

Check List: Deed of Trust
(Delete this page before printing final copy)

The Promissory Note must state:

1. **Default interest rate**
2. **Balloon payment date**, if any, which must be coordinated with Section 5.17 of the Deed of Trust.
3. **Late Charge**, which must be coordinated with Section 5.15 of the Deed of Trust.
4. **Prepayment**: Provisions either allowing, restricting, or prohibiting prepayment, which must be coordinated with Section 5.16 of the Deed of Trust.
5. **Future advances**, if any are contemplated, which should be coordinated with “Witnesseth” (v) in the Deed of Trust.
6. **Nonrecourse provisions**, if any, should be added to the Note and to the Deed of Trust if desired.

Required insertions in the Deed of Trust: [All are highlighted in yellow on this form]

1. **Name and form of entity** of the Trustor and Beneficiary (to be placed in the preamble, and for the Trustor, to be placed on the signature lines).
2. **Ancillary documents** (such as guaranties) which the Deed of Trust is to secure in addition to the promissory note (to be placed in “Witnesseth (ii)”.
3. **Future advances**: a limitation on the amount of future advances (to be placed in “Witnesseth” (v)).
4. **Form of entity** must be stated in Section 1.03.
5. **Insurance amounts and deductible limits** should be reviewed and stated in Section 1.06.
6. **Restoration of the property with insurance proceeds** is provided for in Section 1.07, if such restoration is feasible. This provision is advantageous to the borrower, but is somewhat unusual in deeds of trust on commercial property. If desired, the highlighted language can be deleted, giving the lender the right to capture all insurance proceeds for payment toward the loan balance.
7. **Addresses for notices** for the parties should be filled in in Section 5.13.
8. **Default interest rate** is stated in Sec. 5.20, in connection with the statutory covenants. If the note does not provide for a default rate of 5% above the normal rate, this figure should be changed accordingly.
8. **Single Asset Entity** covenant should be added if desired.

The following sections of the Deed of Trust may be deleted, depending on the circumstances indicated:

1. If the property is not designed as rental property and is not expected to be leased out, the following sections can be deleted: 1.16, Management; 1.18, Operating Statements; and 1.21, Records.
2. Sec. 5.19 should be deleted unless a provision for escrowing of taxes and insurance proceeds has been added to this form. The form as it stands contains no such provision, so ordinarily Section 5.19 should be deleted.

NOTES: The “deemed to have assumed” language at the end of Section 1.12(c) is almost certainly unenforceable. The waiver of marshaling language in Section 3.10 may be unenforceable.

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,
AND SECURITY AGREEMENT**
(On Fee Simple Parcel)

THIS DEED OF TRUST AND SECURITY AGREEMENT (hereinafter the "Deed of Trust"), made this ____ day of _____, 200_, by and between _____, a Nevada [limited partnership], (hereinafter the "Trustor" or "Borrower") in favor of _____, a Nevada [corporation], whose address is _____ (hereinafter the "Trustee") and _____ (hereinafter the "Beneficiary" or "Lender");

W I T N E S S E T H:

That for good and valuable consideration, including the indebtedness herein recited and the trust herein created, the receipt and adequacy of which is hereby acknowledged, and for the purpose of securing, in such priority as Beneficiary may elect, each of the following:

(i) The due, prompt and complete payment, observance, performance and discharge of each and every obligation, covenant and agreement contained in that certain Promissory Note of even dated herewith in the initial principal amount of _____ (hereinafter the "Note"), together with interest thereon at the rate specified therein, executed by Trustor to the order of Beneficiary and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or otherwise; and

(ii) The payment of all other sums, with interest thereon at the rate of interest provided for herein or in the Note, becoming due or payable under the provisions of this Deed of Trust or any other instrument or instruments heretofore or hereafter executed by Trustor having reference to or arising out of or securing the indebtedness represented by the Note, including without limitation [list here any ancillary documents, such as Guaranties, Deeds of trust on related leaseholds, etc.] (collectively the "Loan Documents"); and

(iii) The payment of such additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary, whether or not evidenced by a promissory note or notes which are secured by this Deed of Trust; and

(iv) The due, prompt and complete observance, performance and discharge of each and every obligation, covenant and agreement of Trustor contained in the Note, this Deed of Trust or any other Loan Document;

(v) The payment, pursuant to N.R.S. 106.300 to 106.400, of any future advances made by Beneficiary in its sole and absolute discretion up to an additional amount of \$_____, which future advances shall be in addition to the initial principal amount of the Note. Nothing herein may be construed to create any obligation on the part of Beneficiary to make a future advance to Trustor or on the Trustor's behalf in any amount.

TRUSTOR DOES HEREBY irrevocably grant, transfer, bargain, sell, convey and assign to Trustee, in trust, with power of sale and right of entry and possession, and does grant to beneficiary a security interest for the benefit and security of Beneficiary under and subject to the terms and conditions hereinafter set forth, in and to any and all of the following described property which is (except where the context otherwise requires) herein collectively called the "Mortgaged Property" whether now owned or held or hereafter acquired and wherever located, including any and all substitutions, replacements and additions to same:

(A) That certain real property located in the State of Nevada, and more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, together with all of the easements, rights, privileges, franchises, appurtenances thereunto belonging or in any way appertaining to the real property, including specifically but not limited to all appurtenant water, water rights and water shares or stock of Trustor, any and all mineral rights, any and all general intangibles relating to the use and/or development of the real property, including governmental permits, approvals, authorizations and entitlements, agreements to provide necessary utility or municipal services, all engineering plans and diagrams, surveys and/or soil substrata studies, and all other rights, privileges and appurtenances related to the said real property, and all of the estate, right, title, interest, claim and demand whatsoever of Trustor therein or thereto, either in law or in equity, in possession or in expectancy, now owned or hereafter acquired (hereinafter the "Property");

(B) All structures, buildings and improvements of every kind and description now or at any time hereafter located on the Property (hereinafter the "Improvements"), including but not limited to all off-site improvements, equipment, apparatus, machinery, fixtures, fittings, and appliances and other articles and any additions to, substitution for, changes in or replacements of the whole or any part thereof, now or at any time hereafter affixed or attached to or buried underneath and which are an integral part of said structures, buildings, improvements or the Property or any portion thereof, and such improvements shall be deemed to be fixtures and an accession to the freehold and a part of the Property as between the parties hereto and all persons claiming by, through or under such parties except that same shall not include such machinery and equipment of Trustor, or any tenant of any portion of the Property or Improvements, which is part of and/or used in the conduct of the normal business of Trustor or its tenant conducted upon the Mortgaged Property, which is distinct and apart from the ownership, operation and maintenance of the Mortgaged Property;

(C) All articles of tangible personal property and any additions to, substitutions for, changes in or replacements of the whole or any part thereof, now or at any time hereafter placed up on or under or used in any way in connection with the ownership, operation or maintenance of the Property or any portion thereof or any improvements located thereon, and owned by Borrower, or in which Borrower now has or hereafter acquires an interest, and all building materials and equipment now or hereafter delivered to the Property and intended to be installed or placed in or about any improvements located thereon. Such tangible, personal property shall, in addition to all other tangible, personal property herein described or defined, specifically

include each and every item of tangible, personal property and any substitutions for, changes in or replacements thereof that are used in the operation of the Property. Notwithstanding the breadth of the foregoing, the described personal property shall not include material, equipment, tools, machinery, or other personal property which is brought upon the Property only for use in construction, maintenance, or repair and which is not intended to remain after the completion of such construction, maintenance, or repair, and which is not necessary for ownership, occupancy, or proper maintenance, of the Property;

(D) All right, title and interest of Trustor, now owned or hereafter acquired in and to any land lying within the right-of-way of any street, road, alley and public place, opened or proposed, vacated or extinguished by law or otherwise, and all easements and rights of way, public or private, tenements, hereditaments, appendages, rights and appurtenances now or hereafter located upon the Property or now or hereafter used in connection with or now or hereafter belonging or appertaining to the Property; and all right, title and interest in the Trustor, now owned or hereafter acquired, in and to any strips and gores adjoining or relating to the Property;

(E) All judgments, awards of damages, settlements and any and all proceeds derived from such hereafter made as a result of or in lieu of any taking of the Mortgaged Property or any part thereof, interest therein or any rights appurtenant thereto under the power of eminent domain, or by private or other purchase in lieu thereof, or for any damage (whether caused by such taking or otherwise) to the Mortgaged Property or the Improvements thereon, including change of grade of streets, curb cuts or other rights of access for any public or quasi-public use or purpose under any law;

(F) All rents, incomes, issues and profits, revenues, royalties, bonuses, rights, accounts, contract rights, insurance policies and proceeds thereof, general intangibles and benefits of the Mortgaged Property, or arising from any lease or similar agreement pertaining thereto (hereinafter the "Rents and Profits"), and all right, title and interest of Trustor in and to all leases of the Mortgaged Property now or hereafter entered into and all right, title and interest of Trustor thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of said leases or applied to one or more of the installments of rent coming due immediately prior to receive and apply the same to said indebtedness, and Trustee or Beneficiary may demand, sue for and recover such payments but shall not be required to do so; and

(G) All proceeds of the foregoing.

Trustor makes the foregoing grant to Trustee for the purposes herein set forth; provided, however, that if the Trustor shall pay or cause to be paid to the holder of the Note all amounts required to be paid under the provisions of the Note, this Deed of Trust or any other Loan Document, and at the time and in the manner stipulated therein, and shall further pay or cause to be paid all other sums payable hereunder and all indebtedness hereby secured, then, in

such case, the estate, right, title and interest of the Trustee and Beneficiary in the Mortgaged Property shall cease, terminate and become void, and upon proof being given to the satisfaction of the Beneficiary that all amounts due to be paid under the Note have been paid or satisfied, and upon payment of all fees, costs, charges, expenses and liabilities chargeable or incurred or to be incurred by Trustee or Beneficiary, and of any other sums as herein provided, the Trustee shall, upon receipt of the written request of the Beneficiary, cancel, reconvey and discharge this Deed of Trust.

TO HAVE AND TO HOLD THE MORTGAGED PROPERTY UNTO THE TRUSTEE ITS SUCCESSORS AND ASSIGNS FOREVER, ALL IN ACCORDANCE WITH THE PROVISIONS HEREOF.

ARTICLE I Trustor's Covenants

Trustor covenants, warrants and agrees with Trustee and Beneficiary as follows:

1.01 Payment of Note. Trustor will pay the principal and interest and all other sums coming due with respect to the Note, this Deed of Trust or any of the Loan Documents at the time and place and in the manner specified in and according to the terms thereof.

1.02 Title. The Trustor warrants that:

(a) Trustor has good and marketable title to an indefeasible fee simple estate in the Property described in Exhibit "A" subject only to those liens, charges or encumbrances, if any, set forth on Exhibit "B" attached hereto and incorporated herein by this reference (hereinafter the "Permitted Exceptions"); that Trustor has full power and authority to grant, bargain, sell and convey the Mortgaged Property in the manner and form herein done or intended hereafter to be done; that this Deed of Trust is and shall remain a valid and enforceable first lien on the Mortgaged Property subject only to the Permitted Exceptions; that Trustor and its successors and assigns will preserve its title and interest in and title to the Mortgaged Property and shall forever warrant and defend the same and will warrant and defend the validity and priority of the lien thereof forever against all claims and demands of all persons whosoever, and that this covenant shall not be extinguished by any exercise of power of sale or foreclosure sale hereof, but shall run with the land; and

(b) Trustor has and shall maintain a good and marketable title to the Improvements and Personal Property, including any additions or replacements thereto, free and clear of all security interests, liens and encumbrances, other than the security interests, liens and encumbrances, if any, set forth as Permitted Exceptions on Exhibit "B" attached hereto, or as otherwise disclosed to and accepted by Beneficiary in writing, and Trustor has good right and title to the Improvements or Personal Property subject to the security interest created hereunder. If the lien of this Deed of Trust on any Improvements or Personal Property is subject to a lease agreement, conditional sale agreement or chattel mortgage covering such property, then in the

event of any default hereunder all of the rights, title and interest of the Trustor in and to any and all deposits made thereon or therefor are hereby assigned to the Trustee, together with the benefit of any payments now or hereafter made thereon. Trustor also hereby transfers, sets over and assigns to Trustee, its successors and assigns, all leases and use agreements of machinery, equipment and other personal property of Trustor in the categories hereinabove set forth, under which Trustor is the lessee of, or entitled to use such items, and Trustor agrees to execute and deliver to Trustee or Beneficiary all such leases and agreements when requested by Trustee or Beneficiary. Trustor hereby covenants and agrees to ell and punctually perform all covenants and obligations under such leases or agreements as it so chooses, but nothing herein shall obligate Trustee or Beneficiary to perform any obligations of Trustor under such leases or agreements unless Trustee or Beneficiary shall so choose; and

(c) Trustor will, at its own cost without expense to Trustee or Beneficiary, do, execute, acknowledge and deliver all and every such further act, deed, conveyance, mortgage, assignment, notice of assignment, transfer and assurance as Trustee or Beneficiary shall from time to time reasonably require for the better assuring, conveying, assigning, transferring and confirming unto Trustee and Beneficiary the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Trustor may be or hereafter become bound to convey or assign to Beneficiary for the intention of facilitating the performance of the terms of this Deed of Trust or for the filing, registering, perfecting or recording of this Deed of Trust and any other Loan Document and, on demand, Trustor will execute, deliver and file or record one or more financing statements, chattel mortgages or comparable security instruments more effectively evidencing the lien hereof upon the Personal Property;

(d) Trustor shall pay and remain current on the payment of all taxes and special assessments due on the mortgaged property, together with all premium payments on insurance policies currently existing on the property, or as may be requested to be maintained under the provisions of the Loan Documents; and

(e) Trustor, for itself and its successors and assigns, hereby fully and absolutely waives and releases any and all rights and claims it may have in or to the Mortgaged Property as a Homestead Exemption or other exemption, under or by virtue of the laws of the State of Nevada or the United States, whether now existing or adopted hereafter.

1.03 Business Existence. Trustor shall do all things necessary to preserve and keeping full force and effect its rights and privileges to do business and to conduct its business in the State of Nevada as a Nevada [limited partnership], and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental authority or court applicable to the Trustor.

1.04 Maintenance and Repair. The Trustor shall, at its sole cost and expense, keep the Mortgaged Property in good operating order, repair and condition and shall not commit or permit any waste thereof. Trustor shall make all repairs, replacements, renewals, additions and improvements and complete the restore promptly and in good workmanlike manner any Improvements which may be damaged or destroyed thereon, and pay when due all costs incurred

therefor. Trustor shall not remove or demolish any of the Mortgaged Property conveyed hereby, nor demolish or materially alter the Mortgaged Property without the prior written consent of the Beneficiary. Trustor shall permit Trustee or Beneficiary or its agents the opportunity to inspect the Mortgaged property, including the interior of any structures, at any reasonable times.

1.05 Compliance With Laws. The Trustor shall comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Mortgaged Property or the operation thereof, and shall pay all fees or charges of any kind in connection therewith.

1.06 Insurance. Trustor shall be responsible to provide, maintain and keeping force or to cause to be maintained or kept in force, policies of insurance on the Mortgaged Property as follows:

(a) During the course of any construction or repair of the Mortgaged Property or any portion thereof Trustor shall obtain and maintain:

(i) Comprehensive public liability insurance acceptable to Beneficiary and on which Beneficiary is an additional insured to an “occurrence basis” against claims for “personal injury” including, without limitation, bodily injury, death or property damage occurring on, in or about the Mortgaged Property and the adjoining streets, sidewalks and passageways, with such insurance to be in single limit coverage in the minimum amount of \$1,000,000.00;

(ii) [Intentionally Omitted]

(iii) “Builder’s completed value all risk” insurance against “all risks of physical loss” including collapse and transit coverage, during construction or repair of the Mortgaged Property, with deductibles not to exceed \$5,000.00, covering the total value of work performed and equipment, supplies and materials furnished. Said policy of insurance shall contain the “permission to occupy upon completion of work or occupancy” or equivalent endorsements;

(b) Trustor shall, at all times while this Deed of Trust is in effect, provide, maintain and keep in force or cause to be maintained and kept in force:

(i) Any and all insurance which Trustor is required to maintain or to be maintained pursuant to the terms and conditions of any lease or other agreement, however denominated, which shall provide for the occupancy of all or part of the Mortgaged Property;

(ii) Insurance against loss or damage to the Improvements and Personal Property by fire and any of the risks covered by insurance known as “fire and extended coverage insurance” in an amount not less than the full replacement cost of the Improvements and the Personal Property; provided, however, that in no event shall said insurance be in an amount less than the outstanding principal balance then due and payable under the Note. All such policies which shall be obtained by Trustor shall have deductibles of not in excess of \$5,000.00, and with

extended coverage, vandalism and malicious mischief endorsements, "Agreed Amount or "Inflation Guard" endorsements or such provisions within each respective policy which shall provide Beneficiary the same coverage as provided by such endorsements;

(iii) Comprehensive public liability insurance with bodily injury and death limits of not less than \$1,000,000.00; and

(iv) [Intentionally Omitted]

(c) All policies of insurance to be furnished hereunder shall be from companies and in form and amounts satisfactory to Beneficiary with Standard Mortgage Clauses attached to all policies, including a provision requiring that the coverage evidenced thereby shall not be terminated or materially modified without at least twenty (20) days' prior written notice to the Beneficiary. All policies required by this Deed of Trust shall be written by a company or companies authorized to write such insurance in the state in which the Property is located and having a Best's Insurance Reports Rating reasonably acceptable to Beneficiary. Trustor shall deliver original or duplicate policies, or original certificates of insurance if insurance is provided through blanket policies, evidencing the insurance described in Sections 1.07(b)(i) and 1.07(b)(ii) together with original certificates evidencing the insurance described in sections 1.07(b)(iii) and 1.07(b)(iv) if applicable. At least ten (10) days prior to the expiration of any such policy, Trustor shall submit to Beneficiary evidence showing payment of premiums to continue existing insurance in force or new policies and certificates showing premiums paid in compliance with the foregoing provisions. If Trustor shall fail to provide insurance and evidence thereof as required hereby, Beneficiary may obtain it at Trustor's cost and expense. Any amounts paid by Beneficiary for any such policy shall be treated as Advance under Section 1.18.

(d) The Trustor shall not take out separate insurance concurrent in form or contributing in the event of loss with the insurance required to be maintained hereunder unless Beneficiary is included thereon under a Standard Mortgage Clause acceptable to Beneficiary and the policy complies with the requirements of subsection (c) above. Trustor shall immediately notify Beneficiary whenever any such separate insurance is taken out and shall promptly deliver to Beneficiary the policy or policies of such insurance. In the event of a foreclosure or other transfer of title to the Mortgaged Property in lieu of foreclosure, or by purchase at the foreclosure sale, all interest in any insurance policies in force shall pass to Beneficiary, transfer or purchase as the case may be.

(e) All policies of insurance required by the terms of this Deed of Trust shall contain an endorsement or agreement by the insurer that any loss shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Trustor which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against Trustor.

1.07 Casualty. The Trustor will give the Beneficiary prompt notice of damage to or destruction of any Improvements on the Property and in case of loss covered by policies of insurance, the Beneficiary is hereby authorized to make proof of loss if not made promptly by the Trustor or any lessee. Any expenses incurred by the Beneficiary in the collection of insurance proceeds, together with interest thereon from date of any such expense at the per annum Default Rate set forth in the Note (or at such lesser rate of interest as may be the maximum not prohibited by applicable law), shall be added to and become a part of the indebtedness secured hereby and shall be reimbursed to the Beneficiary immediately upon demand. Upon the occurrence of damage to or destruction of any Improvements, if Beneficiary shall determine its reasonable business judgment that the damage or destruction can be repaired and the construction of the Improvements can be completed in accordance with the terms and conditions of the Construction Loan Agreement, as defined in Section 5.24 hereof, and if the net insurance proceeds paid to Beneficiary are sufficient to pay costs and expenses incurred in the repair, restoration and/or reconstruction of the damaged Improvements, the Beneficiary shall make available such net proceeds of insurance therefor under the condition and in the manner specified in the next following paragraph. If Beneficiary shall otherwise determine, then such insurance proceeds shall be paid directly to the Beneficiary in its sole discretion, and shall be applied by the Beneficiary upon or in reduction of the indebtedness secured hereby then most remotely to be paid; provided, however, if Trustor shall pay to Beneficiary the deficiency in monies needed to pay the costs and expenses required in the repair, restoration and/or reconstruction of the damaged improvements (i.e., the difference between the aforesaid repair costs and insurance proceeds), then in that event, the Beneficiary shall make available the aforesaid net proceeds of insurance, together with the additional deficiency monies paid by Trustor, to pay the costs and expenses of repair, restoration and/or reconstruction of the damaged improvements under the conditions and in the manner specified in the next following Paragraph. If the Beneficiary shall require that the Improvements be repaired or rebuilt then the repair, restoration, replacement or rebuilding of the Improvements shall be to a condition of at least equal value as prior to such damage or destruction.

Insurance proceeds made available for repair, restoration and/or reconstruction of the Improvements shall be disbursed from time to time (provided no default exists in the Note or this Deed of Trust or any other Loan Document at the time of each such disbursement), in the manner set forth in the Construction Loan Agreement. The Beneficiary may require that plans and specifications for the repair, restoration and/or reconstruction be submitted to and approved by the Beneficiary prior to the commencement of the work. Any surplus which may remain out of said insurance proceeds after payment of costs of building and restoration may, at the option of the Beneficiary, be applied either on account of the indebtedness secured hereby then most remotely to be paid or be paid to any person or persons entitled thereto. Application or release of proceeds under the provisions hereby shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. No interest shall be allowed on account of any such proceeds or any other funds held in the hands of the Beneficiary or the disbursing party hereunder.

1.08 Condemnation. The Trustor, immediately upon obtaining knowledge of the

institution of any proceeding for the condemnation of the Mortgaged Property or any portion thereof, shall notify Beneficiary of the pendency thereof. The Trustor hereby assigns, transfers and sets over unto the Beneficiary all compensation, rights of action and the entire proceeds of any award, up to the maximum amount of all amounts then due and payable under the Note and the Loan Documents, including, without limitation, all interest, costs, expenses and Advances, as that term is herein defined, and any claim for damages for any of the Mortgaged Property taken or damaged under the power of eminent domain or by condemnation or by sale in lieu thereof. Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any compromise or settlement, in connection with such condemnation, taking under the power of eminent domain or sale in lieu thereof, and hereby appoints Beneficiary as its true and lawful attorney for such purposes, such power being coupled with an interest. After deducting therefrom all of its expenses, including attorneys fees, the Beneficiary may elect, in its sole discretion and notwithstanding the fact that the security given hereby may not be impaired by a partial condemnation, to apply any part or all of the proceeds of the award, in such order as Beneficiary may determine, upon or in reduction of the indebtedness secured hereby whether due or not. Any application of all or a portion of the proceeds of any such award to the indebtedness shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Trustor agrees to execute such further assignments of any compensation, award, damages, right of action and proceeds as Beneficiary may require.

1.09 Liens and Encumbrances. Trustor shall pay when due all obligations, lawful claims or demands of any person which, if unpaid might result in, or permit the creation of, any lien or encumbrance on the Mortgaged Property or on the Rents and Profits, whether such lien would be senior or subordinate hereto, including, but without limiting the generality of the foregoing, all claims of mechanics, material men, laborers and other work for labor performed, or materials or supplies furnished in connection with any work upon the Mortgaged Property.

Notwithstanding the foregoing, Trustor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Trustor shall first either (i) cause said lien to be removed as an encumbrance against the Mortgaged Property in the manner provided by NRS 108.2413-2425, or (ii) deposit with Beneficiary a bond or other security satisfactory to Beneficiary in such amounts as Beneficiary shall reasonably require, but not more than one and one-quarter (125%) times the sum of the amount of the claim plus costs, expenses (including attorneys fees) and interest, and provided further that Trustor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Trustor shall fail to discharge any such lien, encumbrance or charge, or to provide such bond or other security, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law. Any such amount so expended by Beneficiary shall be treated as an Advance under Section 1.17.

1.10 Taxes, Assessments and Utility Charges. The Trustor shall pay or cause to be

paid in full when due, and in any event before any penalty or interest attaches, all general taxes and assessments, special taxes, special assessments, water charges, sewer service charges, and all other charges against the Mortgaged Property and shall furnish to Beneficiary official receipts evidencing the payment thereof within fifteen (15) days of a written request therefor by Beneficiary. Trustor shall deliver to Beneficiary copies of official receipts showing payment of all real and personal property taxes and assessments levied against the Mortgaged Property, within thirty (30) days of the date on which taxes and assessments were due.

1.11 Indemnification. The Trustor shall appear in and defend any suit, action or proceeding that might be in any way, in the reasonable judgment of Beneficiary, affect the value of the Mortgaged Property, the title to the Mortgaged Property or the rights and powers of Trustee or Beneficiary. Trustor shall, at all times, indemnify, hold harmless and on demand reimburse Beneficiary for any and all loss, damage, expense or cost, including cost of evidence of title and attorneys fees, arising out of or incurred in connection with any suit, action or proceeding, and the sum of such expenditures shall be secured by this Deed of Trust and shall accrue interest at the "Default Rate" as that term is defined in the Note and shall be due and payable on demand. Trustor shall pay costs of suit, cost of evidence of title and reasonable attorneys' fees in any proceeding or suit brought by Trustee or Beneficiary to foreclose this deed of Trust.

1.12 Sale of Premises or Additional Financing Not Permitted. Trustor specifically agrees that:

(a) In order to include Beneficiary to make the loan secured hereby, Trustor agrees that if the Mortgaged Property or any part thereof or any interest therein, or any interest in Borrower shall be sold, assigned, transferred, conveyed, pledged, mortgaged or encumbered with financing other than that secured hereby or otherwise alienated by Trustor whether voluntarily or involuntarily or by operation of law, without the prior written consent of Beneficiary, then Beneficiary, at its option, may declare the Note secured hereby and all other obligations hereunder to be immediately due and payable, as permitted by Nevada law. Except as shall be otherwise specifically provided herein, any change in the legal or equitable ownership of the Mortgaged Property, whether or not of record, or any change in the form of entity or any change in the ownership of Trustor shall be deemed a transfer of an interest in the Mortgaged Property. Trustor covenants to notify Beneficiary in writing of any transfer of the Mortgaged Property or interest in the Borrower of any of the types mentioned in this section before such transfer occurs. In connection herewith, the financial stability and managerial experience of the Trustor is a material consideration to Beneficiary in its agreement to make the loan to Trustor secured hereby. The transfer of an interest in the Mortgaged Property may materially alter and reduce Beneficiary's security for the indebtedness secured hereby. Moreover, Beneficiary has agreed to make its loan based upon the presumed value of the Mortgaged Property and the Rents and Profits thereof. Therefore, it will be a diminution of Beneficiary's security if junior financing, except as shall be permitted by Beneficiary, or if other liens or encumbrances should attach to the Mortgaged Property. It is specifically provided, however, that this Section 1.13 shall not be breached or violated by virtue of a change in title or beneficial ownership of the Mortgaged

Property by testate or intestate succession, devise or descent, or by transfer to a trust for the benefit of a Shareholder of Shareholder's family for estate planning purposes.

(b) Trustor may request Beneficiary to approve a sale or transfer of the Mortgaged Property to a party who would become the legal and equitable owner of the Mortgaged Property and would assume any and all obligations of Trustor under the Loan Documents (hereinafter the "Purchaser"). Beneficiary shall not be obligated to consider or approve any such sale, transfer or assumption or request for the same. However, upon any such request, Beneficiary may impose limiting conditions and requirements to its consent to an assumption.

(c) In the event ownership of the Mortgaged Property, or any part thereof, becomes vested in a person or persons other than Trustor, the Beneficiary may deal with such successor or successors in interest with reference to the Note or this Deed of Trust in the same manner as with Trustor, without in any way releasing, discharging or otherwise affecting the liability of Trustor under this Note, this Deed of Trust or other Loan Documents. No sale of the Mortgaged Property, no forbearance on the part of Beneficiary, no extension of the time for the payment of the Deed of Trust indebtedness or any change in the terms thereof consented to by Beneficiary shall in any way whatsoever operate to release, discharge, modify, change or affect the original liability of the Trustor herein, either in whole or in part. Any deed conveying the Mortgaged Property, or any part thereof, shall provide that the grantee thereunder assumes all of Trustor's obligations under the Note, this Deed of Trust and all other Loan Documents. In the event such deed shall not contain such assumption, beneficiary shall have all rights reserved to it hereunder in the event of a default or if Beneficiary shall not elect to exercise such rights and remedies, the grantee under such deed shall nevertheless be deemed to have assumed such obligations by acquiring the Mortgaged Property or such portion thereof subject to this Deed of Trust. Nothing contained in this section shall be construed to waive the restrictions against the transfer of the Mortgaged Property contained in Section 1.13(a).

1.13 Transfer of Personal Property. Trustor shall not voluntarily, involuntarily or by operation of law sell, assign, transfer, hypothecate, pledge or otherwise dispose of the Personal Property or any interest therein and shall not otherwise do or permit anything to be done or occur that may impair the Personal Property as security hereunder, except that so long as this Deed of Trust is not in default, Trustor shall be permitted to sell or otherwise dispose of the Personal property when absolutely worn out, inadequate, unserviceable or unnecessary for use in the operation of the Property or in the conduct of the business of Trustor, upon replacing the same or substituting for the same other Personal Property at least equal in value to the initial value of that disposed of in such a manner so that said Personal Property is sold in connection with the sale of the Property.

1.14 Title to Replacements and Substitutions. All right, title and interest of Trustor in and to all extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to the Personal Property, Improvements or the Mortgaged Property hereafter acquired by or released to Trustor or constructed, assembled or placed by Trustor on the Mortgaged Property, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion,

as the case may be, and in each such case, without any further deed of trust, conveyance, assignment or other act by Trustor, shall become subject to the lien of this Deed of Trust as fully and completely and with the same effect and in the same priority as the lien of this Deed of Trust shall have attached to the item so replaced or substituted immediately prior to such replacement or substitution, as though now owned by Trustor and specifically described in the granting clause hereof, but at any and all times Trustor will execute and deliver to Trustee any and all such further assurances, deeds of trust, conveyances or assignments thereof as Trustee or Beneficiary may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Deed of Trust.

1.15 Security Agreement. This deed of Trust shall be self-operative and shall constitute a Security Agreement as that term is defined in the Nevada Uniform Commercial Code with respect to all of those portions of the Mortgaged Property which constitute personal property to fixtures governed by the Nevada Uniform Commercial Code, provided, however, Trustor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Trustor (such power coupled with an interest) to execute, deliver and, if appropriate, to file any agreement, financing statement or other instruments as Beneficiary may request or require in order to impose or perfect the lien or security interest hereof more specifically thereon.

1.16 Management. The Trustor agrees that the Beneficiary shall have and reserves the right to install professional management of the Mortgaged Property upon the occurrence of an Event of Default as defined herein. Such installation shall be at the sole discretion of the Beneficiary and nothing herein shall obligate the Beneficiary to exercise its right to install professional management. The cost of such management shall be borne by Trustor and shall be treated as an Advance under Section 1.18. Nothing contained herein shall limit Beneficiary's rights in equity to obtain a receiver for the Mortgaged Property.

1.17 Advances. If Trustor shall fail to perform any of the covenants herein contained or contained in any other Loan Document, the Beneficiary may, in its discretion but without obligation to do so, pay any and all amounts necessary to perform same or cause same to be performed on behalf of Trustor, and all sums so expended by Beneficiary for payment of any item whatsoever, including, but not limited to, payment of taxes, insurance premiums, lien claimants or assessments, shall be secured by this Deed of Trust and each and all such payments shall be collectively referred to herein as an "Advance." The Trustor shall repay to Beneficiary on demand each and every Advance and the sum of each such Advance shall accrue interest at the Default Rate, as that term is defined in the Note, from the date of each Advance until repaid to Beneficiary. Nothing herein contained, including the payment of such amount or amounts by Beneficiary, shall prevent any such failure to perform on the part of Trustor from constituting an Event of Default as defined herein.

1.18 Operating Statements. Trustor shall furnish to Beneficiary, for the entire term of the Note, an annual operating statement in form satisfactory to Beneficiary, showing all items of income and expense for the operation of the Property. Such statement shall be furnished within

ninety (90) days of the close of each operating year of Trustor. Trustor shall, within sixty (60) days of the date hereof, advise Beneficiary in writing as to the commencement date of Trustor's operating year upon request. Upon request, Trustor shall also provide Beneficiary within ninety (9) days of the close of its operating year, Trustor's most recent financial statements for such year with a balance sheet and an income and expenses statement prepared in accordance with generally accepted accounting principles consistently applied.

1.19 Time. The Trustor agrees that time is of the essence in connection with all obligations of the Trustor herein, in the Note or any other Loan Documents.

1.20 Estoppel Certificates. The Trustor shall within ten (10) days after written request from Beneficiary, deliver to Beneficiary a written statement, signed and acknowledged by Trustor certifying to Beneficiary or any person designated by Beneficiary as of the date of such statement, (i) that the Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Note; (iii) the date to which interest under the Note has been paid; (iv) that Trustor is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this instrument or any of the other Loan Documents (or, if the Trustor is in default, describing such default in reasonable detail); (v) whether or not there are then existing any setoffs or defenses known to Trustor against the enforcement of any right or remedy of Beneficiary under the Loan Documents; and (vi) any additional facts requested by Beneficiary.

1.21 Records. The Trustor agrees to keep adequate books and records of account in accordance with generally accepted accounting principles consistently applied and will permit the Beneficiary and Beneficiary's agents, accountants and attorneys, to visit and inspect the Mortgaged Property and examine its books and records of account in respect of the Mortgaged Property, and to discuss its affairs, finances and accounts with the Trustor, at such reasonable times as Beneficiary may request.

1.22 Assignment of Leases, Rents and Profits. Trustor does hereby assign to Beneficiary all Leases, Rents and Profits as follows:

(a) The Leases of all parts of the Mortgaged Property, whether now existing or entered into in the future, and all Rents and Profits received under such leases, are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Beneficiary to be applied by Beneficiary in payment of the principal and interest and all other sums payable on the Note, and all other sums payable under this Deed of Trust. Prior to the happening of any Event of Default as set forth in Article II hereof, Trustor shall have a license to collect and receive all Rents and Profits, in trust as Trustee for Beneficiary and for the benefit of Beneficiary to be applied as Beneficiary may direct, and in the absence of such direction, to the reasonable operating expenses of the Mortgaged Property, the payment of all sums due under this Deed of Trust and the accompanying promissory Note, the payment of all sums due under such other mortgages, deeds of trust, or other encumbrances that may exist on the Mortgaged Property, and

any amounts remaining to be retained or distributed as Trustor may elect. Trustor shall be required to account to Beneficiary for any rents and profits not applied in accordance with this Section and the provisions of the Loan Documents. Nothing contained in this Section or elsewhere in this Deed of Trust shall be construed to make Beneficiary a “mortgagee in possession” unless and until Beneficiary actually takes possession of the Mortgaged Property, either in person or through an agent.

(b) Trustor further agrees to execute any other or further assignment of Rents and Profits applicable to the Mortgaged Property as the Beneficiary may from time to time request while this Deed of Trust and the debt secured hereby are outstanding. Trustor shall not (i) execute an assignment of any of its right, title or interest in the Rents and Profits or any portion thereof (except as noted above) to any other party, or (ii) in any other manner impair the value of the Mortgaged Property or the security of the Beneficiary for the payment of the indebtedness.

(c) Trustor covenants and agrees that it shall at all times promptly and faithfully perform, or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Mortgaged Property now or hereafter existing, on the part of the lessor thereunder or to be kept and performed.

(d) Nothing herein shall obligate the Beneficiary to perform the duties of the Trustor as landlord or lessor under any such leases or tenancies.

(e) The Trustor shall furnish to the Beneficiary, within fifteen (15) days after a request by the Beneficiary to do so, a written statement, certified as true and correct by the Trustor, containing the names of all lessees or occupants of the Mortgaged Property, the terms of their respective leases or tenancies, the spaces occupied and the rentals paid.

1.23 Compliance with Covenants. Trustor warrants that it is not in violation of any covenant, condition or restriction regarding the ownership, use or occupancy of the Mortgaged Property and that the use of the Improvements, upon completion thereof, shall not constitute a violation of any such covenant, condition or restriction. If Trustor shall fail to perform any obligations set forth in such covenants, conditions or restrictions, the Beneficiary may, but without obligation to do so, pay any and all amounts necessary to perform same or cause same to be performed on behalf of Trustor, and all sums so expended by Beneficiary for any such payment or performance shall be secured by this Deed of Trust and shall be an Advance under the terms of this Deed of Trust. Trustor’s failure to perform its obligations under any such declaration or mutual arrangement shall constitute an Event of Default.

1.24 Leases. All existing and future leases of the Property shall be subordinate to the Line, operation and effect of this Deed of Trust, and shall be in form and content satisfactory to Beneficiary. Each such lease of the Property shall expressly provide that (a) it is subject and subordinate to the lien, operation and effect of this Deed of Trust and to all extensions, modifications, refinancing, advances or renewals of this Deed of Trust, and (b) that the Tenant attorns to Beneficiary, to become effective upon Beneficiary’s acquisition of title to the Property,

and that the Tenant agrees to execute such further evidences of attornment as Beneficiary may from time to time request, and that the Beneficiary may, in its sole option, accept or reject such attornments.

ARTICLE II

2.01 Events of Default. The occurrence of any one or more of the following shall be deemed to be a default (an “Event of Default”) hereunder:

(a) Failure by Trustor to pay in full on or before the Maturity Date, as that term is defined in Section 5.17, all amounts due and payable under the Note, this Deed of Trust and each and every other Loan Document. It is expressly agreed that no notice of a default in the payment of money shall be required in order for Beneficiary to pursue its rights and remedies hereunder or under the Note.

(b) Failure to make payment within ten (10) days of its due date in accordance with the terms of the Note or this Deed of Trust (whether due on the date provided for herein or by acceleration or otherwise). It is expressly agreed that no notice of a default in the payment of money shall be required in order for Beneficiary to pursue its rights and remedies hereunder or under the Note.

(c) Trustor shall fail to perform any of the other terms, covenants and conditions required to be performed by Trustor under the terms of the Note, this Deed of Trust, or any other document executed in connection herewith (a “non-monetary default”) that is not remedied within the time period specified in the Note or the Loan Documents relative to such performance, or if no time period is specified for such performance, within thirty (3) days after written notice thereof to Trustor; provided, however, the time period for curing any such non-monetary default shall be extended, but not longer than a total of ninety (90) days, so long as:

(i) In the judgment of the Beneficiary, the security for the Note shall not be materially impaired; and

(ii) In the judgment of Beneficiary, Trustor shall have commenced to cure such non-monetary default within the time period specified in the Note, this Deed of Trust of the Loan Documents relative to such default or if no time period is specified for such default, within thirty (30) days after delivery of notice, and shall thereafter diligently pursue such efforts to cure.

Nothing herein contained shall be construed to obligate Beneficiary to give notice of default in the payment of sums, including specifically, either the monthly installment payments, which are provided for under the Note, or under the Loan Documents, or any notice of default upon Trustor’s failure to make any payment when due or to pay the Note at the Maturity Date.

(d) Breach of any warranties or representations given by Trustor to beneficiary or if any warranty, representation or disclosure made by Trustor proves to be materially false or

misleading on the date on which it was made, whether or not the warranty, representation or disclosure appears in this Deed of Trust, any other Loan Document, or any document or information provided to beneficiary to be used in determining whether or not to make the loan evidenced by the Loan Documents.

(e) Institution of foreclosure or other proceedings to enforce any deed of trust or any security interest or other lien or encumbrance of any kind up on the Mortgaged Property or any portion thereof.

(f) Should the Trustor, or any successors and assigns of Trustor:

(i) File a petition in voluntary bankruptcy or for a liquidation, an arrangement or a reorganization pursuant to Chapters 7, 11, or 13 of the Federal Bankruptcy Act or any similar law, state or federal, whether or now or hereafter existing (hereafter referred to as a “Bankruptcy Proceeding”); or

(ii) File any answer admitting insolvency or inability to pay its debts; or

(iii) Fail to obtain a vacation or stay of any involuntary Bankruptcy Proceeding within thirty (30) days from the date of filing thereof; or

(iv) Be adjudicated a bankrupt or declared insolvent in any Bankruptcy Proceeding; or

(v) Have a trustee or receiver appointed for or have any court take jurisdiction of its property, or the major part thereof, in any involuntary proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation if such trustee or receiver shall not be discharged or if such jurisdiction shall not be relinquished, vacated or stayed on appeal or otherwise within thirty (30) days; or

(vi) Make an assignment for the benefit of its creditors; or

(vii) Admit in writing its inability to pay its debts generally as they become due; or

(viii) Consent to an appointment of a receiver or trustee of all of its property, or the major part thereof.

(g) Voluntary or involuntary termination or suspension of the business of Trustor or the attachment or seizure of a substantial part of Trustor’s assets or any portion of the Mortgaged Property.

(h) Any other event occurs which under the Note, this Deed of Trust or any other Loan Document constitutes a default or gives the Beneficiary the right to accelerate the maturity

of the indebtedness.

(i) Trustor (Borrower) shall provide Beneficiary (Lender) with a written notice pursuant to NRS 106.380, without Lender's prior written consent, terminating the operation of the Deed of Trust as security for future advances.

ARTICLE III

Remedies

Upon the occurrence of any Event of Default, Trustee and Beneficiary shall have the following rights and remedies:

3.01 Acceleration of Maturity. To the extent permitted by Nevada law, Beneficiary may declare the entire principal of the Note then outstanding (if not then due and payable thereunder) and all other obligations of trustor hereunder, to be due and payable immediately, and, subject to applicable provisions of law, upon any such declaration the principal of the Note and accrued and unpaid interest, and all other amounts to be paid under the Note, this Deed of Trust or any other Loan Document shall become and be immediately due and payable, anything in the Note or in this Deed of Trust to the contrary notwithstanding.

3.02 Default Interest. Irrespective of whether beneficiary exercises any other right set forth in this Article III, the entire principal balance under the Note shall thereafter earn interest at the Default Rate, as defined in the Note.

3.03 Operation of Mortgaged Property. Beneficiary in person or by agent, may without any obligation to do so, and without notice or demand upon Trustor and without releasing Trustor from any obligation hereunder: (I) make any payment or do any act which Trustor has failed to make or do; (ii) enter upon, take possession of, manage and operate the Mortgaged Property or any part thereof; (iii) make or enforce, or if the same be subject to modification or cancellation, modify or cancel leases upon such terms or conditions as Beneficiary deems proper; (iv) obtain and evict tenants, and fix or modify rents, make repairs and alterations and do any acts which Beneficiary deems proper to protect the security hereof; and (v) with out without taking possession, in its own name or in the name of the Trustor, sue for or otherwise collect and receive the Rents and Profits and all other benefits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

3.04 Judicial Remedies. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this Deed of Trust or to enforce any of the covenants and agreements hereof and to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note, this Deed of Trust or any other Loan Document, or in aid of the execution

of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Beneficiary shall elect.

3.05 Maintenance of Mortgaged Property. Beneficiary may have a receiver appointed by a court of competent jurisdiction for the purpose of collecting rents and managing the Mortgaged property. The Trustee or Beneficiary personally, or by its agents or attorneys, or by the receiver appointed by the court, may enter into and upon all or any part of the Mortgaged Property, and each and every part thereof, and may exclude the Trustor, its agents and servants wholly therefrom, and having and holding the same, may use, operate, manage and control the Mortgaged Property and conduct the business thereof, either personally or by its superintendents, managers, agents, servants, attorneys or receivers. Upon every such entry, any party occupying the Mortgaged Property in accordance with this Article III, at the expense of the Mortgaged Property or Trustor, may from time to time maintain and restore the Mortgaged Property or any part thereof either by purchase, repair or construction, and in the course of such purchase, repair or construction may make such changes in the Improvements as it may deem desirable and may insure the same. Likewise, from time to time, at the expense of the Mortgaged Property, the Trustee or Beneficiary or any such party may make all necessary or property repairs, renewals and replacements of the Personal Property and such useful alterations, betterments and improvements thereto and thereon as it may deem advisable. In every such case the Trustee or Beneficiary or any such party shall have the right to manage and operate the Mortgaged Property and to carry on the business thereof and exercise all rights and powers of the Trustor with respect thereto either in the name of the Trustor or otherwise as it shall deem best and shall be entitled to collect and receive the Rents and Profits of the Mortgaged Property and every part thereof and after deducting the expenses of conducting the business thereof and of all maintenance, repairs, renewals replacements, alterations, additions, betterments and improvements and amounts necessary to pay for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as just and reasonable compensation for the agents, clerks, servants and other employees by it properly engaged and employed, the Beneficiary shall apply the monies arising as aforesaid, in the order as is set forth in the Note.

3.06 Rights of Secured Party. Beneficiary shall have all of the remedies of a Secured Party under the Uniform Commercial Code of Nevada, including without limitation, the right and power to sell, or otherwise dispose of, the Personal Property, or any part thereof, and for that purpose may take immediate and exclusive possession of the Personal Property, or any part thereof, and with or without judicial process to the extent permitted by law, enter upon any premises on which the Personal Property or any part thereof, may be situated and remove the same therefrom without being deemed guilty of trespass and without liability for damages thereby occasioned, or at Beneficiary's option Trustor shall assemble the Personal Property and make it available to the Beneficiary at the place and the time designed in the demand. Beneficiary shall be entitled to hold, maintain, preserve and prepare the Personal Property for sale. Beneficiary, without removal of the Personal Property from the Mortgaged Property, may render the Personal Property inoperable and dispose of the Personal Property on the Mortgaged Property. To the extent permitted by law, Trustor expressly waives any notice of sale or other disposition of the Personal Property and any other right or remedy of Beneficiary existing after

default hereunder, and to the extent any such notice is required and cannot be waived, Trustor agrees that as it relates to this Section 3.06 only, if such notice is mailed, postage prepaid, to the Trustor at the address set forth in Section 5.13 hereof at least ten (10) days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

3.07 Foreclosure. All rights, powers and privileges granted to or conferred upon a beneficiary and trustee under a deed of trust in accordance with the laws of the State of Nevada are hereby adopted and incorporated into this Deed of Trust by this reference and in accordance with such rights, powers and privileges:

(a) The Trustee may, and upon the written request of Beneficiary shall, with or without entry, personally or by its agents or attorneys insofar as applicable pursuant to and in accordance with the laws of Nevada.

(i) Cause any or all of the Mortgaged Property to be sold under the power of sale granted by this Deed of Trust or any of the other Loan Documents in any manner permitted by applicable law. For any sale under the power of sale granted by this Deed of Trust, Trustee or Beneficiary must record and give all notices required by law and then, upon the expiration of such time as is required by law, may sell the Mortgaged Property, and all estate, right, title, interest, claim and demand of Trustor therein, and all rights of redemption thereof if any, at one or more sales, as an entirety or in parcels, with such elements of real and/or personal property (and, to the extent permitted by applicable law, may elect to deem all of the Mortgaged Property to be real property for purposes thereof), and at such time or place and upon such terms as Trustee and Beneficiary may determine and shall execute and deliver to the purchase or purchasers thereof a deed or deeds conveying the property sold, but without any covenant or warranty, express or implied, and the recitals in the deed or deeds of any facts affecting the regularity or validity of a sale will be conclusive against all person. In the event of a sale, by foreclosure or otherwise, of less than all of the Mortgaged Property, this Deed of Trust shall continue as a lien and security interest on the remaining portion of the Mortgaged Property; or

(ii) Institute proceedings for the complete or partial foreclosure of this Deed of Trust as a mortgage; and in this connection Trustor does hereby expressly waive to the extent permitted by law its right of redemption (if any) after a mortgage foreclosure sale; or

(iii) Apply to any court of competent jurisdiction for the appointment of a receiver or receivers for the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof; or

(iv) Take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Deed of Trust or in the other Loan Documents, or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Beneficiary shall select.

(b) The Trustee may adjourn from time to time any sale by it made under or by virtue of this Deed of Trust by announcement at the time and place appointed for such sale or sales and, except as otherwise provided by any applicable provision of law, the Trustee without further notice or publication, may make such sale at the time and place to which the sale shall be so adjourned;

(c) Upon the completion of any sale or sales made by the Trustee under or by virtue of this Section, the Trustee shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof to the extent permitted by law. Any such sale or sales made under or by virtue of this Section whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of the Trustor in and to the properties and rights so sold, and shall be a perpetual bar both at law and in equity against the Trustor and against any and all persons claiming or who may claim the same, or any part thereof from, through or under the Trustor.

(d) In the event of any sale made under or by virtue of this Section whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, the entire principal of and interest on the Note and all accrued interest on the Note, and all other sums required to be paid by the Trustor pursuant to this Deed of Trust, to be paid in accordance with the provisions of the Note, shall be due and payable, anything in the Note or in this Deed of Trust to the contrary notwithstanding.

(e) The purchase money proceeds of any sale made under or by virtue of this Section, together with any other sums which then may be held by the Trustee or Beneficiary under this Deed of Trust whether under the provisions of this Section or otherwise, shall be applied as follows:

First: To the payment of the costs and expenses of such sale, including reasonable compensation to the Trustee, Beneficiary's agents and counsel, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and Advances made or incurred by the Trustee or Beneficiary under this Deed of Trust together with interest at the Default Rate, except any taxes, assessments or other charges subject to which the Mortgaged Property has been sold;

Second: To the payment of Advances made by Trustor pursuant to the provisions hereof, together with any interest which may have accrued thereon;

Third: To the payment of the amounts evidenced by the Note and in the order as is set forth in the Note, including without limitation the payment of Beneficiary's

attorneys' fees;

Fourth: To the payment of any other sums required to be paid by the Trustor pursuant to any provisions of this Deed of Trust or of the Note or of the other Loan Documents; and

Fifth: To the payment of the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

(f) Upon any sale made under or by virtue of this Section, whether made under the power of sale herein granted or granted in accordance with the laws of the state in which the Property is located or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, the Beneficiary may bid for and acquire the Mortgaged Property or any part thereof. In lieu of paying cash therefor, Beneficiary may make settlement for the purchase price by crediting upon the indebtedness of the Trustor secured by this Deed of Trust the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which the Beneficiary is authorized to deduct under this Deed of Trust, including without limitation Beneficiary's attorneys' fees. The Beneficiary upon so acquiring the Mortgaged Property, or any part thereof shall be entitled to hold, lease, rent, operate, manage and sell the same in any manner provided by applicable laws.

3.08 Leases. In the event the Beneficiary shall institute judicial proceedings to foreclose the lien hereof, and shall be appointed as mortgagee in possession of the Mortgaged Property, the Beneficiary during such time as it shall be mortgagee in possession of the Mortgaged Property (pursuant to an order or decree entered in such judicial proceedings) shall have, and the Trustor hereby gives and grants to the Beneficiary, the right, power and authority to make and enter into leases of the Mortgaged Property or any portion thereof for such rents and for such periods of occupancy and upon conditions and provisions as such mortgagee in possession may deem desirable. Trustor expressly acknowledges and agrees that the term of any such lease may extend beyond the date of any sale of the Mortgaged Property pursuant to decree rendered in such judicial proceedings, it being the intention of the Trustor that while the Beneficiary is a mortgagee in possession of the Mortgaged Property pursuant to an order or decree entered in such judicial proceedings, such Beneficiary shall be deemed to be and shall be the attorney-in-fact of the Trustor for the purpose of making and entering into leases of parts or portions of the Mortgaged Property for the rents and upon the terms, conditions and provisions deemed desirable to such Beneficiary. Such leases shall be in effect as if such leases had been made by the Trustor as the owner in fee simple of the Mortgaged Property free and clear of any conditions or limitations established by this Deed of Trust. The power and authority hereby given and granted by the Trustor to Beneficiary shall be deemed to be coupled with an interest and shall not be revocable by Trustor.

3.09 Action by Beneficiary or Agent. Subject to and in accordance with applicable law, any of the actions referred to in this Article may be taken by Beneficiary, either in person or by agent, with or without bringing any action or proceeding, or by receiver

appointed by a court, and any such action may also be taken irrespective of whether any notice of default or election to sell has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured, the solvency or insolvency of the Trustor, or the existence of waste on the Mortgaged Property.

3.10 Marshaling of Assets. To the extent allowed by applicable law, Trustor on its own behalf and on behalf of its successors and assigns hereby expressly waives all rights to require a marshaling of assets by Trustee or Beneficiary or to require Trustee or Beneficiary to first resort to the sale of any portion of the Mortgaged Property which might have been retained by Trustor before foreclosing upon and selling any other portion as may be conveyed by Trustor subject to this Deed of Trust.

3.11 Occupancy by Trustor. In the event of a trustee's sale hereunder, if at the time of such sale Trustor occupies the portion of the Mortgaged Property so sold or any part thereof, Trustor shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either the tenant or any such purchaser, at a reasonable rental per day based upon the value of the portion of the Mortgaged Property so occupied, such rental to be due and payable daily to the purchaser. An action of forcible detainer shall lie if the tenant holds over after a demand in writing from the purchaser for possession of such Mortgaged Property.

3.12 Non-Waiver of Default. The entering upon and taking possession of the Mortgaged Property, the collection of any Rents or Profits or other benefits and the application thereof, as aforesaid, shall not cure or waive any default theretofore or thereafter occurring or affect any notice of default hereunder or invalidate any act done pursuant to such notice; and, notwithstanding continuance in possession of the Mortgaged Property, or any part thereof by Beneficiary, Trustee or a receiver and the collection, receipt and application of Rents and Profits or other benefits, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust or by law upon or after the occurrence of a default, including the right to exercise the power of the sale.

3.13 Remedies Cumulative. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Trustee or Beneficiary to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein; and every power and remedy given by this Deed of Trust to Trustee or Beneficiary may be exercised from time to time as often as may be deemed expedient by Trustee or Beneficiary. If there exists additional security for the performance of the obligations secured hereby, to the extent permitted by law, the holder of the Note, at its sole option, and without limiting or affecting any of the rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights it may have in connection with such other security or in such order as it may determine. Nothing in

this Deed of Trust or in the Note shall affect the obligation of Trustor to pay the principal of, and interest on, the Note in the manner and at the time and place therein respectively expressed.

ARTICLE IV

Trustee

4.01 Acceptance of Trust, Notice of Indemnification. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, becomes a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall not be obligated to perform any act required of it hereunder unless the performance of such act is requested in writing in the manner required by law and Trustee is reasonably indemnified against loss, cost, liability and expense.

4.02 Substitution of Trustee. From time to time with or without cause for whatever reason, by a writing signed and acknowledged by Beneficiary and filed for record in the Office of the Recorder of the County in which the Mortgaged Property is situated, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor and such writing shall refer to this Deed of Trust and set forth the date, book and instrument number of its recordation. The recordation of such instrument of substitution shall discharge trustee herein named and shall appoint the new trustee as the Trustee hereunder with the same effect as if originally named Trustee herein. A writing recorded pursuant to this paragraph shall be conclusive proof of the proper substitution of such new trustee.

4.03 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of the Note secured hereby, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of said Mortgaged Property, Trustee may (i) reconvey any part of said Mortgaged Property, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, or (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof.

4.04 Reconveyance of Trust. Upon written request of Beneficiary stating that all sums secured hereby have been paid and upon surrender to Trustee of this Deed of Trust and the Note or notes secured hereby for cancellation and retention and payment of its fees, Trustee shall reconvey, without warranty, the Mortgaged 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 such reconveyance may be described as "the person or persons legally entitled thereto."

4.05 Indemnification of Trustee. Trustee may rely on any document believed by him in good faith to be genuine. All money received by Trustee shall, until used or applied as herein provided, be held in trust, but need not be segregated (except to the extent required by

law), and Trustee shall not be liable for interest thereon. Trustor shall indemnify Trustee against all liability and expenses which he may incur in the performance of his duties hereunder, except for its own negligence.

ARTICLE V

Miscellaneous

5.01 Non-Waiver. By accepting payment of any sum secured hereby after its due date or late performance of any indebtedness secured hereby, Beneficiary shall not waive its right against any person obligated directly or indirectly hereunder or on any indebtedness hereby secured, either to require prompt payment when due of all other sums so secured or to declare a default for failure to make payment except as to such payment accepted by Beneficiary. No exercise of any right or remedy by Trustee or Beneficiary hereunder shall constitute a waiver of any other right or remedy herein contained or provided by law.

No delay or omission of the Trustee or Beneficiary in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein.

Receipt of rents, awards, and any other monies or evidences thereof, pursuant to the provisions of this Deed of Trust and any disposition of the same by Trustee or Beneficiary shall not constitute a waiver of the power of sale or right of foreclosure by Trustee or Beneficiary in the event of a default or failure of performance by Trustor of any covenant or agreement contained herein or the Note secured hereby.

5.02 Right to Release. Without affecting the liability of any other person for the payment of any indebtedness herein mentioned (including Trustor if it has conveyed said Mortgaged Property) and without affecting the lien or priority hereof upon any property not released, Beneficiary may, without notice, release any person so liable, extend the maturity or modify the terms of any such obligation, or grant other indulgences, release or reconvey or cause to be released or reconveyed at any time all or any part of the Mortgaged Property, take or release any other security or make compositions or other arrangements with debtors. Beneficiary may also accept additional security, either concurrently herewith or hereafter, and sell same or otherwise realize thereon either before, concurrently with, or after sale hereunder.

5.03 Protection of Security. Should Trustor fail to make any payment or to perform any covenant as herein provided, Beneficiary (but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof) may: (i) make or do the same in such manner and to such extent as Beneficiary may deem necessary to protect the security hereof, Beneficiary being authorized to enter upon the Mortgaged Property for such purposes; (ii) commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary; and/or (iii) pay, purchase, contest, or compromise any encumbrance, charge or lien which in the

judgment of Beneficiary is prior or superior hereto and, in exercising any such power, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title and reasonable attorneys' fee. Any expenditures in connection herewith shall be deemed an Advance and shall constitute part of the indebtedness secured by this Deed of Trust.

5.04 Rules of Construction. When the identity of the parties hereto or other circumstances make it appropriate, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The headings of each article, section or paragraph are for information and convenience only and do not limit or construe the contents of any provision hereof.

5.05 Severability. If any term of this Deed of Trust or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Deed of Trust, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Deed of Trust shall be valid and enforceable to the fullest extent.

5.06 Successors in Interest. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, executors, administrators, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the holder and owner, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein, and any owner or holder of the beneficial interest under this Deed of Trust.

5.07 Governing Law. This Deed of Trust shall be construed according to and governed by the laws of the State of Nevada.

5.08 Modifications. This Deed of Trust may not be amended, modified or changed nor shall any waiver of any provision hereof be effective, except by written agreement by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought.

5.09 No Merger. If both the Lessor's and Lessee's estates under any lease or any portion thereof which constitutes a part of the Mortgaged Property shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger, and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of Trust on the Mortgaged Property pursuant to the provisions hereof, any leases or subleases then existing shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written

notice thereof to such tenant or subtenant.

5.10 Attorneys' Fees. If Beneficiary incurs any costs or expenses, including attorneys' fees, for any of the following relating to this Deed of Trust (or any other instrument evidencing or securing this loan): (a) the interpretation, performance or enforcement thereof; (b) the interpretation or enforcement of any statute, regulation or judicial decision; (c) any collection effort; or (d) any suit or action for the interpretation, performance or enforcement thereof is commenced or defended, or, if any other judicial or nonjudicial proceeding is instituted by Beneficiary or any other person, and an attorney is employed by Beneficiary to appear in any such action or proceeding, or to reclaim, seek relief from a judicial or statutory stay, sequester, protect, preserve or enforce Beneficiary's interest in this Deed of Trust or any other security for the Note, including but not limited to proceedings under federal bankruptcy law, in eminent domain, under the probate code, or in connection with any state or federal tax lien, then Trustor agrees to pay the reasonable attorneys' fees ("reasonable" being the usual hourly billing rates charged by Beneficiary's attorneys) and costs thereof, regardless of whether suit or action is commenced or defended as to (a), (b), (c) or (d). If not paid within ten (10) days after demand, Beneficiary may add same to the principal of the Note. The foregoing notwithstanding, in any action commenced by Trustor or Beneficiary against the other to enforce the provisions of this Deed of Trust or any other instrument evidencing or securing this loan, the prevailing party of such action shall be entitled to recover its reasonable attorneys' fees (as set forth above) from the nonprevailing party and the nonprevailing party shall not be entitled to recover its attorneys' fees.

5.11 Conflict. If the terms of any other Loan Document, except the Note, shall be in conflict with this Deed of Trust, then this Deed of Trust shall govern to the extent of the conflict. If the terms of this Deed of Trust shall be in conflict with the Note, the Note will then govern to the extent of the conflict.

5.12 Fixture Filing. With respect to any fixtures included within the definition of the Mortgaged Property hereunder, and with respect to any goods or other personal property that are or are to become such fixtures, this Deed of Trust shall constitute a financing statement under the Uniform Commercial Code of Nevada. It is intended that as to such fixtures (including such goods or other personal property) and the proceeds thereof this Deed of Trust shall be effective as a financing statement filed as a fixture filing in the real estate records of the county in which the real estate is located. The land affected by this Deed of Trust consists of the real estate described on Exhibit "A" hereto. The owner of record of such land is the Trustor herein. Information concerning the interest of Beneficiary in such fixtures may be obtained from Beneficiary at its address as set forth in this Deed of Trust.

5.13 Notices. All notices to be given pursuant to this Deed of Trust shall be sufficient if given by personal service, by guaranteed overnight delivery service, by telex, facsimile transmission, telecopy or telegram or by being mailed postage prepaid, certified or registered mail, return receipt requested, to the described addresses of the parties hereto as set forth below, or to such other address as a party may request in writing. Any time period

provided in the giving of any notice hereunder shall commence upon the date of personal service, the date after delivery to the guaranteed overnight delivery service, the date of sending the telex, facsimile transmission, telecopy or telegram or two (2) days after mailing certified or registered mail.

Trustor's Address:

Beneficiary's Address:

with duplicate notice to:

G. Vern Albright, Esq.
ALBRIGHT, STODDARD, WARNICK
& ALBRIGHT
801 South Rancho Drive, Suite D-4
Las Vegas, NV 89106

5.14 Request for Notice of Default. Trustor requests that a true and correct copy of any notice of default and any notice of sale be sent to Trustor at the address set forth in Section 5.13 hereof.

5.15 Late Charges. As set forth and defined in the Note, there shall be due to Beneficiary a Late Charge of five percent (5%) of the amount of any payment which is received by Beneficiary so as to incur a Late Charge, and all such Late Charges are secured hereby.

5.16 Prepayment. The Note provides that the Note may be prepaid in full or in part upon fifteen (15) days prior written notice to Beneficiary. Reference to the Note must be made for the full text of such provisions, which provisions are incorporated herein by this reference.

5.17 Loan Maturity. Unless the Note shall be accelerated, or unless Beneficiary shall, in its sole and absolute discretion, without any obligation whatsoever, otherwise agree in a writing signed by the Beneficiary, all amounts due under the Note secured by this Deed of Trust shall be due and payable in full within seven (7) years from the Close of Escrow and the recordation of this Deed of Trust (hereinafter the "Maturity Date").

5.18 Hazardous Substances. Trustor hereby makes the following covenants, warranties, representations and promises with respect to the Mortgaged Property and the subject matter of this Section:

(a) Except for matters covered by a written program of operations and maintenance approved in writing by Beneficiary (an "O&M Program") or matters described in Section 5.18(b), Trustor shall not cause or permit any of the following:

(1) the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials on or under the Mortgaged Property or any other property of Trustor that is adjacent to the Mortgaged Property;

(2) the transportation of any Hazardous Materials to, from, or across the Mortgaged Property;

(3) any occurrence or condition on the Mortgaged Property or any other property of Trustor that is adjacent to the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws; or

(4) any violation of or noncompliance with the terms of any Environmental Permit with respect to the Mortgaged Property or any property of Trustor that is adjacent to the Mortgaged Property.

The matters described in clauses (1) through (4) above are referred to collectively in this Section as "Prohibited Activities or Conditions".

(b) Prohibited Activities and Conditions shall not include the safe and lawful use and storage of quantities of (1) pre-packaged supplies, cleaning materials and petroleum products customarily used in the operation and maintenance of comparable multifamily properties, (2) cleaning materials, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Mortgaged Property; and (3) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Mortgaged Property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws.

(c) Trustor shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date of this Instrument) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Trustor shall not lease or allow the sublease or use of all or any portion of the Mortgaged Property to any tenant or subtenant for nonresidential use by any user that, in the ordinary course of its business, would cause or permit any Prohibited Activity or Condition. If an O&M Program has been established with respect to Hazardous Materials, Trustor shall comply in a timely manner with, and cause all employees, agents, and contractors of Trustor and any other persons present on the Mortgaged Property to comply with the O&M Program. All costs of performance of Trustor's obligations under any O&M Program shall be paid by Trustor, and Beneficiary's out-of-pocket costs incurred in

connection with the monitoring and review of the O&M Program and Trustor's performance shall be paid by Trustor upon demand by Beneficiary. Any such out-of-pocket costs of Beneficiary which Trustor fails to pay promptly shall become an additional part of the indebtedness secured by this instrument.

(d) Trustor represents and warrants to Beneficiary that, except as previously disclosed by Trustor to Beneficiary in writing:

(1) Trustor has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;

(2) to the best of Trustor's knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed;

(3) except to the extent previously disclosed by Trustor to Beneficiary in writing, the Mortgaged Property does not now contain any underground storage tanks, and, to the best of Trustor's knowledge after reasonable and diligent inquiry, the Mortgaged Property has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Property which has been previously disclosed by Trustor to Beneficiary in writing, that tank complies with all requirements of Hazardous Materials Laws;

(4) Trustor has complied with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Trustor has obtained all Environmental Permits required for the operation of the Mortgaged Property in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;

(5) no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit;

(6) there are no actions, suits, claims or proceedings pending or, to the best of Trustor's knowledge after reasonable and diligent inquiry, threatened that involve the Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition; and

(7) Trustor has not received any complaint, order, notice of violation or other communication from any Governmental Authority with regard to air emissions, water discharges, noise emissions or Hazardous Materials, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Trustor that is adjacent to the Mortgaged Property.

The representations and warranties in this Section shall be continuing representations and warranties that shall be deemed to be made by Trustor throughout the term of the loan evidenced

by the Note, until the Indebtedness has been paid in full.

(e) Trustor shall promptly notify Beneficiary in writing upon the occurrence of any of the following events:

(1) Trustor's discovery of any Prohibited Activity or Condition;

(2) Trustor's receipt of or knowledge of any complaint, order, notice of violation or other communication from any Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Trustor that is adjacent to the Mortgaged Property; and

(3) any representation or warranty in this Section becomes untrue after the date of this Agreement.

Any such notice given by Trustor shall not relieve Trustor of, or result in a waiver of, any obligation under this Instrument, the Note, or any other Loan Document.

(f) Trustor shall pay promptly the costs of any environmental inspections, tests or audits ("Environmental Inspections") required by Beneficiary in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Beneficiary's consent to any Transfer under the due on sale clause, or required by Beneficiary following a reasonable determination by Beneficiary that Prohibited Activities or Conditions may exist. Any such costs incurred by Beneficiary (including the fees and out-of-pocket costs of attorneys and technical consultants whether incurred in connection with any judicial or administrative process or otherwise) which Trustor fails to pay promptly shall become an additional part of the Indebtedness secured by this Instrument. The results of all Environmental Inspections made by Beneficiary shall at all times remain the property of Beneficiary and Beneficiary shall have no obligation to disclose or otherwise make available to Trustor or any other party such results or any other information obtained by Beneficiary in connection with its Environmental Inspections. Beneficiary hereby reserves the right, and Trustor hereby expressly authorizes Beneficiary, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by Beneficiary with respect to the Mortgaged Property. Trustor consents to Beneficiary notifying any party (either as part of a notice of sale or otherwise) of the results of any of Beneficiary's Environmental Inspections. Trustor acknowledges that Beneficiary cannot control or otherwise assure the truthfulness or accuracy of the results of any of its Environmental Inspections and that the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount which a party may bid at such sale. Trustor agrees that Beneficiary shall have no liability whatsoever as a result of delivering the results of any of its Environmental Inspections to any third party, and Trustor hereby releases and forever discharges Beneficiary from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any of Beneficiary's Environmental Inspections.

(g) If any investigation, site monitoring, containment, clean-up, restoration or other remedial work ("Remedial Work") is necessary to comply with any Hazardous Materials Law or order of any Governmental Authority that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, Trustor shall, by the earlier of (1) the applicable deadline required by Hazardous Materials Law or (2) 30 days after notice from Beneficiary demanding such action, begin performing the Remedial Work, and thereafter diligently prosecute it to completion, and shall in any event complete the work by the time required by applicable Hazardous Materials Law. If Trustor fails to begin on a timely basis or diligently prosecute any required Remedial Work, Beneficiary may, at its option, cause the Remedial Work to be completed, in which case Trustor shall reimburse Beneficiary on demand for the cost of doing so. Any reimbursement due from Trustor to Beneficiary shall become part of the Indebtedness secured by this Instrument.

(h) Trustor shall cooperate with any inquiry by any Governmental Authority and shall comply with any governmental or judicial order which arises from any alleged Prohibited Activity or Condition.

(i) Trustor shall indemnify, hold harmless and defend (i) Beneficiary, (ii) any existing or prior owner or holder of the Note, (iii) any existing or prior loan servicer, (iv) the officers, directors, shareholders, partners, employees and trustees of any of the foregoing, and (v) the heirs, legal representatives, successors and assigns of each of the foregoing (collectively, the "Indemnitees") from and against all proceedings, claims, damages, penalties and costs (whether initiated or sought by Governmental Authorities or private parties), including fees and out-of-pocket expenses of attorneys and expert witnesses, investigatory fees, and remediation costs, whether incurred in connection with any judicial or administrative process or otherwise, arising directly or indirectly from any of the following:

- (1) any breach of any representation or warranty of Trustor in this Section;
- (2) any failure by Trustor to perform any of its obligations under this Section;
- (3) the existence or alleged existence of any Prohibited Activity or Condition;
- (4) the presence or alleged presence of Hazardous Materials on or under the Mortgaged Property or any property of Trustor that is adjacent to the Mortgaged Property; and
- (5) the actual or alleged violation of any Hazardous Materials Law.

(j) Counsel selected by Trustor to defend Indemnitees shall be subject to the approval of those Indemnitees. However, any Indemnatee may elect to defend any claim or legal or administrative proceeding at the Trustor's expense.

(k) Trustor shall not, without the prior written consent of those Indemnitees who are

named as parties to a claim or legal or administrative proceeding (a "Claim"), settle or compromise the Claim if the settlement (1) results in the entry of any judgment that does not include as an unconditional term the delivery by the claimant or plaintiff to Beneficiary of a written release of those Indemnitees, satisfactory in form and substance to Beneficiary; or (2) may materially and adversely affect Beneficiary, as determined by Beneficiary in its discretion.

(l) Beneficiary agrees that the indemnity under this Section shall be limited to the assets of Trustor and Beneficiary shall not seek to recover any deficiency from any natural persons who are general partners of Trustor.

(m) Trustor shall, at its own cost and expense, do all of the following:

(1) pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnites in any legal or administrative proceeding incident to any matters against which Indemnites are entitled to be indemnified under this Section;

(2) reimburse Indemnites for any expenses paid or incurred in connection with any matters against which Indemnites are entitled to be indemnified under this Section; and

(3) reimburse Indemnites for any and all expenses, including fees and out-of-pocket expenses of attorneys and expert witnesses, paid or incurred in connection with the enforcement by Indemnites of their rights under this Section, or in monitoring and participating in any legal or administrative proceeding.

(n) In any circumstances in which the indemnity under this Section applies, Beneficiary may employ its own legal counsel and consultants to prosecute, defend or negotiate any claim or legal or administrative proceeding and Beneficiary, with the prior written consent of Trustor (which shall not be unreasonably withheld, delayed or conditioned), may settle or compromise any action or legal or administrative proceeding. Trustor shall reimburse Beneficiary upon demand for all costs and expenses incurred by Beneficiary, including all costs of settlements entered into in good faith, and the fees and out-of-pocket expenses of such attorneys and consultants.

(o) The provisions of this Section shall be in addition to any and all other obligations and liabilities that Trustor may have under applicable law or under other Loan Documents, and each Indemnitee shall be entitled to indemnification under this Section without regard to whether Beneficiary or that Indemnitee has exercised any rights against the Mortgaged Property or any other security, pursued any rights against any guarantor, or pursued any other rights available under the Loan Documents or applicable law. If Trustor consists of more than one person or entity, the obligation of those persons or entities to indemnify the Indemnites under this Section shall be joint and several. The obligation of Trustor to indemnify the Indemnites under this Section shall survive any repayment or discharge of the Indebtedness, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Instrument.

Definitions applicable to Section 5.18:

"Environmental Permit" means any permit, license, or other authorization issued under any Hazardous Materials Law with respect to any activities or businesses conducted on or in relation to the Mortgaged Property.

"Governmental Authority" means any board, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

"Hazardous Materials" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" within the meaning of any Hazardous Materials Law.

"Hazardous Materials Laws" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to Trustor or to the Mortgaged Property. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, et seq., and their state analogs.

[NOTE: The following Section should be deleted unless a provision for escrowing of taxes and insurance premiums has been inserted; there is no such provision in the existing form, so ordinarily this section should be deleted.]

5.19 Waiver of Escrow for Taxes and Insurance Premiums. Notwithstanding the provisions hereof and in particular Section _____, which requires Trustor to make escrow impound payments for taxes and insurance premiums, Beneficiary agrees not to require such payments provided that:

(a) Ownership of the Mortgaged Property remains unchanged except transfers permitted under Section 1.13 hereof;

(b) There shall be no default or Event of Default in the Note, this Deed of Trust, or related Loan Documents, and no event that with notice or the passage of time or both could constitute an Event of Default;

(c) There shall be a real property tax reporting service retained, if required by Beneficiary, to report the status of real property taxes to Beneficiary; and

(d) All such taxes and insurance premiums are paid when due and prior to delinquency and satisfactory evidence of insurance and payment of premiums therefor and payment of real estate taxes is provided to Beneficiary within ten (10) days after written request for same by Beneficiary.

5.20 Statutory Covenants. Where not inconsistent with the above, the following covenants, Nos. 1, 2 (full replacement value), 3, 4 (five percent [5%] per annum above the Interest Rate set forth in the Note), 5, 6, 7 (a reasonable percentage), 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Deed of Trust.

5.21 Non-Assumption. Notice is hereby given that Trustor's obligations under this Deed of Trust may not be assumed except as permitted by Section 1.13 hereof. Any transfer of Trustor's interest in the Mortgaged Property or any attempted assumption of Trustor's obligations under the Deed of Trust not so approved shall constitute a default hereunder and shall permit Beneficiary to accelerate the Maturity Date of the Note. Beneficiary's retention monies received from third parties shall not constitute an approval of any transfer or attempted assumption. Reference to applicable sections of the Loan Documents must be made for the full text of such provisions.

5.22 Subrogation. If, and to the extent that, the proceeds of the loan evidenced by the Note are used to pay, satisfy or discharge any obligation of Trustor for the payment of money that is secured by a pre-existing mortgage, deed of trust or other lien encumbering the Mortgaged Property (a "Prior Lien"), such loan proceeds shall be deemed to have been advanced by Beneficiary at Trustor's request, and Beneficiary shall automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

5.23 Review of Covenants, Conditions and Restrictions. No covenant, condition or restriction or any rule or regulation or any other document or agreement, however denominated, which shall purport to apply to the ownership, operation, maintenance or governance of the Mortgaged Property or any part thereof, nor any article of incorporation, bylaw or any other document or agreement, however denominated, which shall purport to establish an organization for the operation, maintenance or governance of the Mortgaged Property or any part thereof, shall be approved, executed and/or recorded without the express

prior written consent of Beneficiary.

5.24 Waiver of Trial by Jury. Trustor and Beneficiary each (a) covenants and agrees not to elect a trial by jury with respect to any issue arising out of this instrument or the relationship between the parties as borrower and lender that is triable of right by a jury and (b) waives any right to trial by jury with respect to such issue to the extent that any such right exists now or in the future. This waiver of right to trial by jury is separately given by each party, knowingly and voluntarily with the benefit of competent legal counsel.

5.25. No Change in Facts or Circumstances. All information in the application for the loan submitted to Beneficiary (the "Loan Application") and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with the Loan Application are complete and accurate in all material respects. There has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

5.26 Disclosure of Information. Beneficiary may furnish information regarding Trustor or the Mortgaged Property to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase or securitization of the Note and this Instrument, including trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of mortgage loans. Trustor irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.

5.27 Relationship of Parties; No Third Party Beneficiary. The relationship between Beneficiary and Trustor shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Beneficiary and Trustor, nor create any other person or entity except their successors as a third party beneficiary of this Instrument.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be signed as of the date first above written.

Trustor:

By _____

STATE OF NEVADA)

COUNTY OF CLARK : ss
)

On _____, 2000, personally appeared before me, a notary public,
_____, personally known (or proved) to me to be the person whose name is
subscribed to the above instrument who acknowledged that he executed the instrument, freely
and voluntarily and for the uses and purposes herein mentioned.

Notary Public