

Escrow No. 229532A-COM
Alpen Mortgage NV License #2121
Alpen Mortgage NMLS #363496

Assessor's Parcel No.:
1320-33-229-001 through and
including 1320-33-229-018

After recording, return Deed of Trust
to the following address:
MRKT, LLC
900 Schellbourne Street,
Reno, NV 89511

*AFFIRMATION PURSUANT TO
NRS 111.312(1)(2) AND 239B.030(4)*

Pursuant to NRS 239B.030, the undersigned Trustor, hereby affirms that the below document, including any exhibits, hereby submitted for recording does not contain the social security number of any person or persons.

**SECOND DEED OF TRUST AND SECURITY AGREEMENT
WITH ASSIGNMENT OF RENTS AND FIXTURE FILING**

This Second Deed of Trust and Security Agreement with Assignment of Rents (herein the "Deed of Trust" or "Second Deed of Trust") is dated and effective this 20th day of February, 2018, is executed by **KDH BUILDERS THE RANCH LLC**, a Nevada limited liability company, a Nevada limited liability company, as "Trustor," to **First Centennial Title Company of Nevada, Inc.**, as "Trustee," for the benefit of **MRKT, LLC**, a Nevada limited liability company, as "Beneficiary."

I

CONVEYANCE AND PROPERTY DESCRIPTION

Trustor, in consideration of the indebtedness evidenced by the Note described below, irrevocably grants, bargains, sells, conveys, and assigns to Trustee, in trust, with power of sale, the real property located in Douglas County, Nevada, more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, said property hereinafter referred to as the "Land." The Land is granted and conveyed together with the following:

A. All right, title, and interest which Trustor now has or may hereafter acquire to such Land; all easements and rights-of-way appurtenant to such Land; all declarant rights; all water and water rights and shares of stock pertaining to such water and water rights, ownership of which

beneficially affects said Land, and including all right, title and interest of Trustor in and to water and water rights hereafter dedicated to a water service provider to provide water service for the Land, including all right, title and interest of Trustor now owned or hereafter acquired in and to water service for the Land; all minerals, oil, gas, and other hydrocarbon substances and rights thereto in, on, under, or upon such Land, and all royalties and profits from any such rights or shares of stock; and any other tenements, hereditaments, and appurtenances of the said Land;

B. Any and all buildings, structures, and other improvements and any and all accessions, additions, replacements, substitutions, or alterations thereof or appurtenances thereto, now or at any time hereafter situated, placed, or constructed on the Land, including the improvements to be constructed on the Land, all the foregoing hereinafter referred to as the "Improvements;"

C. All right, title, and interest of Trustor, in and to all materials, supplies, equipment, apparatus, and other items now or hereafter attached to or installed on the Land, or which in some fashion are deemed to be fixtures under the laws of the State of Nevada, including the Nevada Uniform Commercial Code, hereinafter referred to as the "Fixtures;"

D. All of Trustor's right, title, and interest in and to any award, remuneration, settlement, or compensation heretofore made or hereafter to be made by any governmental entity to Trustor for any injury to or decrease in the value of the property encumbered by this Deed of Trust, including those for any vacation of, or a change of grade in, any streets affecting the Land; and

E. All plans and specifications for the Improvements and all contracts and subcontracts relating to the Improvements (provided that nothing herein shall be deemed to constitute an assumption by Beneficiary of any obligation or liability of Trustor with respect to such plans and specifications, such construction, or any contract or agreement relating thereto, nor shall Beneficiary otherwise incur any obligation or liability with respect thereto unless Beneficiary, in its sole and absolute discretion, shall hereafter expressly agree in writing); all warranties and guarantees, whether now existing or hereafter arising, relating to the Improvements; all refunds, rebates or credits in connection with a reduction in Taxes, including, without limitation, rebates as a result of tax certiorari or any other applications or proceedings for reduction; all deposits, funds, accounts, contract rights instruments, documents, general intangibles (including trademarks, service marks, trade names, and symbols used in connection therewith), and Note or chattel paper arising from or in connection with the Land; all permits, licenses, certificates, approvals, final subdivision maps, parcel maps, special use permits, rights to water service and other rights and privileges obtained in connection with the Land; all proceeds arising from or by virtue of the sale, lease or other disposition of all or any part of the Land, Improvements, or Fixtures (consent to same not granted or to be implied hereby), all proceeds (including premium refunds) payable or to be payable under each policy of insurance relating to the Land, Improvements, or Fixtures.

All of the above-described property is hereinafter referred to collectively as the "Real Property." The property described in paragraphs D. and E. above is hereinafter referred to separately, but

collectively, as the "Personalty."

II

GRANT OF SECURITY INTEREST AND FIXTURE FILING

A. **Security Interest.** This Second Deed of Trust shall also constitute a security agreement within the meaning of, and shall create a security interest under, Article 9 of the Uniform Commercial Code as currently enacted in the state of Nevada (the "UCC"). For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of further securing payment and performance of the secured obligations, Trustor hereby grants to Beneficiary a security interest in all right, title or interest of the Trustor, now owned or hereafter acquired, in or to any and all of the matters referenced in Attachments 1 and 2 hereto, including without limitation such portion of the Collateral in which a security interest can be created under the UCC (the "**Article 9 Collateral**"). With respect to any Article 9 Collateral in which a security interest is not perfected by the filing of a financing statement, Trustor consents and agrees to undertake, and to cooperate fully with Beneficiary, to perfect the security interest hereby granted to Beneficiary in such property. Trustor hereby irrevocably authorizes Beneficiary to prepare, execute and file all initial financing statements, and any restatements, extensions, continuations, renewals or amendments thereof, in such form as Beneficiary may require to perfect or continue the perfection of this security interest or other statutory liens held by Beneficiary. Without limiting the foregoing, Trustor hereby irrevocably authorizes Beneficiary to file one or more financing statements indicating that such financing statements cover all assets or all personal property (or words of similar effect) of Trustor.

B. **Fixture Filing.** This Second Deed of Trust constitutes a financing statement filed as a fixture filing pursuant to the UCC in the Official Records of the County Recorder of the county in which the Real Property is located with respect to any and all fixtures included within the term "Collateral" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures. A carbon, photographic or other reproduction of this Security Instrument shall be sufficient as a financing statement. Beneficiary shall have the right at any time to file a manually executed counterpart or a carbon, photographic or other reproduction of this Security Instrument as a financing statement in either the central or local UCC records of any jurisdiction wherein the Real Property is located, but the failure of Beneficiary to do so shall not impair (i) the effectiveness of this Security Instrument as a fixture filing as permitted by the applicable UCC, or (ii) the validity and enforceability of this Security Instrument in any respect whatsoever. The following information is included for purposes of meeting the requirements of a financing statement: The name and address of the Trustor, which is the debtor, are set forth in the first paragraph and in paragraph D of article XI of this Deed of Trust. The name and address of the Beneficiary, which is the secured party, is set forth in the first paragraph and in paragraph D of article XI of this Deed of Trust.

III

OBLIGATIONS SECURED

This Second Deed of Trust secures the following obligations of Trustor to Beneficiary:

A. Payment of the indebtedness evidenced by a Promissory Note Secured by Deed of Trust of this same date executed by Trustor and payable to the order of Beneficiary in the principal sum of ONE MILLION ONE HUNDRED AND SIXTY-FIVE THOUSAND and No/100 Dollars (\$1,165,000.00), bearing interest at the Interest Rate described therein, together with all modifications, extensions, and renewals of the Promissory Note, which includes such sums as Lender may hereafter loan or advance including a Payment in Kind ("PIK") as defined in said Promissory Note (the "Note"); and

B. The performance of each obligation, covenant, and agreement of Trustor contained in the Note, this Deed of Trust, the Loan Agreement of even date, and any other agreement or instrument executed by Trustor in connection with or pertaining to the indebtedness evidenced by the Note, all of which documents and instruments are referred to collectively herein as the "Loan Documents"; and

C. Payment of such additional sums, with interest thereon:

1. As may hereafter be loaned by Beneficiary to Trustor or the then record owner of the Real Property when evidenced by a Promissory Note reciting that it is secured by this Deed of Trust;

2. As may be incurred, paid, or advanced by Beneficiary, or as may otherwise be due to Trustee or Beneficiary, under any provision of the Note, this Deed of Trust, any other Loan Document and any modification, amendment, extension, or renewal thereof; and

3. As may otherwise be paid or advanced by Beneficiary as reasonably necessary to protect the security or priority of this Deed of Trust or Beneficiary's rights and interests under the Loan Documents.

Trustor acknowledges and agrees that the Acquisition Note evidences Trustor's obligation to pay the balance of the purchase price for acquiring the Real Property.

D. Future Advances. This Second Deed of Trust secures all "future advances," as that term is defined in Nevada Revised Statutes §106.320. This Deed of Trust will be governed by Nevada Revised Statutes §§106.300 through 106.400, inclusive. For purposes of those statutes, the Note will be deemed fully advanced as of the date thereof. The maximum amount of principal to be advanced under the Note is one hundred fifty percent (150%) of the face principal amount of the Note.

Borrower acknowledges that advances by Lender in excess of the face principal amount of the Note may be made to protect the Property or to otherwise protect Lender's interests hereunder, but Lender is not obligated to make such advances. If Borrower gives any notice of election to terminate pursuant to Section 106.380 it shall be deemed an event of default under the terms of this Second Deed of Trust.

IV

ASSIGNMENT OF RENTS AND PROFITS

Trustor further irrevocably grants, transfers, and assigns to Beneficiary the rents, income, issues, and profits from the Real Property, absolutely and unconditionally, and not merely as additional security for the indebtedness secured by this Second Deed of Trust. Prior to the occurrence of an event of default under this Second Deed of Trust, Trustor reserves to itself the right to collect and retain the rents, income, issues, and profits of the Real Property as they become due and payable. In the event of a default under the Note or this Second Deed of Trust, Beneficiary may, with or without taking possession of the Real Property, collect all rents, issues, royalties, and profits, and may either personally or by attorney or agent, without bringing any action or proceeding, or by a receiver to be appointed by the court, enter into possession and control of the Real Property, make, cancel, enforce, and modify leases or licenses, obtain and evict tenants, and set and modify rents and terms of payment of rents. Beneficiary may sue for, and collect all or any part of the rents, income, issues, royalties, and profits of the Real Property, and after payment of all costs of maintenance, operation, and collection, including reasonable attorneys' fees, as Beneficiary may deem proper, apply the balance to the entire indebtedness then secured by this Second Deed of Trust. The receipt and application by Beneficiary of such rents, income, issues, and profits, after execution and delivery of a Notice of Default and Election to Sell or during the pendency of the Trustee's sales proceedings under this Second Deed of Trust, shall not cure such breach or default nor affect the sale proceedings, or any sale made pursuant to this Second Deed of Trust. All such rents, income, issues, and profits, less the costs of operation, maintenance, collection and reasonable attorneys' fees, when received by Beneficiary, are to be applied in reduction of the indebtedness from time to time outstanding that is secured by this Second Deed of Trust, in such order as Beneficiary may determine.

If the rents, income, issues, and profits of the Real Property are not sufficient to satisfy the costs, if any, of taking possession and control of and managing the Real Property and collecting the rents, income, issues, and profits thereof, any funds expended by Beneficiary for such purposes are to become additional indebtedness of Trustor to Beneficiary that is secured by this Second Deed of Trust. Such amounts are to be repayable to Beneficiary upon demand and are to bear interest from the date of the disbursement at the "Default Interest Rate." as that term is defined in the Note.

In addition to the foregoing rights and remedies with respect to the rents, income, issues and profits of the Real Property, Beneficiary shall also be entitled to all rights and remedies of an Assignee under and pursuant to the provisions of Chapter 107A of the Nevada Revised Statutes

and any substitute provisions hereafter applicable to the Real Property and this Deed of Trust.

V

COVENANTS OF TRUSTOR

To protect the security of this Second Deed of Trust, Trustor agrees as follows:

A. **Development Obligations.**

1. **Completion of Single Family Homes.** As consideration for the loan evidenced by the Note, Trustor expressly agrees to complete construction of single family homes on the Real Property in accordance with the approved plans and specifications. Trustor's construction of all such Improvements shall be completed in accordance with plans approved by, and in accordance with the standards and requirements of, the governmental entities having jurisdiction over the Real Property and the subject Improvements. Trustor's failure to complete construction of all Improvements within the times required by the governmental entities having jurisdiction over the Real Property and the subject Improvements shall constitute an Event of Default by Trustor.

2. **Partial Release Timing.** It is the parties' intention that Trustor will apply for and obtain partial releases as described in the Note and article VII below.

B. **Repair, Maintenance, And Preservation Of The Real Property.** During the term of this Second Deed of Trust, Trustor covenants and agrees to do the following:

1. To maintain the Real Property in good, safe, and insurable condition and repair, subject to ordinary wear and tear, and not to commit or suffer waste;

2. To not remove or demolish any of the Real Property or Improvements thereon without Beneficiary's prior written consent, except as may be required in connection with the construction of the Infrastructure Improvements;

3. To restore promptly in a good and workmanlike manner any of the Real Property which may be damaged or destroyed or which may be affected by any condemnation or eminent domain proceeding;

4. To not initiate or acquiesce in any change in any zoning or other land use classification which affects any of the Real Property without Beneficiary's prior written consent;

5. To not alter the intended use and proposed development of all or any portion of the Real Property without the prior written consent of the Beneficiary;

6. To not abandon the Real Property except in emergency circumstances which make occupancy of the Real Property impossible; and

7. To refrain from impairing or diminishing the value of the Real Property or the security of this Deed of Trust.

C. Real Property Taxes And Assessments. Trustor shall pay all (a) taxes and special assessments levied or to be levied against the Real Property; (b) leasehold payments or ground rents on the Property; (c) Community Association Dues, Fees, and Assessments, as applicable; (d) governmental or municipal charges, fines, and impositions; and (e) other items which can attain priority over this Deed of Trust as a lien or encumbrance on the Real Property. The phrase "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Trustor or the Real Property by a condominium association, owner's association, or similar organization. Trustor shall pay these obligations on time directly to the entity owed the payment. If failure to pay would adversely affect Beneficiary's interest in the Property, upon Beneficiary's request, Trustor shall promptly furnish to Beneficiary receipts evidencing these payments.

If Trustor fails to make these payments, fails to perform any other covenants and agreements contained in this Second Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, for condemnation, or to enforce laws or regulations), then Beneficiary may do and pay whatever is necessary to protect the value of Property and Beneficiary's rights in the Property, including payment of taxes and hazard insurance.

Any amounts disbursed by Beneficiary under this paragraph shall become an additional debt of Trustor and be secured by this Second Deed of Trust. These amounts shall bear interest from the date of disbursement at the Default Interest Rate specified in the Note and, at the option of Beneficiary, shall be immediately due and payable.

D. Insurance. During the term of this Second Deed of Trust, Trustor agrees to procure and maintain at all times the following policies of insurance:

1. Fire, extended coverage, and, during all periods of construction of Improvements on the Real Property, builders risk insurance (including, without limitation, windstorm, explosion and such other risks usually insured against by owners of similar properties), on the improvements being constructed or already located on the Real Property in such amounts as is satisfactory to Beneficiary and equal to one hundred percent (100%) of the full insurable value of the Real Property and in no event less than the amount required to prevent Trustor from becoming a co-insurer within the terms of the applicable policies; and

2. Comprehensive public liability insurance insuring against loss, damage or

liability for injury or death to persons and loss and damage to property occurring from any cause whatsoever on, in, or about the Real Property. Such liability insurance shall be in such amount as Beneficiary may reasonably require.

3. Adequate Workers' Compensation insurance with respect to all employees employed at the Real Property, in compliance with the laws of the state of Nevada.

Insurance required by the terms of this Deed of Trust is to be written by companies on forms and with endorsements reasonably satisfactory to Beneficiary. All fire, extended coverage and builder's risk policies shall have suitable loss-payable and standard non-contribution mortgagee clauses in favor of Beneficiary (or, in the case of a foreclosure sale, in favor of the purchaser at such sale), and certified copies of the policies shall be delivered to Beneficiary. All such policies must provide for, among other things, written notice to Beneficiary of their expiration or any anticipated cancellation at least thirty (30) days prior to the occurrence of such event. Prior to the expiration of any such policy, a certified copy of an appropriate renewal policy must be delivered to Beneficiary.

In case of loss, Beneficiary is authorized to collect all insurance proceeds and apply them, at Beneficiary's option, (i) to the reduction of the indebtedness and obligations hereby secured, whether due or not then due, or (ii) to allow Trustor to use such money, or part thereof, to repair the damage or restore the improvements; provided that in the event of a partial destruction of the Real Property, Trustor may request that Beneficiary approve the use of all or a portion of such insurance proceeds for the restoration of the Improvements and Beneficiary may not unreasonably withhold such approval.

Trustor must notify Beneficiary, in writing, of any loss to the Real Property covered by insurance and Trustor hereby directs each insurance company to make payment for such loss directly and solely to Beneficiary. Trustor agrees that any payment which is delivered, for any reason, to Trustor is to be held in trust for Beneficiary and applied in accordance with the provisions of this Deed of Trust. In the event of foreclosure of this Second Deed of Trust or other transfer of title to the Real Property that extinguishes the indebtedness secured hereby, all rights, title and interests of Trustor in and to insurance policies in force shall pass to the purchaser or transferee.

E. Repair And Restoration Of Improvements. If any building or other Improvement now or hereafter erected on the Real Property shall be destroyed or damaged by fire or any other cause, and if Trustor is not then in default under the terms of this Second Deed of Trust, any insurance proceeds or other recovery related to said loss, to the extent of the cost of restoration or rebuilding, shall be applied by Trustor to restore or rebuild such building or other Improvement with materials and workmanship of as good quality as existed before such damage and destruction to substantially their former state, and Trustor shall commence the work of restoration or rebuilding as soon as possible and proceed diligently with it until completion. If Trustor shall be in default under the terms of this Second Deed of Trust at the time of such damage or destruction, Beneficiary shall have the right either to apply any insurance proceeds or other recovery related to said loss to a reduction of

the indebtedness hereby secured or to require Trustor to restore or rebuild such building or other Improvements as provided above. Plans and specifications for the restoration as herein required shall be submitted to Beneficiary prior to commencement of work and shall be subject to reasonable approval of Beneficiary.

F. Compliance With Laws. Trustor will comply in all material respects with all restrictions affecting the Real Property and with all laws, ordinances, acts, rules, regulations and orders of any legislative, executive, administrative or judicial body, commission or officer (whether federal, state or local) exercising any power of regulation or supervision over Trustor, or over any part of the Real Property, whether the same be directed to the repair thereof, manner of use thereof, structural alteration of Improvements located thereon, or otherwise.

G. Compliance With Leases. Trustor agrees to faithfully perform all of its obligations under all present and future leases or other agreements relating to the occupancy of the Real Property and to refrain from any action or inaction which would result in termination of any such leases or agreements or in the diminution of the value thereof or of the rents or revenues due thereunder. Trustor further agrees that any lease of the Real Property made after the date of recordation of this Deed of Trust must contain a covenant to the effect that such lessee will, at Beneficiary's request, attorn to Beneficiary as the lessor and upon demand by Beneficiary, pay rent directly to Beneficiary.

H. Indemnification. Trustor agrees to indemnify Beneficiary from all loss, damage and expense, including reasonable attorneys' fees and expenses and the costs of any settlement or judgment, incurred in connection with (i) any suit or proceeding in or to which Beneficiary may be made a party for the purpose of protecting the lien of this Deed of Trust or (ii) any breach by Trustor of any representation, warranty, or covenant contained in the Note, this Deed of Trust or any other Loan Document. This indemnification is a personal obligation of the Trustor and will survive any foreclosure sale of the Real Property conducted pursuant to the terms of this Deed of Trust.

I. Condemnation. Trustor hereby assigns to Beneficiary, as additional security, all awards of damage resulting from condemnation proceedings or the taking of or injury to the Real Property for public use, and Trustor agrees that the proceeds of all such awards are to be paid to Beneficiary or Trustee and are to be applied by Beneficiary or Trustee, first, to the payment of all expenses incurred by Beneficiary or Trustee in connection with such proceedings, including reasonable attorneys' fees and expenses, and second to the reduction of the obligations secured hereby. The balance of any such award is to be paid to Trustor, or to any persons claiming by, through or under Trustor.

J. Bankruptcy. To induce Beneficiary to extend credit to Trustor as evidenced by the Note secured by this Deed of Trust, Trustor represents that Trustor is currently solvent and has no intention to file or acquiesce in any bankruptcy or insolvency proceeding at any time any portion of the Note remains outstanding and unpaid. Accordingly, in consideration of the indebtedness evidenced by the Note and for other good and valuable consideration, Trustor hereby agrees that in

the event Trustor shall (i) file with any bankruptcy court or be the subject of any petition under Title 11, U.S. Code ("Bankruptcy Code"), (ii) file or be the subject of any petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors, (iii) have sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator, or liquidator, or (iv) be the subject of any order, judgment, or decree entered by any court of competent jurisdiction approving a petition filed against such party for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or relief for debtors, subject to court approval, Beneficiary shall thereupon be entitled and Trustor irrevocably consents to relief from any automatic stay imposed by Section 362 of the Bankruptcy Code, or otherwise, on or against the exercise of the rights and remedies otherwise available to Beneficiary and Trustor hereby irrevocably waives any right to object to such relief.

K. Advances By And Rights Of Beneficiary. Trustor agrees that, from and after the occurrence of a default under this Deed of Trust, Beneficiary may, but shall not be required to, make any payment or perform any act herein required of Trustor in any form and manner deemed expedient after reasonable inquiry into the validity thereof and Trustor shall indemnify and hold Beneficiary harmless from and against any and all loss, damage, cost, expense, liability, and claims and causes of action, including reasonable attorneys' fees, incurred as the result of or arising from any acts performed by Beneficiary pursuant to the provisions of this Deed Of Trust or by reason of any other provision of the Note or any other Loan Document executed by Trustor in connection herewith. By way of illustration and not in limitation of the foregoing, Beneficiary may, but shall not be required to, (i) make full or partial payments of insurance premiums which are unpaid by Trustor, and of principal or interest to persons claiming prior or coordinate liens or encumbrances, if any, and (ii) purchase, discharge, compromise or settle any tax lien, mechanic's lien, or any other lien, encumbrance, suit, proceeding, title or claim thereof, or (iii) redeem all or any part of the Real Property from any tax or assessment. All money paid for any of the purposes herein authorized and all other moneys advanced by Beneficiary to protect the Real Property and the lien of this Deed of Trust are to be additional liabilities secured hereby and are to become immediately due and payable without notice and are to bear interest at the Default Interest Rate under the Note until paid to Beneficiary in full. In making any payment hereby authorized relating to insurance, taxes, assessments or prior or coordinate liens or encumbrances, Beneficiary is to be the sole judge of the legality, validity and priority thereof and of the amount necessary to be paid in satisfaction thereof.

L. Inspection. Beneficiary, or any person designated by Beneficiary in writing, may, upon reasonable advance notice to Trustor, make such inspections and verifications of the Real Property as Beneficiary may consider reasonable under the circumstances.

M. Reconveyance Fees. Trustor covenants and agrees to pay all reconveyance fees charged by Trustee at the time the lien of this Deed of Trust is reconveyed and Trustor covenants and agrees to pay all reconveyance fees in connection with each partial release of Units pursuant

to article VII below.

N. **Statutory Covenants.** To the extent not inconsistent with the express provisions of this Deed of Trust, the following covenants of Section 107.030 of the Nevada Revised Statutes are hereby adopted and made a part of this Deed of Trust: Covenant No. 3, Covenant No. 4 (interest, Default Interest Rate under Note), Covenant No. 5, Covenant No. 6, Covenant No. 7 (reasonable attorneys' fees, litigation expenses, all expert witness fees and court costs), Covenant No. 8, and Covenant No. 9.

VI

DEFAULT AND REMEDIES

A. **Events of Default.** The term "Event of Default" as used herein means the occurrence or happening, at any time and from time to time, of any one or more of the following:

1. **Non-Payment Of Indebtedness.** The failure, refusal or neglect to pay, in full, (1) the entire unpaid balance of principal and accrued interest of the Note on the due date stipulated in the Note, by acceleration or otherwise; or (2) any installment of interest under the Note on or before the date the same shall become due and payable ("Due Date").

2. **Failure to Satisfy Development Obligations.** The failure by Trustor to timely satisfy any one or more of the Development Obligations set forth in paragraph A. of Article V above.

3. **Non-Performance Of Obligations.** The failure, refusal or neglect to perform and discharge fully and timely any covenant, promise, or other obligation of the Trustor under this Deed Of Trust, the Note, or any other Loan Documents.

4. **Non-Payment or Non-Performance of Senior or Junior Obligations.** The failure, refusal or neglect to pay or perform any obligation, governmental or private, which is senior or junior in priority to the lien of this Deed of Trust.

5. **Judgment.** If any final money judgment shall be rendered against Trustor or any guarantor of the Note and the same shall not be paid or execution on the same shall not be stayed by perfection of an appeal or other appropriate action.

6. **Voluntary Bankruptcy.** If Trustor or any guarantor of the Note shall (1) seek entry of an order for relief as a debtor in a proceeding under the United States Bankruptcy Code; (2) seek, consent to or not contest the appointment of receiver or trustee for itself or himself or for all or any part of its property; (3) file a petition seeking relief under the bankruptcy, arrangement, reorganization or other debtor relief laws of the United States or any state or any other competent

jurisdiction; (4) make a general assignment for the benefit of its or his creditors; or (5) admit in writing its or his inability to pay its or his debts as they mature.

7. **Involuntary Bankruptcy.** If (1) a petition is filed against Trustor or any guarantor seeking relief under the bankruptcy, arrangement, reorganization or other debtor relief laws of the United States or any state or other competent jurisdiction; or (2) a court of competent jurisdiction enters an order, judgment or decree appointing, without the consent of Trustor or any guarantor, a receiver or trustee for it, or for all or any part of its property; and (3) such petition, order, judgment or decree shall not be discharged or stayed within a period of sixty (60) days after its entry.

8. **Foreclosure Of Other Liens.** If the holder of any lien or security interest on the Real Property (without implying Beneficiary's consent to the existence, placing, creating or permitting of any lien or security interest) institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

9. **Sale, Lease Or Other Transfer.** Any sale, lease, exchange, assignment, conveyance, transfer of possession or other disposition of all or any portion of the Real Property or any interest therein, whether voluntary or involuntary, without the prior written consent of the Beneficiary, except for sales of individual Units of the Real Property previously released from the lien of this Deed of Trust in accordance with the provisions of article VII below.

10. **Change Of Ownership.** Any one or more voluntary or involuntary transfers of member interests in the Trustor or issuances of new member interests in the Trustor resulting, in the aggregate, in a change of ownership of 50% or more of the member interests in the Trustor outstanding on the date of this Deed of Trust, without the prior written consent of the Beneficiary in its sole and absolute discretion.

11. **Dissolution Or Failure.** The dissolution, business failure, merger or similar event affecting the Trustor or any surety, endorser or guarantor of the obligations or indebtedness secured hereby.

12. **Title And Lien Priority.** If title of Trustor to any or all of the Real Property or the status of this Deed of Trust as a lien and interest on the Real Property shall be endangered by any party or in any manner whatsoever, and Trustor shall fail to immediately cure the same upon demand by Beneficiary.

13. **Levy On Assets.** A levy on any of the assets of Trustor or any Guarantor, and such levy is not stayed or abated within ten (10) days thereafter.

14. **NRS Section 106.380 Notice.** The delivery of a notice by Borrower under NRS Section 106.380 shall be a default under this Deed of Trust.

B. Notice And Cure. A Default in Payment may be cured (and no Event of Default will be deemed to have occurred) if Trustor cures the default by making payment within five (5) days of the date said payment was due (written notice of default from Beneficiary to Trustor shall not be required for any Default in Payment). If any default, other than a Default in Payment, is curable, the default may be cured (and no Event of Default will be deemed to have occurred) if Trustor, after receipt of written notice from Beneficiary demanding cure of the default (a) cures the default within thirty (30) days, or (b) if the cure requires more than thirty (30) days, Trustor immediately initiates steps which Beneficiary deems in Beneficiary's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical. For purposes of this Second Deed of Trust and the other Loan Documents, a "default in payment" shall mean the failure to pay any installment of interest, principal, or late charge under this Note, or the failure to pay real estate taxes and assessments, insurance premiums and any other amounts required under the terms of this Deed of Trust or the Loan Documents.

C. Remedies. Upon the occurrence of an uncured Event of Default, Beneficiary may exercise all rights and remedies provided by law on the date of the default, including, but not limited to, the following:

1. **Acceleration.** Beneficiary may, at Beneficiary's option, declare immediately due and payable any one or more of the obligations of Trustor to Beneficiary which are secured hereby, and, to the extent permitted by law, the same shall, upon notice to or demand on Trustor, become immediately due and payable.

2. **Possession And Collection Of Rent.** Beneficiary may, at its option, acting through its agents or attorneys, either with or without process of law, enter upon and take possession and control of the Real Property, or any part thereof, to perform such acts of repair or protection as may be necessary or proper to preserve the value thereof, to evict and remove any persons, goods, or chattels occupying or upon the Real Property, to manage, operate, and control the Real Property, and to collect or receive all the rents, income, issues, and profits as provided above.

3. **Appointment Of Receiver.** Beneficiary may, by and through the Trustee, or on behalf of the Beneficiary, make application to a court of competent jurisdiction for appointment of a receiver for the Real Property, and Trustor hereby irrevocably consents to such appointment and expressly waives any right to require a bond of the receiver, to receive notice of application for such appointment, and the right to a hearing prior to such appointment. Any receiver appointed by the court shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain, and operate the Real Property upon such terms as may be approved by the court, and to apply such rents in accordance with the provisions hereof or as otherwise directed by the court.

4. **Foreclosure And Sale.** Beneficiary may request that Trustee sell the Real Property pursuant to the power of sale granted Trustee herein in accordance with the laws of the State

of Nevada, or Beneficiary may foreclose this Second Deed of Trust by judicial action pursuant to the laws of the State of Nevada. Beneficiary may, at its option, accomplish all or any of the aforesaid in such manner as permitted or required by the Nevada Revised Statutes regarding foreclosure of real estate and the Nevada Uniform Commercial Code. Nothing contained in this section shall be construed to limit in any way Trustee's right to sell the Real Property by private sale if, and to the extent that such private sale is permitted under the laws of the state where the Real Property (or that portion thereof to be sold) is located or by public or private sale after entry of a judgment by any court of competent jurisdiction ordering same. At any such sale:

a. Whether made under the power herein contained, any other applicable law or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physically present, or to have constructive possession of, the Real Property (Trustor shall deliver to Trustee any portion of the Real Property not actually or constructively possessed by Trustee immediately upon demand by Trustee) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale;

b. Each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including without limitation, nonpayment of the Indebtedness, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor Trustee hereunder;

c. Any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed;

d. The receipt of Trustee or of such other party or officer making the sale shall be sufficient to discharge the purchaser or purchasers for his or their purchase money, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof;

e. To the fullest extent permitted by law, Trustor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar, both at law and in equity, against Trustor and against all other persons claiming or to claim the property sold or to any part thereof by, through or under Trustor; and

f. To the extent and under such circumstances as permitted by law, Beneficiary may be a purchaser at any such sale.

5. **Remedies With Respect To Personalty.**

a. To the extent that this Second Deed of Trust encumbers both real and personal property, Beneficiary may, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order, proceed with any of the following rights and remedies:

(1) Proceed as to both the Real Property and Personalty in accordance with Beneficiary's rights and remedies in respect to real property; or

(2) Proceed as to the Real Property in accordance with Beneficiary's rights and remedies in respect to real property and proceed as to the Personalty in accordance with Beneficiary's rights and remedies in respect to personal property. Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the Personalty in accordance with the Nevada Uniform Commercial Code. Trustor hereby authorizes Trustee to act accordingly.

b. If Beneficiary should elect to proceed as to both the real and personal property collateral in accordance with Beneficiary's rights and remedies in respect to real property, then the following shall occur:

(1) The Real Property and all of the Personalty may be foreclosed upon and sold by either private sale or judicial action, in the manner provided in this Deed of Trust, in one Unit, or in separate Units consisting of any combination or combinations of real and personal property, as the Beneficiary may elect, in the sole discretion of Beneficiary;

(2) Trustor acknowledges and agrees that a disposition of the Personalty in accordance with Beneficiary's rights and remedies in respect to real property, as provided herein, is a commercially reasonable disposition of the Personalty. Beneficiary may, in the sole discretion of Beneficiary appoint Trustee as the agent of Beneficiary for the purpose of disposition of the Personalty in accordance with Beneficiary's rights and remedies in respect to real property. Trustor hereby authorizes Trustee to act accordingly.

c. If Beneficiary should elect to proceed as to the Personalty in accordance with Beneficiary's rights and remedies in respect to personal property, Beneficiary shall have all of the rights and remedies conferred upon a secured party by the Nevada Uniform Commercial Code.

6. **Right To Deficiency.** In the event that the proceeds of any foreclosure sale conducted pursuant to the provisions of this Second Deed of Trust are not sufficient to satisfy all obligations and indebtedness to Beneficiary secured hereby, Beneficiary may recover such deficiency from the Trustor in accordance with applicable law.

7. **Remedies Cumulative.** Each and every remedy provided to Beneficiary by the terms of this Deed of Trust is separate and distinct from and is cumulative to all other rights and remedies provided by this Deed of Trust, by the other Loan Documents or by law, and each remedy may be exercised concurrently, independently, or successively, in any order, as Beneficiary may determine. The exercise of any one or more such rights or remedies by Beneficiary, or by the Trustee at the direction of Beneficiary, is not to be construed as an election of remedies or as a waiver of any other right or remedy which Beneficiary may have.

VII

PARTIAL RELEASES

A. **Partial Releases.** From time to time during the term of this Deed of Trust, upon the written application by Trustor to Beneficiary, individual Units (as defined in the Note) may be released and reconveyed upon payment of the applicable partial release price for the Units being released.

B. **Application For Partial Release.** In order to obtain a partial release of Units, Trustor, shall apply in writing specifying the Units to be released.

C. **Release Price.** The amount required to be paid for the partial release of one or more Units (the "Partial Release Price") shall be as follows. The Partial Release price for each is SIXTY- EIGHT THOUSAND and No/100 Dollars (\$68,000.00) due on the Partial Release Price and the Payment in Kind Amount as defined in the Note.

D. **Reconveyance.** There shall be no reconveyance of a Unit until the Partial Release Price and the PIK Amount as defined in the Note is paid.

VIII

HAZARDOUS SUBSTANCE INDEMNITY

A. **Definition.** For purposes of this Deed of Trust, the term "Hazardous Substances" shall mean any hazardous or toxic substances, materials, or wastes the removal of which is required, the storage, maintenance, or transport of which is prohibited or penalized, or for which a permit is required under applicable law, including, but not limited to, any substance, material or waste which is defined as a "hazardous substance" in Section 40.504 of the Nevada Revised Statutes as amended from time to time.

B. **Representation by Trustor.** Trustor represents that, to the best of its actual

knowledge, no past owner or occupant of the Real Property has released, discharged, or disposed of any Hazardous Substance on or about the Real Property, whether lawfully or unlawfully, and no Hazardous Substance is, as of the date of this Deed of Trust, present in, on, or about the Real Property, except as described in writing to Trustor. To the best of the actual knowledge of Trustor (without the duty of investigation), the Real Property complies with all applicable laws and regulations pertaining to Hazardous Substances.

C. Covenants. Trustor shall not cause or permit the release, discharge or disposal, nor the presence, use, generation or storage, of any Hazardous Substance in, on or about the Real Property. Trustor shall test for, investigate and remove, at Trustor's sole cost and expense, all Hazardous Substances present or alleged to be present in, on or about the Real Property upon demand of any federal, state, or local governmental agency, court or the Beneficiary at any time prior to full repayment of the Note

D. Indemnity. Trustor agrees to indemnify, defend, and hold Beneficiary, Beneficiary's successors and assigns, and their respective directors, officers, agents, and employees harmless from and against any claims, loss, cost, damage (including, without limitation, bodily injury, death, property damage, economic loss or damage to natural resources or the environment), liability, deficiency, fine, penalty, settlement, judgment or expense (including, without limitation, all investigation and remediation costs and attorneys' fees) directly or indirectly relating to: (i) the actual, alleged or suspected presence, release, use, generation, discharge, storage or disposal of any Hazardous Substance in, on or about the Real Property; or (ii) the transportation of any Hazardous Substance to or from the Real Property; or (iii) the violation, whether actual or alleged by or before any federal, state, or local governmental agency or court, of any statute, ordinance, order, rule, regulation, permit, license, judgment or common law duty applicable to the use, generation, release, discharge, storage, disposal or transportation of any Hazardous Substance in, on or about the Real Property. The foregoing indemnification obligations shall exist regardless of whether there is any fault on the part of Trustor, regardless of whether Beneficiary knew or should have known of the actual or alleged presence of Hazardous Substance or violation of law, and regardless of whether such claim, loss, cost, damage, liability, deficiency, fine, penalty, settlement, judgment or expense is caused by Trustor's failure, or the failure of any of Trustor's predecessors in title, or the failure of any of Trustor's tenants, to perform any of its, or their, obligations pursuant to any federal, state or local environmental protection laws and regulations.

E. Nature Of Obligation. The obligations of Trustor under this article VIII shall be independent of Trustor's other obligations under this Deed of Trust, the Note, and the other Loan Documents, and Trustor's obligations under this article VIII may be enforced independently of or concurrently with Trustor's obligations under the other Loan Documents and the other provisions of this Deed of Trust. The obligations of the Trustor under this article VIII shall survive the repayment of the Note, the reconveyance of this Deed of Trust, or the Beneficiary's acquisition of the Real Property by foreclosure, deed in lieu of foreclosure or by any other manner whatsoever. Trustor acknowledges and agrees that the provisions of this article VIII are intended to constitute an "environmental provision"

as such term is defined in Section 40.502 of the Nevada Revised Statutes and that Beneficiary shall be entitled to the remedies set forth in Section 40.501 through 40.512 of the Nevada Revised Statutes, as amended from time to time, in addition to any and all other remedies authorized by the Loan Documents or otherwise provided by law. Nothing contained in this article VIII is intended in any way to limit, impair, or otherwise affect whatsoever any rights and remedies of the Beneficiary under any other Loan Documents, under any other provisions of this Deed of Trust or otherwise provided by law.

IX

SECURITY AGREEMENT

A. **Security Interest.** This Second Deed of Trust is to be construed as a Second Deed of Trust on the Real Property, and it is to also constitute and serve as a security agreement as to the Personalty within the meaning of the Uniform Commercial Code. Accordingly, this Second Deed of Trust also constitutes a pledge, assignment, and grant by Trustor of a security interest in the Personalty, Fixtures, leases, and rents, subject to and subordinate to the rights and remedies of the holder of the First Deed of Trust on the Property. The security interest is granted to Beneficiary and Trustee (acting as both a trustee and agent for Beneficiary under the terms hereof) to secure the full and timely payment of the indebtedness evidenced by the Note and the performance of all obligations secured by this Deed of Trust. Upon an Event of Default, Trustor must assemble all of the Personalty at a location designated by Beneficiary for sale pursuant to the terms hereof.

B. **Financing Statements.** In order to perfect the security interest granted to the Beneficiary, Trustor hereby authorizes Beneficiary and Beneficiary's attorneys and agents to file and record one or more UCC1 Financing Statements and other documents at such times and places as may be required or permitted by law to so create, perfect, and preserve the security interest. Pursuant to the Nevada Uniform Commercial Code, this Deed of Trust is to be effective as a financing statement filed as a fixture filing from the date of its filing for record covering the Personalty. The address of Trustor, as Debtor, and Beneficiary, as Secured Party, are as set forth herein. The fixtures are related to the Property of which Trustor is the record title owner.

C. **Remedies.** Trustor agrees that all property of every nature and description, whether real or personal, covered by this Second Deed of Trust, are encumbered as one unit, and that upon an Event of Default, this Second Deed of Trust and the security interests, at Beneficiary's option, may be foreclosed or sold in the same proceeding, and all of the Real Property (including the Personalty) may, at Beneficiary's option, be sold as such in one unit, as more specifically provided in article VI above. The filing or recording of any financing statement relating to any Personalty or rights or interests generally or specifically described herein is not be construed to diminish or alter any of Beneficiary's rights or priorities hereunder. Trustor acknowledges and agrees that a disposition of the Personalty in accordance with Beneficiary's rights and remedies in respect to real property, as herein provided, is a commercially reasonable disposition of the Personalty. Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the Personalty

in accordance with Beneficiary's rights and remedies in respect to real property. Trustor hereby authorizes Trustee to act accordingly.

Trustee and Beneficiary are to have all the rights, remedies, and recourses with respect to the Personalty, Fixtures, leases, and rents afforded to a secured party by the Nevada Uniform Commercial Code in addition to, and not in limitation of, the other rights, remedies and recourse afforded by this Deed of Trust or otherwise provided by law or equity. Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the Personalty in accordance with the Nevada Uniform Commercial Code. Trustor hereby authorizes Trustee to act accordingly.

D. No Obligation Of Trustee Or Beneficiary. The security interest herein granted is not to be deemed or construed to constitute Trustee or Beneficiary as a trustee or mortgagee in possession of the Real Property, to obligate Trustee or Beneficiary to operate or manage the Real Property or attempt to do the same, or take any action incur expenses or perform or discharge any obligation, duty or liability whatsoever.

X

SUBORDINATION

Beneficiary will allow this Deed of Trust to be subordinated to that certain obligation to MT 401K LLC in an amount not to exceed \$3,500,000.00.

XI

TRUSTEE PROVISIONS

A. Power Of Trustee To Reconvey Or Consent. At any time, without liability therefor and without notice to Trustor, upon written request by Beneficiary and presentation of the Note and this Second Deed of Trust to Trustee for endorsement, and without altering or affecting the personal liability of Trustor or any other person for the payment of the indebtedness secured by this Second Deed of Trust, or the lien of this Second Deed of Trust upon the remainder of the Real Property as security for the repayment of the full amount of the indebtedness then or thereafter secured by this Second Deed of Trust or any right or power of Beneficiary or Trustee with respect to the remainder of the Real Property, Trustee may: (i) reconvey or release any part of the Real Property from the lien of this Second Deed of Trust; (ii) approve the preparation or filing of any map or plot with respect to the Real Property; (iii) join in the granting of any easement burdening the Real Property; or (iv) enter into any extension or subordination agreement affecting the Real Property or the lien of this Second Deed of Trust.

B. Reconveyance. Upon written request of Beneficiary reciting that all sums secured by

this Second Deed of Trust have been paid, surrender of the Note, and this Second Deed of Trust to Trustee for cancellation, and payment by Trustor of any reconveyance fees customarily charged by Trustee, Trustee shall reconvey, without warranty, the Real Property then held by Trustee under this Second Deed of Trust. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Such request and reconveyance shall operate as a reassignment of the rents, income, issues, and profits assigned in this Deed of Trust to Beneficiary.

C. **Substitution Of Trustee.** Beneficiary, at Beneficiary's option, may from time to time, by written instrument, substitute a successor or successors to any Trustee named in this Second Deed of Trust or acting under this deed of Trust, which instrument, when executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county or counties in which the Real Property is located, shall constitute conclusive proof of the proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the predecessor Trustee, succeed to all right, title, estate, powers, and duties of such predecessor Trustee, including, without limitation, the power to reconvey the Real Property. To be effective, such instrument must contain the name of the original Trustor, Trustee, and Beneficiary under this Second Deed of Trust, the book and page at which, and the county or counties in which, this Second Deed of Trust is recorded, and the name and address of the substitute Trustee. If any notice of default has been recorded under this Second Deed of Trust, this power of substitution cannot be exercised until all costs, fees, and expenses of the then-acting Trustee shall endorse receipt thereof upon the instrument of substitution. The procedure in this Second Deed of Trust for substitution of Trustees shall not be exclusive of other provisions for substitution provided by applicable law.

D. **Performance Of Duties By Agents.** Trustee may authorize one or more parties to act on its behalf to perform the ministerial functions required of it hereunder, including, without limitation, the transmittal and posting of any notices.

XII

MISCELLANEOUS

A. **Survival Of Obligations.** Each and all of the Obligations shall survive the execution and delivery of the Note and the consummation of the loan called for therein and shall continue in full force and effect until the indebtedness and obligations secured hereby shall have been paid in full.

B. **Further Assurances.** Trustor, upon the request of Trustee, or Beneficiary, will execute, acknowledge, deliver and record and/or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Second Deed of Trust to create and perfect the liens and security interests on any property intended by the terms thereof to be covered thereby, including specifically, without limitation, any renewals,

additions, substitutions, and replacements or appurtenances to the Real Property, and to complete, execute, record and file any document or instrument necessary to place third parties on notice of the liens and security interests granted thereunder. Trustor hereby irrevocably appoints Beneficiary as its agent to execute and deliver all such instruments and additionally to record and file any of the same as may be necessary.

C. Recording And Filing. Trustor will cause this Second Deed Of Trust and all amendments and supplements hereto and substitutions therefor to be recorded, filed, re-recorded and refiled in such manner and in such places as Trustee or Beneficiary shall reasonably request and will pay all such recording, filing, re-recording and refile taxes, fees and other charges.

D. Notices. All notices required under the terms of this Second Deed of Trust or any security document are sufficient either (1) three days after the deposit in the United States Mail, postage prepaid, or (2) two days after their deposit in a nationally recognized overnight courier service, or (3) on the day of their personal delivery, or email, if addressed or delivered to Beneficiary. Trustor or Trustee at the addresses set forth herein, or at such other addresses as specified in writing by any party to the others, provided that no change of address by the Trustor will be effective unless Trustor first serves notice of such change of address on Beneficiary in writing by certified mail with return receipt requested, retaining a copy of such return receipt in its files. Notwithstanding the foregoing, notices regarding any foreclosure proceedings shall be given as required by law. The parties' addresses for purposes of notice hereunder shall be as follow (unless subsequently changed):

To Trustor:

KDH BUILDERS THE RANCH LLC
5400 Equity Avenue
Reno, Nevada 89502
Email: chendrix@kdhbuilders.net
khendrix@kdhbuilders.net
Attn: Ken Hendrix

To Beneficiary:

MRKT, LLC
Attn: Kevin Tappan, Managing Member
900 Schellbourne Street
Reno, NV 89511
Email: _____

E. No Waiver. Any failure by Trustee or Beneficiary to insist, or any election by Trustee or Beneficiary not to insist, upon strict performance by Trustor of any of the terms, provisions or conditions of this Second Deed of Trust, the Note, or any other documents or instruments executed by Trustor in connection therewith shall not be deemed to be a waiver of the same or of any other term, provision or condition thereof, and Trustee and Beneficiary shall have

the right at any time and from time to time thereafter to insist upon strict performance by Trustor of any and all of such terms, provisions and conditions. All waivers by Trustor must be in writing and signed by Trustor; no Trustor waiver shall occur by conduct, inaction or silence.

F. Covenants Running With The Land. All Obligations contained in the Security Documents are intended by the parties to be and shall be construed as covenants running with the Real Property.

G. Successors And Assigns. Subject to the provisions of paragraphs A.8 and A.9 of article VI above, all of the terms of the Note and this Second Deed Of Trust shall apply to, be binding upon and inure to the benefit of the parties thereto, their respective successors, assigns, heirs and legal representatives and all other persons claiming by, through or under them.

H. Severability. This Second Deed Of Trust and the Note are intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, rules, regulations and ordinances. If any provision of any of said documents are, or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances or other instruments referred to above shall be affected thereby, but rather, the same shall be enforced to the greatest extent permitted by law.

I. Entire Agreement And Modification. The Note, this Second Deed Of Trust and all other Loan Documents contain the entire agreements between the parties relating to the subject matter hereof and thereof, and all prior agreements relative thereto which are not contained herein or therein are hereby terminated. The Loan Documents may be amended, revised, waived, discharged, released or terminated only by a written instrument or instruments executed by the party against which enforcement of the amendment, revision, waiver, discharge, release or termination is asserted. Any alleged amendment, revision, waiver, discharge, release or termination which is not so documented shall not be effective as to any party.

J. Counterparts. This Second Deed of Trust may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

K. Choice Of Law. This Second Deed of Trust shall be governed by and interpreted under the laws of the State of Nevada in force from time to time.

L. Headings And General Application. The article, paragraph and subparagraph entitlements hereof are inserted for convenience of reference only and shall in no way affect, modify nor define, or be used in construing, the content of such article, paragraph or subparagraph. If the text requires, words used in the singular shall be read as including the plural, and pronouns of any gender shall include all genders.

M. Sole Benefit. The Note, this Second Deed Of Trust and the other Loan Documents have been executed for the sole benefit of Trustor and Beneficiary and the heirs, successors, assigns and legal representatives of Beneficiary. No other party shall have the rights hereunder nor be entitled to assume that the parties thereto will insist upon strict performance of their mutual obligations hereunder, any of which may be waived from time to time. Trustor shall have no right to assign any rights under said documents to any party whatsoever.

N. Subrogation. If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore existing against the Real Property or to satisfy any indebtedness or obligation secured by a lien or encumbrance of any kind (including liens securing the payment of any Impositions), such proceeds have been advanced by Beneficiary at Trustor's request, and, to the extent of such funds so used, the indebtedness and obligations secured by this Deed of Trust shall be subrogated to and extend to all of the rights, claims, liens, titles and interests heretofore existing against the Real Property to secure the indebtedness or obligation so extinguished, paid, extended or renewed, and the former rights, claims, liens, titles and interests, if any, shall not be waived, whether or not released of record, but rather shall be continued in full force and effect and in favor of Beneficiary and shall be merged with the lien and security interest created herein as cumulative security for the payment of the Note and the satisfaction of the obligations secured hereby.

O. Business Or Commercial Purpose. Trustor warrants that the extension of credit evidenced by the Note is solely for business or commercial purposes, other than agricultural purposes, and is not for personal or household purposes.

P. No Member Or Partner. Beneficiary, by its acceptance hereof, does not become a member or partner of or with Trustor, and in no event shall Beneficiary be liable for any of the debts, obligations or liabilities of Trustor, as a result of the execution of this Deed of Trust, the Note, or any other document executed in connection with the loan, nor is Beneficiary liable for any contributions to Trustor. Provided further, and without limiting the generality of the foregoing, nothing contained in this Deed of Trust or the Note shall be deemed to create a partnership and/or a joint venture between Trustor and Beneficiary.

Q. Conflict, Applicability Of Certain Provisions. In the event there exists any inconsistency between any provision of this Deed of Trust and the Note, the provisions of the Note shall, unless Beneficiary shall otherwise elect in writing, control and govern such inconsistency.

R. Defined Terms. For purposes of this Second Deed of Trust, capitalized terms not otherwise defined herein shall have the meaning as defined in the PSA.

S. Time Of The Essence. Time is of the essence of this Second Deed Of Trust.

TRUSTOR:

KDH BUILDERS THE RANCH LLC
a Nevada limited liability company

By: [Signature]
Kenneth D. Hendrix, Manager

By: [Signature]
Darci J. Hendrix, Manager

STATE OF NEVADA)

: ss.

WASHOE COUNTY)

On 2.20, 2018, personally appeared before me, a notary public, KENNETH D. HENDRIX, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he is a Manager of KDH BUILDERS THE RANCH LLC, a Nevada limited liability company, and who further acknowledged to me that he executed the foregoing Deed of Trust on behalf of said limited liability company.

[Signature]
NOTARY PUBLIC

STATE OF NEVADA)

: ss.

WASHOE COUNTY)

On 2.20, 2018, personally appeared before me, a notary public, DARCI J. HENDRIX, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that she is a Manager of KDH BUILDERS THE RANCH LLC, a Nevada limited liability company, and who further acknowledged to me that she executed the foregoing Deed of Trust on behalf of said limited liability company.

[Signature]
NOTARY PUBLIC

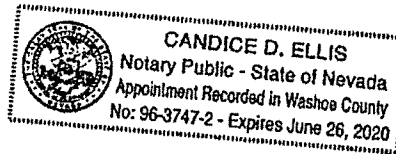


EXHIBIT "A"
Legal Description

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

Lots 140 through 157, inclusive, as shown on the Final Subdivision Map, a Planned Unit Development PD 04-008 HEYBOURNE MEADOWS PHASE IID, recorded in the office of the Douglas County Recorder, State of Nevada, on January 17, 2018, as Document No. 2018-909251, Official Records.

ASSESSOR PARCEL NUMBERS:

1320-33-229-001; 1320-33-229-002; 1320-33-229-003; 1320-33-229-004; 1320-33-229-005; 1320-33-229-006; 1320-33-229-007; 1320-33-229-008; 1320-33-229-009; 1320-33-229-010; 1320-33-229-011; 1320-33-229-012; 1320-33-229-013; 1320-33-229-014; 1320-33-229-015; 1320-33-229-016; 1320-33-229-017; 1320-33-229-018

ATTACHMENT 1

All Declarant Rights, water and water rights, and shares of stock pertaining to such water and water rights, will serve letters or commitments, banked rights, utility connections and deposits, development rights, licenses, permits, maps and privileges related to or the ownership of which beneficially affects the Real Property described in Exhibit A, including all right, title and interest of Debtor in and to water and water rights hereafter dedicated to a water service provide to provide water service for the Real Property, including all right, title and interest of Debtor now owned or hereafter acquired in and to water rights or service;

Any and all personal property related to the development and construction of the Real Property, including without limitation and all house plans, permits, drawings, deposits, construction agreements, loan disbursement agreements, materials supplies, equipment, apparatus and other items used or useful to the Real Property or delivered to the Real Property with the intent to be included or incorporated into the development, and any and all fee credits that are not part of the Real Property, including but not limited to, RTC credits, sewer credits, water credits, water connection credits, and subdivision improvement plans;

All plans and specifications for the construction of improvements on the Real Property, and all contracts and subcontracts relating to the improvements (provided that nothing herein shall be deemed to constitute an assumption by Beneficiary of any obligation or liability of Debtor or with respect to such plans and specifications, such construction, or any contract or agreement relating thereto, nor shall Beneficiary otherwise incur any obligation or liability with respect thereto unless Beneficiary, in its sole and absolute discretion, shall hereafter expressly agree in writing); all warranties and guarantees, whether now existing or hereafter arising, relating to the improvements; all refunds, rebates or credits in connection with a reduction in taxes, including, without limitation, rebates as a result of tax certiorari or any other applications or proceedings for reduction; all deposits, funds, accounts, contract rights instruments, documents, general intangibles (including trademarks, service marks, trade names, and symbols used in connection therewith), and Note or chattel paper arising from or in connection with the Real Property; all permits, licenses, certificates, approvals, final subdivision maps, parcel maps, special use permits, rights to water and utility service and other rights and privileges obtained in connection with the Real Property; all proceeds arising from or by virtue of the sale, lease or other disposition of all or any part of the Real Property, improvements, or fixtures (consent to same not granted or to be implied hereby), all proceeds (including premium refunds) payable or to be payable under each policy of insurance relating to the Real Property or improvements or fixtures thereon; all fixtures thereon;

All accounts, chattel paper, inventory, equipment, instruments, investment property, documents, deposit accounts, letter-of-credit rights, general intangibles, supporting obligations and all proceeds and products of the foregoing, whether such property is now owned or hereafter acquired and wherever such property is or may be located.