

DOUGLAS COUNTY, NV

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FIRST AMERICAN TITLE RENO

KAREN ELLISON, RECORDER

APN(s): 1318-27-001-007

PREPARED BY AND UPON
RECORDATION RETURN TO:

Brian D. Cunningham, Esq.
SNELL & WILMER L.L.P.
Gateway Tower West
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101

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)

Ed. #121-2491847 mcr

EDGEWOOD COMPANIES,
a Nevada corporation, as trustor
(Trustor)

To

FIRST AMERICAN TITLE INSURANCE COMPANY,
a Nebraska corporation, as trustee
(Trustee)

For the Benefit of **U.S. BANK NATIONAL ASSOCIATION,** as beneficiary
(Beneficiary)

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

Dated: September 30, 2015

Location: Douglas County, Nevada

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

THIS DOCUMENT IS ALSO A FIXTURE FILING IN ACCORDANCE WITH NEVADA REVISED STATUTES (AS AMENDED, “NRS”) § 104.9502.

THIS DOCUMENT IS GIVEN IN ACCORDANCE WITH THE CONSTRUCTION OF AN IMPROVEMENT AND IS A “CONSTRUCTION MORTGAGE” WITHIN THE MEANING OF NRS § 104.9334.8.

THIS SECURITY INSTRUMENT SECURES FUTURE ADVANCES. THE MAXIMUM AMOUNT OF PRINCIPAL TO BE SECURED HEREBY IS \$75,500,000.00. THIS SECURITY INSTRUMENT IS TO BE GOVERNED BY THE PROVISIONS OF NRS §§ 106.300 THROUGH NRS 106.400 INCLUSIVE.

THIS DOCUMENT DOES NOT CONTAIN ANY PERSONAL INFORMATION (AS DEFINED IN NRS SECTION 603A.040) IN VIOLATION OF NRS SECTION 239B.030.

TRUSTOR’S ORGANIZATIONAL NUMBER IS C373-1958

THIS CONSTRUCTION DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this “**Security Instrument**”) is made as of this 30th day of September, 2015, by **EDGEWOOD COMPANIES**, a Nevada corporation, having its principal place of business at 180 Lake Parkway, Stateline, Nevada 89449, as trustor (“**Trustor**”) to **FIRST AMERICAN TITLE INSURANCE COMPANY**, a Nebraska corporation, as trustee (“**Trustee**”), for the benefit of **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, having an address at 229 Kingsbury Grade, Stateline, Nevada 89449, as beneficiary, sole lead arranger, sole bookrunner, and as administrative agent for the Banks (as defined in the Loan Agreement) (“**Beneficiary**”).

W I T N E S S E T H:

WHEREAS, this Security Instrument is given to secure a loan (the “**Loan**”) in the principal sum of **FIFTY-NINE MILLION AND NO/100 DOLLARS (\$59,000,000.00)** or so much thereof as may be advanced pursuant to that certain Construction Loan Agreement dated as of the date hereof between Trustor, Beneficiary and Banks (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Loan Agreement**”) and evidenced by one or more promissory notes of even date herewith (such notes, as the same may be amended, restated, replaced, extended, renewed, supplemented or otherwise modified from time to time, the “**Note**”);

WHEREAS, Trustor desires to secure the payment of the Loan, including the payment of LIBOR Breakage Costs, Swap Obligations, Fees and other costs, expenses, fees and interest relating to the Loan, and the other obligations of Trustor under the Loan Documents (as hereinafter defined) and the performance of all of its obligations under the Note, the Loan Agreement and the other Loan Documents (collectively, the “**Debt**”); and

WHEREAS, this Security Instrument is given pursuant to the Loan Agreement and secures the payment, fulfillment, and performance by Trustor of its obligations thereunder and under the other Loan Documents, and each and every term and provision of the Loan Agreement and the Note, including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of the parties therein, are hereby incorporated by reference herein as though set forth in full and will be considered a part of this Security Instrument (the Loan Agreement, the Note, this Security Instrument, and all other documents evidencing or securing the Debt or delivered in connection with the making of the Loan, together with all amendments, restatements, replacements, extensions, renewals, supplements or other modifications of any of the foregoing, are hereinafter referred to collectively as the "**Loan Documents**").

NOW THEREFORE, in consideration of the making of the Loan by Banks and the covenants, agreements, representations and warranties set forth in this Security Instrument:

Article 1 - CONVEYANCE

Section 1.1 PROPERTY CONVEYED. FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, bargains, sells, transfers, conveys and assigns to Trustee, as trustee, IN TRUST, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, for the benefit and security of Beneficiary for the ratable benefit of Banks, under and subject to the terms and conditions hereinafter set forth, the following property, rights, interests and estates now owned, or hereafter acquired by Trustor (collectively, the "**Property**"). Trustor's right, title and interest in the Property is subject to the MontBleu Lease (hereinafter the "**Approved Lease**") by which Tenant has leased the Land and certain Improvements (each as defined below) from Trustor. Nothing in this Security Instrument is intended to nor shall any provision hereof be construed or interpreted as granting a lien or security interest in or in any way encumbering any of Tenant's property located on the Land it being the intent of the Trustor, Beneficiary and Banks that this Security Instrument encumber only Trustor's interest therein subject in all cases to the provisions of the Approved Lease:

(a) Land. All right, title and interest, whether fee, leasehold or otherwise, in and to the real property described in Exhibit A attached hereto and made a part hereof (the "**Land**");

(b) Additional Land. All additional lands, estates and development rights hereafter acquired by Trustor for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, in each case, from time to time, by amendment to this Security Instruments or otherwise be expressly made subject to the lien of this Security Instrument;

(c) Improvements. Trustor's right, title and interest, if any, in the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (collectively, the "**Improvements**");

(d) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Trustor of, in and to the Land and the Improvements and every part and parcel thereof, with the appurtenances thereto;

(e) Equipment. Trustor's right, title and interest, if any, in all "equipment," as such term is defined in Article 9 of the Uniform Commercial Code (as hereinafter defined), now owned or hereafter acquired by Trustor, which is used at or in connection with the Improvements or the Land (including all machinery, equipment, furnishings, and electronic data-processing and other office equipment now owned or hereafter acquired by Trustor and any and all additions, substitutions and replacements of any of the foregoing), together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto (collectively, the "Equipment");

(f) Fixtures. Trustor's right, title and interest, if any, in all Equipment now owned, or the ownership of which is hereafter acquired, by Trustor which is so related to the Land and Improvements forming part of the Property that it is deemed fixtures or real property under the law of the particular state in which the Equipment is located, including all building or construction materials intended for construction, reconstruction, alteration or repair of or installation on the Property, construction equipment, appliances, machinery, plant equipment, fittings, apparatuses, fixtures and other items now or hereafter attached to, installed in or used in connection with (temporarily or permanently) any of the Improvements or the Land, including engines, devices for the operation of pumps, pipes, plumbing, cleaning, call and sprinkler systems, fire extinguishing apparatuses and equipment, heating, ventilating, plumbing, laundry, incinerating, electrical, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, pollution control equipment, security systems, disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and water, gas, electrical, storm and sanitary sewer facilities, utility lines and equipment (whether owned individually or jointly with others, and, if owned jointly, to the extent of Trustor's interest therein) and all other utilities whether or not situated in easements, all water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, and all other structures, together with all accessions, appurtenances, additions, replacements, betterments and substitutions for any of the foregoing and the proceeds thereof (collectively, the "Fixtures");

(g) Personal Property. Trustor's right, title and interest, if any, in all furniture, furnishings, objects of art, machinery, goods, tools, supplies, appliances, general intangibles, contract rights, accounts, accounts receivable, franchises, licenses, certificates and permits, and all other personal property of any kind or character whatsoever (as defined in and subject to the provisions of the Uniform Commercial Code as hereinafter defined), other than Fixtures, which are now or hereafter owned by Trustor and which are located within or about the Land and the

Improvements, together with all accessories, replacements and substitutions thereto or therefor and the proceeds thereof (collectively, the "**Personal Property**"), and the right, title and interest of Trustor in and to any of the Personal Property which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state, states, commonwealth or commonwealths where any of the Property is located (as amended from time to time, the "**Uniform Commercial Code**"), superior in lien to the lien of this Security Instrument and all proceeds and products of the above;

(h) **Leases and Rents**. All leasehold estate, right, title and interest of Trustor in and to all leases, subleases, subsubleases, lettings, licenses, concessions or other agreements (whether written or oral) to which Trustor is a party pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of the Land and the Improvements, and every modification, amendment or other agreement relating to such leases, subleases, subsubleases, or other agreements entered into in connection with such leases, subleases, subsubleases, or other agreements and every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto, heretofore or hereafter entered into, whether before or after the filing by or against Trustor of any petition for relief under 11 U.S.C. §101 et seq., as the same may be amended from time to time (the "**Bankruptcy Code**") (collectively, the "**Leases**") and all right, title and interest of Trustor, its successors and assigns therein and thereunder, including all cash, letters of credit or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, royalties (including all oil and gas or other mineral royalties and bonuses), income, receivables, receipts, revenues, deposits (including security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, and other consideration of whatever form or nature received by or paid to or for the account of or benefit of Trustor or its agents or employees from any and all sources arising from or attributable to the Property, including all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of the sale, lease, sublease, license, concession or other grant of the right of the use and occupancy of property or rendering of services by Trustor or Property Manager and proceeds, if any, from business interruption or other loss of income insurance whether paid or accruing before or after the filing by or against Trustor of any petition for relief under the Bankruptcy Code (collectively, the "**Rents**") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Obligations (as hereinafter defined);

(i) **Condemnation Awards**. All of Trustor's right, title and interest in awards or payments (including any administrative fees or attorneys' fees), including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property;

(j) **Insurance Proceeds**. All of Trustor's right, title and interest in all proceeds (including any administrative fees or attorneys' fees) in respect of the Property under any insurance policies covering the Property, including the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;

(k) Tax Certiorari. All of Trustor's right, title and interest in refunds, rebates or credits in connection with reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction;

(l) Rights. The right, in the name and on behalf of Trustor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Beneficiary and Banks in the Property;

(m) Agreements. All of Trustor's right, title and interest in agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or respecting any business or activity conducted on the Land and any part thereof and all right, title and interest of Trustor therein and thereunder, including the right, upon the happening of any default hereunder, to receive and collect any sums payable to Trustor thereunder;

(n) Trademarks. All of Trustor's right, title and interest in tradenames, trademarks, servicemarks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Property;

(o) Accounts. All reserves, escrows and deposit accounts maintained by Trustor with respect to the Property, including all accounts established or maintained pursuant to the Loan Documents; together with all deposits or wire transfers made to such accounts and all cash, checks, drafts, certificates, securities, investment property, financial assets, instruments and other property held therein from time to time and all proceeds, products, distributions or dividends or substitutions thereon and thereof;

(p) Swap Contract. All of Trustor's present and future rights, titles and interests, but not its obligations, duties or liabilities for any breach, in, under and to all Swap Contracts (as defined in the Line of Credit Agreement) and all Swap Transactions (as defined in the Line of Credit Agreement), any and all amounts received by Trustor in connection therewith or to which Trustor is entitled thereunder, and all proceeds of the foregoing including all "accounts", "chattel paper", "general intangibles" and "investment property" (as such terms are defined in the Uniform Commercial Code as from time to time in effect) constituting or relating to the foregoing;

(q) Proceeds. All of Trustor's right, title and interest in proceeds of any of the foregoing, including, without limitation, proceeds of insurance and condemnation awards, whether cash, liquidation or other claims or otherwise;

(r) Greater Estate. All right, title and interest of Trustor now owned or hereafter acquired by Trustor in and to any greater estate in the Land or the Improvements;

(s) Other Rights. Any and all other rights of Trustor in and to the items set forth in Subsections (a) through (r) above.

AND without limiting any of the other provisions of this Security Instrument, to the extent permitted by applicable law, Trustor expressly grants to Beneficiary, as secured party, a security interest in the portion of the Property, for the ratable benefit of Banks, which is or may be subject to the provisions of the Uniform Commercial Code which are applicable to secured transactions; it being understood and agreed that the Improvements and Fixtures are part and parcel of the Land (the Land, the Improvements and the Fixtures are collectively referred to as the "**Real Property**") appropriated to the use thereof and, whether affixed or annexed to the Real Property or not, will for the purposes of this Security Instrument be deemed conclusively to be real estate subject to the lien hereof.

Section 1.2 ASSIGNMENT OF RENTS. Trustor hereby absolutely and unconditionally assigns to Beneficiary for the ratable benefit of Banks all of Trustor's right, title and interest in and to all current and future Leases and Rents; it being intended by Trustor that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of Section 7.1(h) of this Security Instrument, Beneficiary grants to Trustor a revocable license to collect, receive, use and enjoy the Rents. Trustor will hold the Rents, or a portion thereof sufficient to discharge all current sums due on the Obligations (as hereinafter defined), for use in the payment of such sums.

Section 1.3 SECURITY AGREEMENT. This Security Instrument constitutes and shall be deemed to be a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Trustor in the Property. By executing and delivering this Security Instrument, Trustor hereby grants to Beneficiary for the ratable benefit of Banks, as security for the Obligations (as hereinafter defined), a security interest in the Fixtures, the Equipment, the Personal Property and other property constituting the Property to the full extent that the Fixtures, the Equipment, the Personal Property and such other property may be subject to the Uniform Commercial Code (said portion of the Property so subject to the Uniform Commercial Code being called the "**Collateral**"). If an Event of Default occurs, Beneficiary and Banks, in addition to any other rights and remedies which they may have, will have and may exercise immediately and without demand, any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Collateral or any part thereof, and to take such other measures as Beneficiary or Banks may deem necessary for the care, protection and preservation of the Collateral. Upon request or demand of Beneficiary after the occurrence of an Event of Default, Trustor will, at its expense, assemble the Collateral and make it available to Beneficiary for the ratable benefit of Banks at a convenient place (at the Land if tangible property) acceptable to Beneficiary. Trustor will pay to Beneficiary or Banks on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Beneficiary or Banks, as applicable, in protecting its interest in the Collateral and in enforcing its rights hereunder with respect to the Collateral after the occurrence of an Event of Default. Any notice of sale, disposition or other intended action by Beneficiary or Banks with respect to the Collateral sent to Trustor in accordance with the provisions hereof at least 10 Business Days prior to such action, will, except as otherwise provided by applicable law, constitute reasonable notice to Trustor. The proceeds of any disposition of the Collateral, or any part thereof, may, except as otherwise required by applicable law, be applied by Beneficiary or Banks to the

payment of the Obligations (as hereinafter defined) in such priority and proportions as Beneficiary in its discretion deems proper. The principal place of business of Trustor (Debtor) is as set forth on page one hereof and the address of Beneficiary (Secured Party) is as set forth on page one hereof.

Section 1.4 FIXTURE FILING. Certain of the Property is or will become “fixtures” (as that term is defined in the Uniform Commercial Code) on the Land, described or referred to in this Security Instrument, and this Security Instrument, upon being filed for record in the real estate records of the city or county wherein such fixtures are situated, will operate also as a financing statement naming Trustor as Debtor and Beneficiary as Secured Party filed as a fixture filing in accordance with the applicable provisions of said Uniform Commercial Code upon such of the Property that is or may become fixtures.

Section 1.5 PLEDGES OF MONIES HELD. Trustor hereby pledges to Beneficiary for the ratable benefit of itself and Banks any and all monies now or hereafter held by Beneficiary or Banks or on behalf of Beneficiary or Banks in connection with the Loan, including any sums deposited in the Required Accounts and Net Proceeds (as hereinafter defined) as additional security for the Obligations (as hereinafter defined), until expended or applied as provided in this Security Instrument or the Loan Agreement.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto and to the use and benefit of Beneficiary for the ratable benefit of itself and Banks, and their successors and assigns, forever, subject to the provisions of the Approved Lease;

PROVIDED, HOWEVER, this grant is made upon the express condition that, if Trustor pays to Beneficiary for the ratable benefit of itself and Banks the Obligations (as hereinafter defined) at the time and in the manner provided in the Loan Documents, and performs the Obligations (as hereinafter defined) in the time and manner set forth in the Loan Documents and complies with each and every covenant and condition set forth herein and in the other Loan Documents, the estate hereby granted will cease, terminate and be void; provided, however, that Trustor’s obligation to indemnify and hold harmless Beneficiary and any Banks pursuant to the provisions hereof will survive any such payment and release. Furthermore, upon written request of Beneficiary stating that all Obligations (as hereinafter defined) have been satisfied in full, and upon surrender of this Security Instrument and the Note to Trustee for cancellation and retention and upon payment by Trustor of Beneficiary’s and any Bank’s reasonable fees, Beneficiary shall cause Trustee to and Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as “the person or persons legally entitled thereto.”

Article 2 - DEBT AND OBLIGATIONS SECURED

Section 2.1 DEBT. This Security Instrument and the grants, assignments and transfers made in Article 1 are given for the purpose of securing the Debt which includes, but is not

limited to, the obligations of Trustor to pay to Beneficiary and Banks the principal and interest owing pursuant to the terms and conditions of the Note and the Loan Agreement. In addition, without limiting the application of NRS Chapter 106, funds disbursed by Beneficiary and/or any Bank that, in the reasonable exercise of Beneficiary's judgment, are needed to complete the Improvements to the Land or to protect Beneficiary's and Banks' security are to be deemed obligatory advances hereunder and will be added to the total indebtedness evidenced by the Note and secured by this Security Instrument and the Debt shall be increased accordingly.

Section 2.2 OTHER OBLIGATIONS. This Security Instrument and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the following (the "Other Obligations"):

(a) the payment and performance of all other obligations of Trustor contained herein, including all fees and charges payable by Trustor;

(b) the payment and performance of each obligation of Trustor contained in the Loan Agreement and any other Loan Document, including all Swap Obligations and all fees and charges payable by Trustor;

(c) the performance of each obligation of Trustor contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note, the Loan Agreement or any other Loan Document; and

(d) the payment and performance of all other obligations of Trustor under the Loan Documents, except that the term "Other Obligations" does not include any obligations or liabilities under the Indemnity and the obligations and liabilities under the Indemnity are not secured by this Security Instrument. For purposes of this Section 2.2(d), the terms "Indemnity" and "Loan Documents" shall have the respective meaning given each such term in the Line of Credit Agreement.

Section 2.3 DEBT AND OTHER OBLIGATIONS. Trustor's obligations for the payment of the Debt and the performance of the Other Obligations will be referred to collectively herein as the "Obligations."

Article 3 - TRUSTOR COVENANTS

Trustor covenants and agrees that:

Section 3.1 PAYMENT OF OBLIGATIONS. Trustor will pay and perform the Obligations at the time and in the manner provided in the Loan Agreement, the Note and this Security Instrument.

Section 3.2 INCORPORATION BY REFERENCE. All the covenants, conditions and agreements contained in (a) the Loan Agreement, (b) the Note and (c) all and any of the other Loan Documents, are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

Section 3.3 INSURANCE. Trustor will, at no expense to Trustee, Beneficiary or any Bank, obtain and maintain, or cause to be maintained (including but not limited to causing the tenant under the Approved Lease to maintain such insurance), in full force and effect at all times insurance with respect to Trustor and the Property as required pursuant to the Line of Credit Agreement. In the event such insurance is not obtained, maintained, kept in force or delivered to Beneficiary for the benefit of Banks the policies of insurance required by the Line of Credit Agreement in accordance with the terms thereof, Beneficiary may (but has no obligation to) procure such insurance or single-interest insurance for such risks covering Beneficiary's and Banks' interests, and Trustor will pay all premiums thereon promptly upon demand by Beneficiary, and until such payment is made by Trustor, the amount advanced by Beneficiary and Banks with respect to all such premiums will, at Beneficiary's option, bear interest at the Default Rate.

Section 3.4 MAINTENANCE OF PROPERTY. Subject to the Approved Lease, Trustor will cause the Property to be maintained in a good and safe condition and repair and otherwise in accordance with the Line of Credit Agreement. The Improvements, the Fixtures, and the Personal Property will not be removed, demolished or altered without the consent of Beneficiary other than in accordance with the terms and conditions of the Line of Credit Agreement. Trustor will promptly cause the repair, replacement or rebuilding of any part of the Property which may be destroyed by any casualty or become damaged, worn or dilapidated or which may be affected by any condemnation, and will complete and pay for any structure at any time in the process of construction or repair on the Land.

Section 3.5 WASTE. Subject to the Approved Lease, Trustor will not permit commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that might invalidate or allow the cancellation of any insurance policy which Trustor is obligated to maintain or cause to be maintained pursuant to the Line of Credit Agreement, or do or permit to be done thereon anything that may in any way materially impair the value of the Property or the security of this Security Instrument. Trustor will not, without the prior written consent of Beneficiary, permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Land, regardless of the depth thereof or the method of mining or extraction thereof.

Section 3.6 PAYMENT FOR LABOR AND MATERIALS. Subject to the Approved Lease:

(a) Trustor will promptly pay or cause to be paid when due all bills and costs for labor and materials ("Labor and Material Costs") incurred in connection with the Property and not permit to exist beyond the due date thereof in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event not permit to be created or exist in respect of the Property or any part thereof any other or additional Line of Credit Lien or Security Interest other than the liens or security interests hereof except for the Line of Credit Permitted Encumbrances.

(b) After prior written notice to Beneficiary, Trustor, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Labor and

Material Costs, provided that Trustor shall have caused any lien securing such Labor and Material Costs to be released within ninety (90) days after the filing thereof by posting a surety bond as provided in NRS 108.2413 *et seq.*

Section 3.7 PAYMENT OF TAXES AND IMPOSITIONS.

(a) Trustor will pay, or cause to be paid prior to delinquency (including but not limited to causing the tenant under the Approved Lease to pay prior to delinquency), all real property taxes and assessments, general and special, and all other taxes, assessments, duties, levies, imposts, deductions, charges or withholdings, of any kind or nature whatsoever, including nongovernmental levies or assessments such as maintenance charges, levies or charges resulting from covenants, conditions and restrictions affecting the Property, which are assessed or imposed upon the Property, or become due and payable, and which create or may create a lien upon the Property (all the foregoing, collectively, "**Impositions**").

(b) Trustor, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Impositions, provided that (i) no Default or Event of Default has occurred, (ii) either (A) such proceeding will suspend the collection of the Impositions from Trustor and from the Property, or (B) Trustor has paid all of the Impositions under protest, (iii) such proceeding is permitted and conducted in accordance with the provisions of any other instrument to which Trustor or the Property is subject and will not constitute a default thereunder, (iv) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (v) Trustor will promptly upon final determination thereof pay the amount of any such Impositions, together with all costs, interest and penalties which may be payable in connection therewith, and (vi) Trustor has furnished such security as may be required in the proceeding, or as may be reasonably requested by Beneficiary to insure the payment of any contested Impositions, together with all interest and penalties thereon. Beneficiary and any Bank may pay over any such security or part thereof held by Beneficiary and such Bank to the claimant entitled thereto at any time when, in the judgment of Beneficiary, the entitlement of such claimant is established or the Property (or part thereof or interest therein) is in danger of being sold, forfeited, terminated, cancelled or lost or there is any danger of any Line of Credit Lien related to the contested Impositions becoming senior in priority, in whole or in part, to the Line of Credit Lien of the Security Instrument.

Section 3.8 CHANGE OF NAME, JURISDICTION. In addition to the restrictions contained in the Loan Agreement, Trustor will not change Trustor's name, identity (including its trade name or names) or jurisdiction of formation or organization unless Trustor has first obtained the prior written consent of Beneficiary to such change, and has taken all actions necessary or required by Beneficiary to file or amend any financing statements or continuation statements to assure perfection and continuation of perfection of security interests under the Loan Documents. Trustor will notify Beneficiary in writing of any change in its organizational identification number at least 30 days in advance of such change becoming effective. If Trustor does not now have an organizational identification number and later obtains one, Trustor will promptly notify Beneficiary in writing of such organizational identification number. At the request of Beneficiary, Trustor will execute a certificate in form satisfactory to Beneficiary listing the trade

names under which Trustor intends to operate the Property, and representing and warranting that Trustor does business under no other trade name with respect to the Property.

Section 3.9 UTILITIES. Subject to the Approved Lease, Trustor will pay or cause to be paid when due all utility charges that are incurred by Trustor for the benefit of the Property or that may become a charge or lien against the Property for gas, electricity, water or sewer services furnished to the Property and all other assessments or charges of a similar nature, whether public or private, affecting or related to the Property or any portion thereof, whether or not such assessments or charges are or may become liens thereon.

Section 3.10 CASUALTY After obtaining knowledge of the occurrence of any damage, destruction or other casualty to the Property or any part thereof, whether or not covered by insurance, Trustor must immediately notify Beneficiary in writing. In the event of such casualty, all proceeds of insurance (collectively, the "Insurance Proceeds") must be payable to Beneficiary and no other party for its own account or for the account of Banks (as the case may be), and Trustor hereby authorizes and directs any affected insurance company to make payment of such Insurance Proceeds directly to Beneficiary and no other party for its own account or for the account of Banks (as the case may be) . If Trustor receives any Insurance Proceeds, Trustor must pay over such Insurance Proceeds to Beneficiary within 2 Business Days. Beneficiary is hereby authorized and empowered by Trustor to settle, adjust or compromise any and all claims for loss, damage or destruction under any policy or policies of insurance. In the event of a foreclosure of this Security Instrument, or other transfer of title to the Property in extinguishment in whole or in part of the Obligations, all right, title and interest of Trustor in and to the insurance policies required by the Line of Credit Agreement that are then in force, and all Insurance Proceeds payable thereunder, will vest in the purchaser at such foreclosure or in Beneficiary for its own account or the account of Banks, as applicable, or other transferee in the event of such other transfer of title. Nothing herein will be deemed to excuse Trustor from repairing or maintaining the Property as provided in this Security Instrument or restoring all damage or destruction to the Property, regardless of the availability or sufficiency of Insurance Proceeds, and the application or release by Beneficiary of any Insurance Proceeds will not cure or waive any Default, Event of Default or notice of Default or Event of Default or invalidate any action taken by or on behalf of Beneficiary pursuant to any such notice. The provisions of this section are subject to the Approved Lease.

Section 3.11 CONDEMNATION If any proceeding or action is commenced for the taking of the Property, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, condemnation or otherwise, or if the same is taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, or should Trustor receive any notice or other information regarding such proceeding, action, taking or damage, Trustor must immediately notify Beneficiary in writing. Beneficiary may commence, appear in and prosecute in its own name any such action or proceeding. Beneficiary may also make any compromise or settlement in connection with such taking or damage. Beneficiary will not be liable to Trustor for any failure by Beneficiary to collect or to exercise diligence in collecting any such compensation for a taking. All compensation, awards, damages, rights of action and proceeds awarded to Trustor by reason of any such taking or damage to the Property or any part thereof or any interest therein for public or quasi-public use under the power of eminent domain, by reason of any public improvement or condemnation proceeding, or in any

other manner (the "Condemnation Proceeds") are hereby assigned to Beneficiary for its own account or the account of Banks, as applicable, and Trustor agrees to execute such further assignments of the Condemnation Proceeds as Beneficiary or Trustee may require. Trustor may not compromise or settle any claim resulting from the condemnation proceeding which results in the Condemnation Proceeds being greater than or equal to \$10,000 less than Beneficiary's reasonable estimate of the damages resulting from the taking. Nothing herein will be deemed to excuse Trustor from repairing, maintaining or restoring the Property as provided in this Security Instrument, regardless of the availability or sufficiency of any Condemnation Proceeds, and the application or release by Beneficiary or any Bank of any Condemnation Proceeds will not cure or waive any Default, Event of Default or notice of Default or Event of Default or invalidate any action taken by or on behalf of Beneficiary or any Bank pursuant to any such notice. In the event of a foreclosure of this Security Instrument, or other transfer of title to the Property in extinguishment in whole or in part of the Obligations, all right, title and interest of Trustor in and to the Condemnation Proceeds will vest in the purchaser at such foreclosure or in Beneficiary for the benefit of itself or Banks (as the case may be) or other transferee in the event of such other transfer of title. The provisions of this section are subject to the Approved Lease.

Section 3.12 AVAILABILITY OF NET PROCEEDS. The provisions of this section are subject to the Approved Lease.

(a) In the event of damage, destruction or other casualty to the Property or any part thereof that results in a loss of 75% or more of the full replacement value of the Property, as reasonably determined by Beneficiary, all Net Proceeds received by Beneficiary or Banks will be used to prepay the Obligations in accordance with the terms of the Loan Agreement and the Note. Should the Net Proceeds exceed the amount of the Obligations due, any such excess will be repaid to Trustor. Should the Net Proceeds be less than the Obligations, any deficiency will be paid by Trustor to Beneficiary within 30 days of demand by Beneficiary. Beneficiary's right to payment of Net Proceeds will exist whether or not any such loss results in any impairment to the security of the Beneficiary under this Security Instrument.

(b) In the event of damage, destruction or other casualty to the Property or any part thereof that results in a loss of less than 75% of the full replacement value of the Property, as reasonably determined by Beneficiary, Beneficiary will make the Net Proceeds received by Beneficiary available to Trustor to pay the cost of reconstruction of the Property, subject to the satisfaction of the following conditions as reasonably determined by Beneficiary: (i) no Default or Event of Default has occurred; (ii) the cost of reconstruction is equal to or less than the amount of Net Proceeds received by Beneficiary, or Trustor has deposited with Beneficiary such additional funds such that the sum of the Net Proceeds and such funds equals the cost of reconstruction; (iii) Beneficiary (and, at Beneficiary's option, its consultant) has received and approved in its discretion the plans and specifications, construction contracts, construction budget and construction schedule for such reconstruction, and the same have all been approved by all applicable Governmental Authorities; (iv) Beneficiary has reasonably determined in its discretion that such reconstruction can be completed on or before the earliest to occur of: (A) 6 months prior to the Maturity Date (and the casualty has occurred prior to such period), (B) the earliest date required for such completion under the terms of any Leases or material agreements affecting the Property, (C) such time as may be required under applicable Governmental Requirements, or (D) the expiration of the loss of rents or business interruption insurance

coverage required under the Line of Credit Agreement; (v) the Property and the use thereof after the reconstruction will be in compliance with and permitted under all Governmental Requirements; (vi) all Net Proceeds and any deposits required by subsection (ii) above will be held by Beneficiary for the benefit of itself and Banks, as applicable, and will be disbursed in accordance with disbursement procedures established by Beneficiary in its discretion; (vii) Intentionally Deleted; (viii) Beneficiary is satisfied that any operating deficits, including scheduled payments of principal and interest under the Note and the Loan Agreement, which will be incurred with respect to the Property as a result of the occurrence of any such casualty will be covered out of the loss of rents or business interruption insurance coverage required under the Line of Credit Agreement; (ix) Trustor will commence reconstruction as soon as reasonably practicable but in no event later than 90 days after such casualty; and (x) the reconstruction can be completed by the Completion Date. If any of these conditions will not be satisfied as determined by Beneficiary, then Beneficiary will have the right to use the Net Proceeds to prepay the Obligations in accordance with the Note and the Loan Agreement. If any Net Proceeds remain available after completion of the reconstruction of the Property, then such Net Proceeds will be used to prepay the Obligations in accordance with the Loan Agreement and the Note.

(c) In the event of any taking or condemnation of the Property or any part thereof or interest therein, all Net Proceeds will be paid to Beneficiary for the benefit of itself or Banks, as applicable, and Beneficiary will use such Net Proceeds to prepay the Obligations in accordance with the terms of the Loan Agreement and the Note.

(d) The term “**Net Proceeds**” means (i) the net amount of the Insurance Proceeds received by Beneficiary for the benefit of itself or Banks, as applicable, after deduction of Beneficiary’s and Banks’ costs and expenses (including attorneys’ fees), if any, in collecting the same; or (ii) the net amount of the Condemnation Proceeds received by Beneficiary for the benefit of itself or Banks, as applicable, after deduction of Beneficiary’s and Banks’ costs and expenses (including attorneys’ fees), if any, in collecting the same, whichever the case may be; and (iii) any additional deposit the Bank requires the Borrower to make to the Bank in connection with such casualty or condemnation proceeding.

Section 3.13 LEASEHOLD. If a leasehold estate constitutes any portion of the Property, Trustor agrees not to amend, modify, extend, renew or terminate such leasehold estate, any interest therein, or the lease granting such leasehold estate without the prior written consent of Beneficiary, which consent may be withheld by Beneficiary in its sole discretion. Consent to one amendment, modification, extension or renewal shall not be deemed to be a waiver of the right to require consent to other, future or successive amendments, modifications, extensions or renewals. Trustor agrees to perform all obligations and agreements under said leasehold and shall not take any action or omit to take any action which would affect or permit the termination of said leasehold estate. Trustor agrees to promptly notify Beneficiary in writing with respect to any default or alleged default by any party thereto and to deliver to Beneficiary copies of all notices, demands, complaints or other communications received or given by Trustor with respect to any such default or alleged default. Beneficiary and any Bank shall have the option, but not the obligation, to cure any such default and to perform any or all of Trustor’s obligations thereunder. All sums expended by Beneficiary or any Bank in curing any such default shall be secured hereby and shall be immediately due and payable without demand or notice and shall bear interest from date of expenditure at the Default Rate.

Section 3.14 COMMON OWNERSHIP INTEREST ACT. Trustor shall completely observe, perform and discharge each and every condition, obligation, covenant and agreement affecting the Property, whether the same is prior and superior or subject and subordinate hereto including, if the security hereunder is or will be subject to NRS Chapter 116, each and every provision to be performed by Trustor under any declaration of covenants, conditions and restrictions pertaining to the common-interest community and, upon written request of Beneficiary, to pay maintenance charges, if the same have not been paid or legal steps have not been initiated to enforce such payment within ninety (90) days after such written request is made.

Article 4 - OBLIGATIONS AND RELIANCES

Section 4.1 RELATIONSHIP OF TRUSTOR, BENEFICIARY AND BANKS. The relationship between Trustor, Beneficiary and Banks is solely that of debtor and creditors, and Beneficiary and Banks have no fiduciary or other special relationship with Trustor, and no term or condition of any of the Loan Agreement, the Note, this Security Instrument or any of the other Loan Documents will be construed so as to deem the relationship between Trustor, Beneficiary and Banks to be other than that of debtor and creditors.

Section 4.2 NO RELIANCE ON BENEFICIARY OR BANKS. The general partners, members, principals and (if Trustor is a trust) beneficial owners of Trustor are experienced in the ownership and operation of properties similar to the Property, and Trustor, Beneficiary and Banks are relying solely upon Trustor's expertise and business plan in connection with the ownership and operation of the Property. Trustor is not relying on Beneficiary's or any Bank's expertise, business acumen or advice in connection with the Property.

Section 4.3 NO BENEFICIARY OR BANK OBLIGATIONS.

(a) Notwithstanding anything to the contrary contained in this Security Instrument, neither Beneficiary nor any Bank is undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to any other agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(b) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Beneficiary or any Bank pursuant to this Security Instrument, the Loan Agreement, the Note or the other Loan Documents, including any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal, or insurance policy, neither Beneficiary nor any Bank will be deemed to have warranted, consented to, or affirmed the sufficiency, legality or effectiveness of same, and such acceptance or approval thereof will not constitute any warranty or affirmation with respect thereto by Beneficiary or any Bank.

Section 4.4 RELIANCE. Trustor recognizes and acknowledges that in accepting the Loan Agreement, the Note, this Security Instrument and the other Loan Documents, Beneficiary and Banks are expressly and primarily relying on the truth and accuracy of the warranties and representations set forth in Article V of the Line of Credit Agreement and the Loan Agreement without any obligation to investigate the Property and notwithstanding any investigation of the Property by Beneficiary or Banks; that such reliance existed on the part of Beneficiary or Banks

prior to the date hereof; that the warranties and representations are a material inducement to Beneficiary and Banks in making the Loan; and that Beneficiary and Banks would not be willing to make the Loan and accept this Security Instrument in the absence of the warranties and representations as set forth in Article V of the Line of Credit Agreement and the Loan Agreement.

Article 5 - FURTHER ASSURANCES

Section 5.1 RECORDING OF SECURITY INSTRUMENT, ETC. Trustor forthwith upon the execution and delivery of this Security Instrument and thereafter, from time to time, will cause this Security Instrument and any of the other Loan Documents creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Beneficiary and Banks in, the Property. Trustor will pay all taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Note, this Security Instrument, the other Loan Documents, any note, deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Security Instrument, any deed of trust or mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do.

Section 5.2 FURTHER ACTS, ETC. Trustor will, at Trustor's sole cost and expense, and without expense to Beneficiary or Banks, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, deeds of trust, mortgages, assignments, notices of assignments, transfers and assurances as Beneficiary may, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Beneficiary the property and rights hereby mortgaged, deeded, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Trustor may be or may hereafter become bound to convey or assign to Beneficiary or Banks, or for carrying out the intention or facilitating the performance of the terms of this Security Instrument or for filing, registering or recording this Security Instrument, or for complying with all applicable Laws and Governmental Requirements. Trustor, on demand, will execute and deliver, and in the event it fails to so execute and deliver, hereby authorizes Beneficiary to execute in the name of Trustor or file or record without the signature of Trustor to the extent Beneficiary may lawfully do so, one or more financing statements (including initial financing statements and amendments thereto and continuation statements), to evidence more effectively the security interest of Beneficiary and Banks in the Property. Trustor also ratifies its authorization for Beneficiary to have filed or recorded any like initial financing statements, amendments thereto and continuation statements, if filed or recorded prior to the date of this Security Instrument.

Section 5.3 CHANGES IN TAX, DEBT, CREDIT AND DOCUMENTARY STAMP LAWS.

(a) If any law is enacted or adopted or amended after the date of this Security Instrument which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Beneficiary's or Banks' interest in the Property, Trustor will pay the tax, with interest and penalties thereon, if any, in accordance with the applicable provisions of the Loan Agreement. If Beneficiary or any Bank is advised by counsel chosen by it that the payment of any such tax by Trustor would be unlawful or taxable to Beneficiary or such Bank or unenforceable or provide the basis for a defense of usury then, if the Trustor and Beneficiary cannot, in good faith, reach an agreement whereby the Beneficiary and Bank are made whole, Beneficiary will have the option by written notice of not less than 180 days to declare the Debt immediately due and payable.

(b) Trustor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes assessed against the Property, or any part thereof, and no deduction will otherwise be made or claimed from the assessed value of the Property, or any part thereof, for real estate tax purposes by reason of this Security Instrument or the Debt. If such claim, credit or deduction is required by law, Beneficiary will have the option, by written notice of not less than 120 days, to declare the Debt immediately due and payable.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State will require revenue or other stamps to be affixed to the Note, this Security Instrument, or any of the other Loan Documents or impose any other tax or charge on the same, Trustor will pay for the same, with interest and penalties thereon, if any.

Article 6 - DUE ON SALE/ENCUMBRANCE

Section 6.1 BENEFICIARY AND BANKS RELIANCE. Trustor acknowledges that Beneficiary and Banks have examined and relied on the experience of Trustor in agreeing to make the Loan, and will continue to rely on Trustor's ownership of the Property as a means of maintaining the value of the Property as security for repayment and performance of the Obligations. Trustor acknowledges that Beneficiary and Banks have a valid interest in maintaining the value of the Property so as to ensure that, should Trustor default in the repayment of the Obligations or the performance of the Obligations, Beneficiary and Banks can recover the Obligations by a sale of the Property.

Section 6.2 NO TRANSFER. Trustor will comply in all respects with the provisions of Section 6.10 of the Line of Credit Agreement regarding (a) selling, transferring, leasing, conveying or encumbering the Land, the Equipment or the Improvements or the direct or indirect interests in Trustor, and (b) changing control of Trustor.

Article 7 - RIGHTS AND REMEDIES UPON DEFAULT

Section 7.1 REMEDIES. Upon the occurrence of any Event of Default, unless such Event of Default is subsequently waived in writing by Beneficiary (provided that Beneficiary has no obligation whatsoever to grant any such waiver and any such waiver, if granted, will be considered a one-time waiver), Beneficiary, Banks and/or Trustee may exercise any or all of the

following rights and remedies, consecutively or simultaneously, and in any order to the fullest extent permitted by applicable law:

(a) Exercise any and all rights and remedies specified in the Loan Agreement, including declaring that the Commitment is terminated and/or declaring that the entire unpaid principal balance of the Obligations are immediately due and payment, together with accrued and unpaid interest thereon;

(b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Security Instrument, under any applicable provision of law, in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;

(c) with or without entry, to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Security Instrument for the portion of the Obligations then due and payable, subject to the continuing lien and security interest of this Security Instrument for the balance of the Obligations not then due, unimpaired and without loss of priority;

(d) to the extent permitted by law, sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of Trustor therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, as an entirety or in parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by law;

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note, the Loan Agreement or in the other Loan Documents;

(f) to the extent permitted by applicable law, recover judgment on the Obligations either before, during or after any proceedings for the enforcement of this Security Instrument or the other Loan Documents;

(g) to the extent permitted under and in accordance with the procedures imposed under applicable law, apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Obligations and without regard for the solvency of Trustor, any guarantor or any indemnitor with respect to the Loan or of any Person liable for the payment of the Obligations;

(h) subject to any applicable law, the license granted to Trustor under Section 1.2 hereof will automatically be revoked and Beneficiary and Trustee may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Trustor and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Trustor and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Trustor agrees to surrender possession of the Property and of such books, records and accounts to Beneficiary and/or Trustee within ten (10) Business Days after written demand, and thereupon Beneficiary and/or Trustee may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and

conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Beneficiary and/or Trustee deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property; (iv) exercise all rights and powers of Trustor with respect to the Property, whether in the name of Trustor or otherwise, including the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) require Trustor to pay monthly in advance to Beneficiary for the account of itself and Banks, as applicable, and/or Trustee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Trustor; (vi) require Trustor to vacate and surrender possession of the Property to Beneficiary for the benefit of itself and Banks, as applicable, and/or Trustee or to such receiver and, in default thereof, Trustor may be evicted by summary proceedings or otherwise; and (vii) apply the receipts from the Property to the payment of the Obligations, in such order, priority and proportions as Beneficiary and/or Trustee deems appropriate in its sole discretion after deducting therefrom all expenses (including attorneys' fees) incurred in connection with the aforesaid operations and all amounts necessary to pay the Taxes, Insurance Premiums (as defined in the Line of Credit Agreement) and other expenses in connection with the Property, as well as just and reasonable compensation for the services of Beneficiary, Banks and Trustee, their respective in-house and outside counsel(s), agents and employees;

(i) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (i) the right to take possession of the Fixtures, the Equipment and the Personal Property, or any part thereof, and to take such other measures as Beneficiary and/or Trustee may deem necessary for the care, protection and preservation of the Fixtures, the Equipment and the Personal Property, and (ii) require Trustor at its expense to assemble the Fixtures, the Equipment and the Personal Property and make it available to Beneficiary and/or Trustee at a convenient place acceptable to Beneficiary and/or Trustee. Any notice of sale, disposition or other intended action by Beneficiary and/or Trustee with respect to the Fixtures, the Equipment and/or the Personal Property sent to Trustor in accordance with the provisions hereof at least ten (10) Business Days prior to such action, will constitute commercially reasonable notice to Trustor;

(j) subject to any applicable law, apply any sums then deposited or held in escrow or otherwise by or on behalf of Beneficiary, for the benefit of itself and Banks, as applicable, in accordance with the terms of the Loan Agreement, this Security Instrument or any other Loan Document to the payment of the following items in any order in its sole and absolute discretion:

- (i) Taxes;
- (ii) Insurance Premiums;
- (iii) Insurance Premiums (as defined in the Line of Credit Agreement)
- (iv) Interest on the unpaid principal balance of the Note;
- (v) The unpaid principal balance of the Note;

(vi) All other sums payable pursuant to the Note, the Loan Agreement, this Security Instrument and the other Loan Documents, including advances made by Beneficiary and/or Banks pursuant to the terms of this Security Instrument;

(k) pursue such other remedies as Beneficiary, Banks and/or Trustee may have under the other Loan Documents and/or applicable law;

(l) apply the undisbursed balance of any Net Proceeds, together with interest thereon, to the payment of the Obligations in such order, priority and proportions as Beneficiary will deem to be appropriate in its discretion.

(m) exercise the power of sale herein contained and deliver to Trustee a written statement of breach, notice of default and election to cause Trustor's interest in the Property to be sold in accordance with applicable law; or

(n) enforce all rights and remedies of an assignee of rents under the Uniform Assignment of Rents Act, NRS Chapter 107A.

In the event of a sale, by foreclosure, power of sale or otherwise, of less than all of Property, this Security Instrument will continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority.

Section 7.2 REMEDIES NOT EXCLUSIVE. Trustee, Beneficiary and Banks, and each of them, shall be entitled to enforce payment and performance of any and all of the Obligations and to exercise all rights and powers under the Loan Documents and under the law now or hereafter in effect, notwithstanding some or all of the Obligations may now or hereafter be otherwise secured or guaranteed. Neither the acceptance of this Security Instrument nor its enforcement, whether by court action or pursuant to the power of sale or other rights herein contained, shall prejudice or in any manner affect Trustee's, Beneficiary's or any Bank's right to realize upon or enforce any other security or guaranty now or hereafter held by Trustee, Beneficiary or any Bank, it being agreed that Trustee, Beneficiary and Banks, and each of them shall be entitled to enforce this Security Instrument and any other security or any guaranty now or hereafter held by Beneficiary or Trustee in such order and manner as they or any of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee, Beneficiary or Banks is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing under the law. Every power or remedy given by any of the Loan Documents or by law to Trustee, Beneficiary or Banks, or to which any of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee, Beneficiary or any Bank and, to the extent permitted by law, any of them may pursue inconsistent remedies.

Section 7.3 FORECLOSURE BY POWER OF SALE. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee in accordance with the provisions of applicable law.

(a) Upon receipt of such notice from Trustor, Trustee shall cause to be recorded, published and delivered to Trustor and such other persons and entities as are entitled thereto, such Notice of Default and Election to Sell as is then required by law and by this Security Instrument. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Property at the time and place of sale (which place shall be in the location in the county in which the Property is located as required by applicable law) fixed by it in said Notice of Sale, either as a whole, or in separate lots or parcels or items as Trustee deems expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts will be conclusive proof of the truthfulness thereof. Any person (other than the agent conducting the sale), including, without limitation, Trustor or Trustee, or any Bank, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale in the following priority, to payment of: (i) first, all sums expended by Beneficiary, any Bank, or Trustee under the terms hereof, not then repaid, with accrued interest at the Default Rate; (ii) second, all Obligations and other sums then secured hereby in such order and amounts as Beneficiary in its sole discretion determines; and (iii) the remainder, if any, to the person or persons legally entitled thereto.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

Section 7.4 APPLICATION OF PROCEEDS. The purchase money, proceeds and avails of any disposition of the Property, and or any part thereof, or any other sums collected by Beneficiary or any Bank pursuant to the Note, this Security Instrument or the other Loan Documents, may be applied by Beneficiary to the payment of the Obligations in such priority and proportions as Beneficiary in its discretion will deem proper, to the extent consistent with applicable Laws.

Section 7.5 ACTIONS AND PROCEEDINGS. Trustor will give Beneficiary prompt written notice of the assertion of any claim with respect to, or the filing of any action or proceeding purporting to affect the Property, the security hereof or the rights or powers of Beneficiary or banks. Beneficiary and each Bank has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Trustor, which Beneficiary or such Bank, in its reasonable discretion, decides should be brought to protect its interest in the Property.

Section 7.6 RECOVERY OF SUMS REQUIRED TO BE PAID. Beneficiary will have the right from time to time to take action to recover any sum or sums which constitute a part of the Obligations as the same become due, without regard to whether or not the balance of the Obligations is due, and without prejudice to the right of Beneficiary or any Bank thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Trustor existing at the time such earlier action was commenced.

Section 7.7 OTHER RIGHTS, ETC.

(a) The failure of Beneficiary or any Bank to insist upon strict performance of any term hereof will not be deemed to be a waiver of any term of this Security Instrument. Trustor will not be relieved of Trustor's obligations hereunder by reason of (i) the failure of Beneficiary or any Bank to comply with any request of Trustor or any guarantor or indemnitor with respect to the Loan to take any action to foreclose this Security Instrument or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any Person liable for the Obligations or any portion thereof, or (iii) any agreement or stipulation by Beneficiary or any Bank extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Instrument or the other Loan Documents.

(b) It is agreed that prior to the transfer of title to the Property to Beneficiary, Agent or any thirty party permitted hereunder or under the Loan Agreement, the risk of loss or damage to the Property is on Trustor, and Beneficiary and Banks will have no liability whatsoever for decline in value of the Property, for failure to maintain any insurance policies, or for failure to determine whether insurance in force is adequate as to the amount or nature of risks insured. Possession by Beneficiary and/or any Bank will not be deemed an election of judicial relief if any such possession is requested or obtained with respect to all or any portion of the Property or collateral not in Beneficiary's or any Bank's possession.

(c) Beneficiary and any Bank may resort for the payment of the Obligations to any other security held by Beneficiary or such Bank in such order and manner as Beneficiary or such Bank, in its discretion, may elect. Beneficiary and any Bank may take action to recover the Obligations, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Beneficiary or any Bank thereafter to foreclose this Security Instrument. The rights of Beneficiary and Banks under this Security Instrument will be separate, distinct and cumulative and none will be given effect to the exclusion of the others. No act of Beneficiary or any Bank will be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Beneficiary and Banks will not be limited exclusively to the rights and remedies herein stated but will be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 7.8 RIGHT TO RELEASE ANY PORTION OF THE PROPERTY. Beneficiary may release any portion of the Property for such consideration as Beneficiary may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Security Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder are reduced by the actual monetary consideration, if any, received by Beneficiary for such release, and may accept by assignment,

pledge or otherwise any other property in place thereof as Beneficiary may require without being accountable for so doing to any other lienholder. This Security Instrument will continue as a lien on, and security interest in, the remaining portion of the Property.

Section 7.9 VIOLATION OF LAWS. If the Property is not in compliance in all material respects with Governmental Requirements, Beneficiary may impose additional requirements upon Trustor in connection herewith including monetary reserves or financial equivalents.

Section 7.10 RIGHT OF ENTRY. Upon reasonable notice to Trustor, Beneficiary, any Bank and their agents will have the right to enter and inspect the Property at all reasonable times.

Section 7.11 BANKRUPTCY.

(a) After the occurrence of an Event of Default, Beneficiary and any Bank will have the right to proceed in their own names or in the name of Trustor in respect of any claim, suit, action or proceeding relating to the rejection of any Lease, including the right to file and prosecute, to the exclusion of Trustor, any proofs of claim, complaints, motions, applications, notices and other documents, in any case in respect of the lessee under such Lease under the Bankruptcy Code.

(b) If there is filed by or against Trustor a petition under the Bankruptcy Code and Trustor, as lessor under any Lease, determines to reject such Lease pursuant to Section 365(a) of the Bankruptcy Code, then Trustor will give Beneficiary not less than 10 days' prior notice of the date on which Trustor will apply to the Bankruptcy court for authority to reject the Lease. Beneficiary and any Bank will have the right, but not the obligation, to serve upon Trustor within such 10 day period a notice stating that (i) Beneficiary and/or such Bank demands that Trustor assume and assign the Lease to Beneficiary and/or such Bank pursuant to Section 365 of the Bankruptcy Code and (ii) Beneficiary and/or such Bank covenants to cure or provide adequate assurance of future performance under the Lease. If Beneficiary and/or any Bank serves upon Trustor the notice described in the preceding sentence, Trustor will not seek to reject the Lease and will comply with the demand provided for in clause (i) of the preceding sentence within 30 days after the notice is given, subject to the performance by Beneficiary and any such Bank of the covenant provided for in clause (ii) of the preceding sentence.

Section 7.12 ACCEPTANCE OF CURE. Beneficiary may accept a cure of an Event of Default from time to time in its discretion but without any obligation whatsoever to do so. Trustor will only be entitled to rely on such an acceptance if Beneficiary expressly states, in writing, that it has accepted such a cure. If Beneficiary accepts a cure of an Event of Default, and no other uncured Event of Default is then continuing, then Beneficiary may agree in its discretion, but without any obligation to do so, to treat any provision in this Security Instrument or in any other Loan Document as if no Event of Default had ever occurred.

Section 7.13 ACCEPTANCE OF PAYMENTS. Trustor agrees that if Trustor makes a tender of a payment but does not simultaneously tender payment of any late charge, Default Rate interest, LIBOR Breakage Costs, Swap Obligations or other amount then due and owing by Trustor under this Security Instrument or the other Loan Documents, and such payment is accepted by Beneficiary, for the benefit of itself or Banks (as the case may be), with or without

protest, such acceptance will not constitute any waiver of Beneficiary's rights to receive such amounts. Furthermore, if Beneficiary, for the benefit of itself or Banks (as the case may be) accepts any payment from Trustor or any guarantor after a Default or Event of Default, such acceptance will not constitute a waiver or satisfaction of any such Default or Event of Default, except as otherwise provided in Section 7.12 above. Any waiver or satisfaction of a Default or Event of Default must be evidenced by an express writing of Beneficiary.

Article 8 - ENVIRONMENTAL HAZARDS

Section 8.1 ENVIRONMENTAL COVENANTS. Trustor has provided representations, warranties and covenants regarding environmental matters set forth in the Indemnity and Trustor will comply with the aforesaid covenants regarding environmental matters. Notwithstanding anything in this Security Instrument to the contrary, the term "Obligations" does not include any obligations or liabilities under the Indemnity (as defined in the Loan Agreement) and the obligations and liabilities under the Indemnity are not secured by this Security Instrument.

Article 9 - INDEMNIFICATION

The provisions of Section 6.25 Fees and Expenses and Section 9.1 General Indemnities of the Loan Agreement are hereby incorporated by reference into this Security Instrument to the same extent and with the same force as if fully set forth herein.

Article 10 - CERTAIN WAIVERS

Section 10.1 WAIVER OF OFFSETS; DEFENSES; COUNTERCLAIM. Trustor hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Beneficiary or any Bank to offset any obligations to make the payments required by the Loan Documents. No failure by Beneficiary or any Bank to perform any of its obligations hereunder will be a valid defense to, or result in any offset against, any payments which Trustor is obligated to make under any of the Loan Documents.

Section 10.2 MARSHALLING AND OTHER MATTERS. To the extent permitted by applicable law, Trustor hereby waives the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption Laws now or hereafter in force and all rights of marshalling (including, without limitation, any rights provided under NRS Sections 100.040 and 100.050) in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Trustor hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Trustor, and on behalf of each and every Person acquiring any interest in or title to the Property subsequent to the date of this Security Instrument and on behalf of all other Persons to the extent permitted by applicable law.

Section 10.3 WAIVER OF NOTICE. To the extent permitted by applicable law, Trustor will not be entitled to any notices of any nature whatsoever from Beneficiary or any Bank except with respect to matters for which this Security Instrument or any of the other Loan Documents specifically and expressly provides for the giving of notice by Beneficiary or Banks to Trustor and except with respect to matters for which Beneficiary or Banks is required by applicable law to give notice, and Trustor hereby expressly waives the right to receive any notice from

Beneficiary or Banks with respect to any matter for which this Security Instrument does not specifically and expressly provide for the giving of notice by Beneficiary or Banks to Trustor. All sums payable by Trustor pursuant to this Security Instrument must be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder will in no way be released, discharged or otherwise affected (except as expressly provided for herein, the Loan Agreement, or other Loan Documents) by reason of: (a) any damage to or destruction of or any condemnation or similar taking of the Property or any part thereof; (b) any restriction or prevention of or interference by any third party with any use of the Property or any part thereof; (c) any title defect or encumbrance or any eviction from the Property or any part thereof by title paramount or otherwise; (d) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary or any Bank, or any action taken with respect to this Security Instrument by any trustee or receiver of Beneficiary or any Bank, or by any court, in any such proceeding; (e) any claim which Trustor has or might have against Beneficiary or any Bank; (f) any default or failure on the part of Beneficiary or any Bank to perform or comply with any of the terms hereof or of any other agreement with Trustor; or (g) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor has notice or knowledge of any of the foregoing.

Section 10.4 WAIVER OF STATUTE OF LIMITATIONS. To the extent permitted by applicable law, Trustor hereby expressly waives and releases to the fullest extent permitted by law, the pleading of any statute of limitations as a defense to payment or performance of the Obligations.

Article 11 - NOTICES

All notices or other written communications hereunder will be delivered in accordance with the notice provisions of the Loan Agreement.

Article 12 - APPLICABLE LAW

Section 12.1 GOVERNING LAW; WAIVER OF JURY TRIAL; JURISDICTION. IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY INSTRUMENT AND THE OBLIGATIONS ARISING HEREUNDER WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEVADA, APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, TRUSTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS SECURITY INSTRUMENT AND THE NOTE, AND THIS SECURITY INSTRUMENT AND THE NOTE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA, AND ANY LAWS OF THE UNITED STATES OF AMERICA APPLICABLE TO NATIONAL BANKS.

TO THE FULLEST EXTENT PERMITTED BY LAW, TRUSTOR AND BENEFICIARY HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION RELATING TO THE LOAN AND/OR THE LOAN DOCUMENTS. TRUSTOR, TO THE FULLEST EXTENT PERMITTED BY LAW, HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, (A) SUBMITS TO PERSONAL JURISDICTION IN THE STATE OF NEVADA OVER ANY SUIT, ACTION OR PROCEEDING BY ANY PERSON ARISING FROM OR RELATING TO THIS SECURITY INSTRUMENT, (B) AGREES THAT ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN WASHOE OR DOUGLAS COUNTIES, SITTING IN THE STATE OF NEVADA, (C) SUBMITS TO THE JURISDICTION AND VENUE OF SUCH COURTS AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT, AND (D) AGREES THAT IT WILL NOT BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM (BUT NOTHING HEREIN WILL AFFECT THE RIGHT OF BENEFICIARY OR ANY BANK TO BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM).

Section 12.2 PROVISIONS SUBJECT TO APPLICABLE LAW. All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Security Instrument or any application thereof will be invalid or unenforceable, the remainder of this Security Instrument and any other application of the term will not be affected thereby.

Article 13 - DEFINITIONS

All capitalized terms not defined herein will have the respective meanings set forth in the Loan Agreement. If a capitalized term is defined herein and the same capitalized term is defined in the Loan Agreement, then the capitalized term that is defined herein shall be utilized for the purposes of this Security Instrument, *provided* that the foregoing shall not impact provisions that are incorporated herein by reference. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument may be used interchangeably in singular or plural form and the word "**Trustor**" will mean "each Trustor and any subsequent owner or owners of the Property or any part thereof or any interest therein," the word "**Beneficiary**" will mean "Beneficiary and any subsequent holder of the Note," the word "**Note**" will mean "the Note and any other evidence of indebtedness secured by this Security Instrument," the word "**Property**" will include any portion of the Property and any interest therein, and the phrases "**attorneys' fees**", "**legal fees**" and "**counsel fees**" will include any and all in-house and outside attorneys', paralegals' and law clerks' fees and disbursements, including fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Beneficiary or Banks in protecting their interest in the Property, the Leases and the Rents and enforcing their rights hereunder.

Article 14 - MISCELLANEOUS PROVISIONS

Section 14.1 NO ORAL CHANGE. This Security Instrument, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Trustor, Beneficiary or any Bank, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

Section 14.2 SUCCESSORS AND ASSIGNS. This Security Instrument will be binding upon and inure to the benefit of Trustor, Trustee, Beneficiary and Banks, and their respective successors and assigns forever.

Section 14.3 INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Loan Agreement, the Note or this Security Instrument is held to be invalid, illegal or unenforceable in any respect, the Loan Agreement, the Note and this Security Instrument will be construed without such provision.

Section 14.4 HEADINGS, ETC. The headings and captions of various Sections of this Security Instrument are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 14.5 SUBROGATION. If any or all of the proceeds of the Loan have been used to extinguish, extend or renew any indebtedness heretofore existing against the Property, then, to the extent of the funds so used, Beneficiary will be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Beneficiary and are merged with the lien and security interest created herein as cumulative security for the repayment of the Obligations, the performance and discharge of Trustor's obligations hereunder, under the Loan Agreement, the Note and the other Loan Documents and the performance and discharge of the Other Obligations.

Section 14.6 ENTIRE AGREEMENT. The Note, the Loan Agreement, this Security Instrument and the other Loan Documents constitute the entire understanding and agreement between Trustor, Beneficiary and Banks with respect to the transactions arising in connection with the Obligations and supersede all prior written or oral understandings and agreements between Trustor, Beneficiary and Banks with respect thereto. Trustor hereby acknowledges that, except as incorporated in writing in the Note, the Loan Agreement, this Security Instrument and the other Loan Documents, there are not, and were not, and no Persons are or were authorized by Beneficiary or Banks to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Note, the Loan Agreement, this Security Instrument and the other Loan Documents.

Section 14.7 LIMITATION ON BENEFICIARY'S AND BANKS' RESPONSIBILITIES. No provision of this Security Instrument will operate to place any obligation or liability for the control, care, management or repair of the Property upon Beneficiary or Banks, nor will it operate to make Beneficiary or Banks responsible or liable for any waste committed on the

Property by the tenants or any other Person, or for any dangerous or defective condition of the Property, or for any negligence in the management, upkeep, repair or control of the Property resulting in loss or injury or death to any tenant, licensee, employee or stranger. Nothing herein contained will be construed as constituting Beneficiary or any Bank a “mortgagee in possession.”

Section 14.8 JOINT AND SEVERAL. If more than one Person has executed this Security Instrument as “Trustor,” the representations, covenants, warranties and obligations of all such Persons hereunder will be joint and several.

Section 14.9 BENEFICIARY’S AND BANKS’ DISCRETION. Whenever, pursuant to this Security Instrument or any of the other Loan Documents, Beneficiary or any Bank exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory or acceptable to Beneficiary or such Bank, or Beneficiary or any Bank exercises any right to grant or withhold consent, or Beneficiary or any Bank exercises its discretion in making any decision, the decision of Beneficiary or such Bank will, except as is otherwise specifically herein provided, be in the sole and absolute discretion of Beneficiary or such Bank and will be final and conclusive.

Section 14.10 NO MERGER. So long as the Obligations owed to Beneficiary and Banks secured hereby remain unpaid and undischarged and unless Beneficiary otherwise consents in writing, the fee, leasehold, subleasehold and sub-subleasehold estates in and to the Property will not merge but will always remain separate and distinct, notwithstanding the union of estates (without implying Trustor’s consent to such union) either in Trustor, Beneficiary, any Banks, any tenant or any third party by purchase or otherwise. In the event this Security Instrument is originally placed on a leasehold estate and Trustor later obtains fee title to the Property, such fee title will be subject and subordinate to this Security Instrument.

Section 14.11 APPROVED LEASE; SUBORDINATION. The parties hereto hereby agree and acknowledge that notwithstanding anything to the contrary herein (i) the Trustor’s estate in the Property is subject to and conditioned upon rights, remedies and limitations in favor of the tenant or Trustor, as the case may be, as set forth in the Approved Lease, and (ii) the lien of this Security Instrument is subordinate to the Approved Lease.

Article 15 - TRUSTEE

Section 15.1 APPOINTMENT OF SUCCESSOR TRUSTEE. Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary and recorded in the county in which the Property is located and by otherwise complying with the provisions of applicable law, substitute a successor or successors to any Trustee named herein or acting hereunder; and said successor will, without conveyance from the Trustee predecessor, succeed to all title, estate, rights, powers and duties of said predecessor.

Section 15.2 TRUSTEE’S POWERS. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and without affecting the personal liability of any person for payment of the Obligations or the effect of this Security Instrument upon the remainder of said Property, Trustee may (a) reconvey any part of said Property, (b) consent in writing to the making of any map or plat thereof, (c) join in granting any

easement thereon, or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

Section 15.3 ACCEPTANCE BY TRUSTEE. Acceptance by Trustee. Trustee accepts this Trust when this Security Instrument, duly executed and acknowledged, is made a public record as provided by law.

Article 16 - STATE-SPECIFIC PROVISIONS

In the event of any inconsistencies between the terms and conditions of this Article 17 and the other terms and conditions of this Security Instrument, the terms and conditions of this Article 17 will control and be binding.

Section 16.1 PRINCIPLES OF CONSTRUCTION. Without limiting the application of NRS Chapter 106, funds disbursed that, in the reasonable exercise of Beneficiary's judgment, are needed to complete the Improvements to the Land or to protect Beneficiary's and Banks' security are to be deemed obligatory advances hereunder and will be added to the total indebtedness evidenced by the Note and secured by this Security Instrument and this indebtedness shall be increased accordingly.

Section 16.2 CONDEMNATION PROCEEDS. To the extent permitted by applicable law and except as otherwise expressly provided herein, Trustor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under applicable law which provide for allocation of condemnation proceeds between a property owner and a lienholder, including the provisions of NRS Section 37.115.

Section 16.3 ASSIGNMENT OF LEASES AND RENTS. The assignment of Leases and Rents by Trustor pursuant to this Security Instrument is subject to the Uniform Assignment of Rents Act (the "Act") codified as NRS Chapter 107A, as amended or recodified from time to time, and in the event of any conflict or inconsistency between the provisions of this Security Instrument relative to the assignment of Leases and Rents and the provisions of the Act, the provisions of the Act shall control.

Section 16.4 COMMON OWNERSHIP INTEREST ACT. Trustor shall completely observe, perform and discharge each and every condition, obligation, covenant and agreement affecting the Property, whether the same is prior and superior or subject and subordinate hereto including, if the security hereunder is or will be subject to NRS Chapter 116, each and every provision to be performed by Trustor under any declaration of covenants, conditions and restrictions pertaining to the common-interest community and, upon written request of Beneficiary, to pay maintenance charges, if the same have not been paid or legal steps have not been initiated to enforce such payment within ninety (90) days after such written request is made.

Section 16.5 EVENTS OF DEFAULT. It shall be deemed to be an Event of Default under this Security Instrument if any "borrower" (as that term is defined in NRS § 106.310) who may send a notice pursuant to NRS § 106.380(1), (i) delivers, sends by mail or otherwise gives, or purports to deliver, send by mail or otherwise give, to Beneficiary or any Bank under this Security Instrument (x) any notice of an election to terminate the operation of this Security Instrument as security for any "future advance" (as defined in NRS § 106.320) of "principal" (as

defined in NRS § 106.345), or (y) any other notice pursuant to NRS § 106.380(l), or (z) records a statement pursuant to NRS § 106.380(3), or (ii) causes this Security Instrument, any secured obligation, or Beneficiary or any Bank to be subject to NRS §§ 106.380(2), 106.380(3) or 106.400.

Section 16.6 ADDITIONAL WAIVERS.

(a) Trustor waives to the extent permitted by law all rights and remedies which Trustor may have or be able to assert by reason of the laws of the State of Nevada pertaining to the rights and remedies of sureties.

(b) Trustor waives to the extent permitted by law any rights provided under NRS Sections 100.040 and 100.050.

Section 16.7 FORECLOSURE BY POWER OF SALE. Trustee's rights under Section 7.3 are subject to NRS § 107.082.

Section 16.8 FIXTURE FILING. This Security Instrument shall be filed in the county where the Land is located and shall also operate from the date of such filing as a fixture filing in accordance with NRS § 104.9502(2)-(3), as amended or recodified from time to time and other applicable provisions of the Uniform Commercial Code.

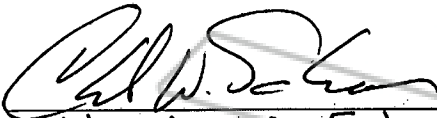
Section 16.9 STATUTORY COVENANTS. Where not inconsistent with the terms of this Security Instrument, the following covenants, Nos. 1; 2 (full replacement value); 3; 4 (the Default Rate as defined in the Loan Agreement); 5; 6; 7 (a reasonable percentage); 8 and 9 of NRS § 107.030 are hereby adopted and made a part of this Security Instrument.

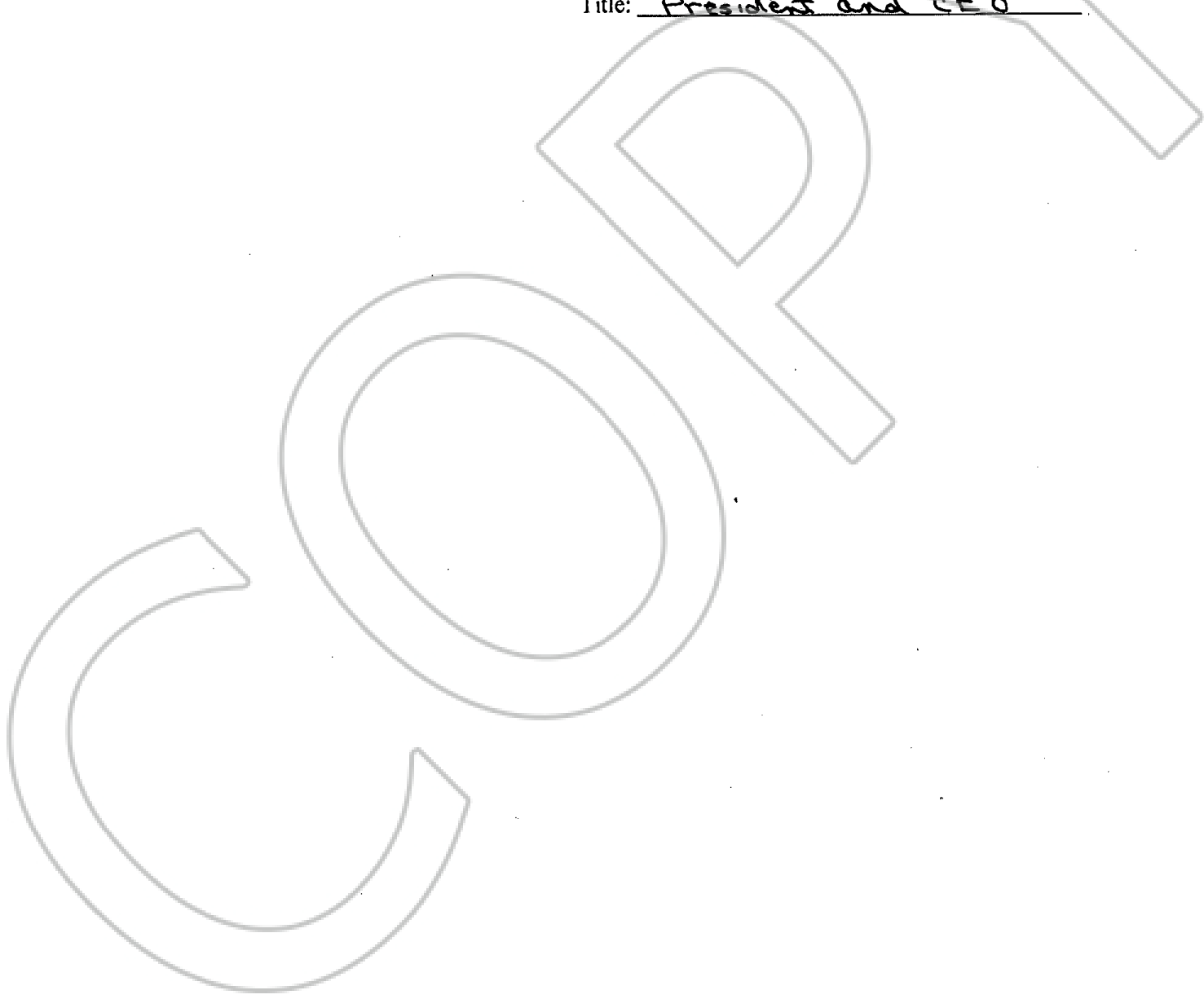
Section 16.10 REMEDIES. Beneficiary's, Banks' and/or Trustee's rights under Section 7.1 include the rights under the provisions of NRS § 104.9604 of the Uniform Commercial Code.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, THIS SECURITY INSTRUMENT has been executed by
Trustor as of the day and year first above written.

EDGEWOOD COMPANIES
a Nevada corporation

By: 
Name: Charles W. Scherer
Title: President and CEO




ACKNOWLEDGMENT

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on this 29th day of September, 2015, by Charles W. Scherer, an individual, a President of EDGEWOOD COMPANIES, a Nevada corporation, on behalf of said corporation. and CEO

(Stamp)


(Signature of notarial officer)

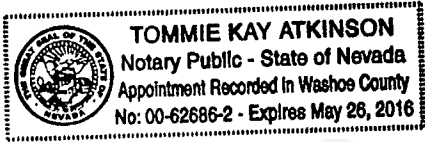


EXHIBIT A

LEGAL DESCRIPTION

That certain real property located in Douglas County, State of Nevada and described as follows:

PARCEL 1:

PARCEL 1A:

ALL OF PARCEL 2 AS SHOWN ON THE SITE SURVEY OF PARK TAHOE FILED IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, NEVADA ON OCTOBER 11, 1978 IN BOOK 1078 OF MAPS AT PAGE 634, FILE NO. 26156.

PARCEL 1B:

BEING A PORTION OF THE SOUTHEAST QUARTER (SE 1/4) OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION 27, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B. & M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 26, 27, 34 AND 35, TOWNSHIP 13 NORTH, RANGE 18 EAST, MARKED BY A BRASS CAP;

THENCE NORTH 0°19'55" WEST, A DISTANCE OF 284.76 FEET TO A BRASS CAP MARKED 26.27 C.C.;

THENCE NORTH 48°36'30" WEST, A DISTANCE OF 2414.21 FEET ALONG THE NEVADA-CALIFORNIA STATE LINE;

THENCE NORTH 28°02' EAST, ALONG THE EAST RIGHT OF WAY LINE OF U.S. HIGHWAY 50, A DISTANCE OF 1375.64 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 28°02' EAST, A DISTANCE OF 175.00 FEET TO A POINT;

THENCE SOUTH 61°58' EAST, A DISTANCE OF 250.00 FEET TO A POINT;

THENCE SOUTH 28°02' WEST, A DISTANCE OF 175.00 FEET TO A POINT;

THENCE NORTH 61°58' WEST, A DISTANCE OF 250.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCELS 1A AND 1B ARE FURTHER DESCRIBED AS:

A PORTION OF THE EAST HALF OF SECTION 27, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B. & M., COUNTY OF DOUGLAS, STATE OF NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF PARCEL 2 OF THAT CERTAIN SURVEY MAP TITLED "SITE SURVEY FOR PARK TAHOE" RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF DOUGLAS COUNTY, NEVADA, ON OCTOBER 11, 1978 AS DOCUMENT NO. 26156, SAID POINT MARKED BY A REBAR AND CAP STAMPED "PLS 2280", SAID POINT BEARS SOUTH 49°07'37" WEST 845.34 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 27, AND THE TRUE POINT OF BEGINNING.

THENCE THE FOLLOWING 4 COURSES ALONG THE BOUNDARY OF SAID PARCEL 2 NORTH 61°24'04" WEST 70.00 FEET TO A 2 INCH DIAMETER BRASS CAP IN CONCRETE STAMPED "RE933";

THENCE NORTH 32°17'04" WEST 342.90 FEET TO A REBAR AND CAP STAMPED "PLS 4787";

THENCE NORTH 61°24'04" WEST 570.00 FEET TO THE EASTERLY RIGHT OF WAY OF HIGHWAY 50;

THENCE THE FOLLOWING 3 COURSES ALONG SAID RIGHT OF WAY NORTH 28°35'57" EAST 497.98 FEET;

THENCE LEAVING THE BOUNDARY OF SAID PARCEL 2 NORTH 28°35'57" EAST 175.00 FEET;

THENCE THE FOLLOWING 13 COURSES ALONG THE BOUNDARY OF SAID PARCEL 2 NORTH 28°35'57" EAST 246.64 FEET;

THENCE LEAVING SAID RIGHT OF WAY 117.81 FEET ALONG A TANGENT 75 FOOT RADIUS CURVE TO THE RIGHT, THE INTERIOR ANGLE OF WHICH MEASURES 90°00'00";

THENCE SOUTH 61°24'03" EAST 112.76 FEET;

THENCE SOUTH 54°33'32" EAST 50.36 FEET;

THENCE SOUTH 61°24'03" EAST 86.00 FEET;

THENCE SOUTH 68°14'34" EAST 50.36 FEET;

THENCE SOUTH 61°24'03" EAST 302.36 FEET;

THENCE 17.00 FEET ALONG A TANGENT 800 FOOT RADIUS CURVE TO THE RIGHT, THE INTERIOR ANGLE OF WHICH MEASURES 1°13'04";

THENCE SOUTH 51°20'09" EAST 48.38 FEET;

THENCE SOUTH 54°10'41" EAST 70.77 FEET;

THENCE SOUTH 57°01'05" EAST 48.38 FEET;

THENCE 83.74 FEET ALONG A TANGENT 800 FOOT RADIUS CURVE TO THE RIGHT, THE INTERIOR ANGLE OF WHICH MEASURES 5°59'52";

THENCE SOUTH 28°35'57" WEST 1116.85 FEET TO THE TRUE POINT OF BEGINNING.

**"PER NRS 111.312, THIS LEGAL DESCRIPTION WAS PREPARED BY
PROFESSIONAL LAND SURVEYOR, STEVEN N. BELL, NO. 11420, WHOSE
MAILING ADDRESS IS 3100 MILL STREET, SUITE 100, RENO, NV 89502".**

COPY