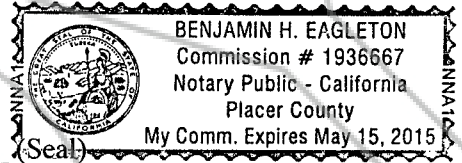
STATE OF California
COUNTY OF Sacramento

On September 27, 2013 before me, Benjamin H. Eagleton, a Notary Public in and for said County and State, personally appeared NORMAN C. BROWN, 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 *BH Eagleton*



STATE OF California
COUNTY OF Placer

On 9/27/2013, before me, Julia E. Pickard, a Notary Public in and for said County and State, personally appeared KEVIN SARGENT, 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 *Julia E. Pickard* (Seal)

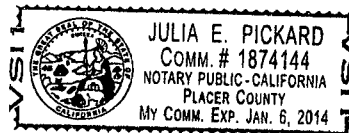




Exhibit "A"

Legal Description of Property

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, being a portion of the North half (N 1/2) of the Northwest quarter (NW 1/4) of Section 26, Township 13 North, Range 18 East, M.D.B. & M., described as follows:

Parcel 2, as shown on that certain Parcel Map for John E. Michelsen and Walter Cox, recorded February 10, 1978 in Book 278, of Official Records, at Page 591, Douglas County, Nevada, as Document No. 17578.

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