

DEED OF TRUST

THIS DEED OF TRUST, made and entered into as of the 10th day of SEPTEMBER, 1982, by and between KEVIN R. KELLY and CAROL D. KELLY, his wife, of Santa Cruz, California, LEONARD GERSTEIN and OFFRA GERSTEIN, his wife, of the same place, and JOAQUIN C. BALISTRERI and KATHERYN A. BALISTRERI, his wife, of Freestone, California, First Parties, hereinafter called the Grantors; FRONTIER TITLE COMPANY, INC., a Nevada corporation, Second Party, hereinafter called the Trustee; and JAMES E. ARNOLD and JOY F. ARNOLD, his wife, of the County of Eureka, State of Nevada, Third Parties, being hereinafter called the Beneficiaries; it being understood that the words used herein in any gender includes all other genders, the singular number includes the plural, and the plural the singular,

10/1/82 - See Book 105 Page 535
for Subordination Agreement

W I T N E S S E T H:

THAT WHEREAS, the said Grantors are indebted to the said Beneficiaries, JAMES E. ARNOLD and JOY F. ARNOLD, his wife, as joint tenants with right of survivorship and not as tenants in common, in the sum of FIVE HUNDRED FIFTY-NINE THOUSAND FIVE HUNDRED EIGHTEEN AND THIRTEEN CENTS (\$559,518.13), lawful money of the United States, and have agreed to pay the same according to the terms and tenor of three certain Promissory Notes of even date herewith, and made, executed and delivered by said Grantors to said Beneficiaries, which notes are in the words and figures as follows, to-wit:

NOTE

\$516,133.71

Santa Cruz, California

October 1
~~September~~, 1982

FOR VALUE RECEIVED, the undersigned, KEVIN R. KELLY and CAROL D. KELLY, his wife; LEONARD GERSTEIN and OFFRA GERSTEIN, his wife; and JOAQUIN C. BALISTRERI and KATHERYN A. BALISTRERI, his wife, promise to pay to the order of JAMES E. ARNOLD and JOY E. ARNOLD, his wife, at Eureka County, Nevada, or wherever payment may be demanded by the Holders of this Note, the sum of FIVE HUNDRED SIXTEEN THOUSAND ONE HUNDRED THIRTY-THREE DOLLARS AND SEVENTY-ONE CENTS, together with interest accruing from the date hereof at the following rates, and payable in the manner following:

- 1982: 9% interest; accrued interest only due on or before December 31, 1982;
- 1983: 9% interest; \$30,000.00, plus accrued interest in addition, due on or before December 31, 1983;
- 1984: 9% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1984;
- 1985: 10% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1985;
- 1986: ~~10% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1986;~~
- 1987: 10.5% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1987;
- 1988: 11% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1988;
- 1989: 11.5% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1989;
- 1990: 11.5% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1990;
- 1991: 11.5% interest; \$34,000.00, plus accrued interest in addition, due on or before December 31, 1991;
- 1992: 11.5% interest; the entire balance of the principal plus accrued interest in addition, due on or before December 31, 1992.

The makers may, at their option, increase the amount of said payments, or may make additional and further payments at any time upon giving notice of one year to Payee. If additional payments are made, they shall first be applied to accrued interest to date and the balance applied against the principal balance then due. Additional payments shall be so identified and shall not accrue as a portion of the payments required to be made by the Maker as hereinabove set forth, but in all events the makers shall pay at least the sums due as above set forth.


(page 2, Note for \$516,133.71 in favor of Arnold made by Kelly, Gerstein and Balistreri, on ~~Sept.~~ ^{Sept.} 1, 1982)

The makers and endorsers waive demand, diligence, presentment, protest and notice of protest and nonpayment.


In the event of default in the payment of any sum due hereunder, according to the terms and tenor hereof, and if such default lasts for a period of thirty days, the holders may, at their option, declare the entire amount of principal and interest due and payable.

In case of the default in the payment of, or if suit be commenced for the collection of any part of the principal or interest due hereunder, the undersigned promise and agree to pay a reasonable attorney fee incurred, together with all costs.

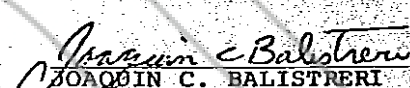
This Note is secured by a Deed of Trust of even date herewith.



KEVIN R. KELLY


CAROL D. KELLY


LEONARD GERSTEIN


OFFRA GERSTEIN


JOAQUIN C. BALISTRERI


KATHERYN A. BALISTRERI

\$25,000.00

September 10
~~October 1~~, 1982.

FOR VALUE RECEIVED, the Undersigned promise to pay to the order of JAMES E. ARNOLD and JOY F. ARNOLD, his wife, as joint tenants with right of survivorship and not as tenants in common, at _____, or wherever payment may be demanded by the holder of this note, the sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00), in the manner following, to-wit:

Payable on or before October 1, 1982 without interest; provided however, that if such payment is not timely made, interest shall accrue thereon from October 1, 1982 at the rate of 13.5% per annum until paid in full.

The Makers and endorsers waive demand, diligence, presentment, protest and notice of protest and nonpayment.

In the event of default in the payment of any sum of principal due hereunder, according to the terms and tenor hereof, the holder may, at their option, declare the entire amount of principal due and payable.

In case of default in the payment of any part of the principal due hereunder, the Undersigned promise and agree to pay the holders' reasonable attorney fee and costs incurred in collecting the same before and during litigation.

~~This Note is secured by Deed of Trust of even date herewith.~~

KEVIN R. KELLY

KEVIN R. KELLY

CAROL D. KELLY

CAROL D. KELLY

LEONARD GERSTEIN

LEONARD GERSTEIN

OFFRA GERSTEIN

OFFRA GERSTEIN

JOAQUIN C. BALISTRERI

JOAQUIN C. BALISTRERI

KATHERYN A. BALISTRERI

KATHERYN A. BALISTRERI

\$18,384.42

September 10
October 10, 1982.

FOR VALUE RECEIVED, the Undersigned promise to pay to the order of JAMES E. ARNOLD and JOY F. ARNOLD, his wife, as joint tenants with right of survivorship and not as tenants in common, at _____, or wherever payment may be demanded by the holder of this note, the sum of EIGHTEEN THOUSAND THREE HUNDRED EIGHTY-FOUR DOLLARS AND FORTY-TWO CENTS (\$18,384.42), in the manner following, to-wit:

Payable on or before October 9, 1982 without interest; provided however, that if such payment is not timely made, interest shall accrue thereon from October 9, 1982 at the rate of 13.5% per annum until paid in full.

The Makers and endorsers waive demand, diligence, presentment, protest and notice of protest and nonpayment.

In the event of default in the payment of any sum of principal due hereunder, according to the terms and tenor hereof, the holder may, at their option, declare the entire amount of principal due and payable.

In case of default in the payment of any part of the principal due hereunder, the Undersigned promise and agree to pay the holders' reasonable attorney fee and costs incurred in collecting the same before and during litigation.

This Note is secured by Deed of Trust of even date herewith.

KEVIN R. KELLY

KEVIN R. KELLY

CAROL D. KELLY

CAROL D. KELLY

LEONARD GERSTEIN

LEONARD GERSTEIN

OFFRA GERSTEIN

OFFRA GERSTEIN

JOAQUIN C. BALISTRERI

JOAQUIN C. BALISTRERI

KATHERYN A. BALISTRERI

KATHERYN A. BALISTRERI

NOW, THEREFORE, the said Grantors, for the purpose of securing the payment of said Promissory Notes, and also the payment of all monies herein agreed or provided to be paid by the said Grantors, or which may be paid out or advanced by the said Beneficiaries or Trustee under the provisions of this instrument, with interest in each case, do hereby grant, bargain, sell, convey and confirm unto the said Trustee all of the right, title and interest, claim and demand, as well in law as in equity, which the said Grantors may now have or may hereafter acquire of, in or to the following described real property situate in the County of Eureka, State of Nevada, and being more particularly described as follows, to-wit:

PARCEL 1:

TOWNSHIP 21 NORTH, RANGE 54 EAST, MDB&M

Section 17: E $\frac{1}{2}$

EXCEPTING THEREFROM all oil and gas in and under said land as reserved in Patent from the United States of America, recorded October 23, 1963, in Book 27, Page 57, Deed Records, Eureka County, Nevada.

PARCEL 2:

TOWNSHIP 21 NORTH, RANGE 54 EAST MDB&M

Section 17: W $\frac{1}{2}$

EXCEPTING THEREFROM all oil and gas in and under said land as reserved in Patent from the United States of America, recorded October 23, 1963, in Book 27, Page 56, Deed Records, Eureka County, Nevada.

TOGETHER WITH all improvements situate thereon, or which are placed thereon during the life of this Deed of Trust.

TOGETHER WITH all waters, water rights, rights to the use of water, dams, ditches, canals, pipelines, reservoirs and all other means for the diversion or use of waters appurtenant to the said property or any part thereof, or used or enjoyed in connection therewith, and together with all stockwatering rights used or enjoyed in connection with the use of any of said lands.

TOGETHER WITH the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD the said premises, together with the appurtenances, unto the said Trustee, and to its successors and assigns, for the uses and purposes herein mentioned.

The following covenants, Nos. 1, 2 (\$ 100,000.00), 3, 4 (legal rate), 5, 6, 7 (reasonable), 8 and 9 of NRS 107.030, are hereby adopted and made a part of this Deed of Trust.

This Deed of Trust also secures payment for further sums and the promissory notes evidencing the same, together with interest as shall be provided for therein, as may hereafter be loaned or advanced by the Beneficiaries to the Grantors.

Said Grantors, in consideration of the premises, hereby covenant and agree that neither the acceptance nor existence, now or hereafter, of other security for the indebtedness secured hereby, nor the release thereof, shall operate as a waiver of the security of this Deed of Trust, nor shall this Deed of Trust nor its satisfaction nor a reconveyance made hereunder operate as a waiver of any such other security now held or hereafter acquired.

The Grantors expressly covenant and agree at all times during the term hereof, and with respect to the land herein described, and all buildings and other improvements now or hereafter located or placed thereon:

- A. To properly care for and maintain the same in their present condition, order and repair, ordinary and reasonable wear and tear excepted;
- B. Not to alter, remove or change the present use of the same without the prior written consent of the Beneficiaries;
- C. Not to commit or permit any waste of the same;
- D. Not to do any other act or omit to do any other act which results, or is likely to result, in a reduction or impairment of the value of the same.

Said Grantors hereby covenant and agree that they will operate the farm premises according to dictates of good husbandry, as defined by ranch practice in the area in which the farm is located; that they will apply the water rights to beneficial use, all to the end that the same will not be lost by abandonment or forfeiture; and that they will maintain the premises in as good condition as they are now in, reasonable wear and tear excepted.

This Deed of Trust is subordinate to the following prior Deeds of Trust as to Parcel No. 2:

- A. A Deed of Trust dated May 17, 1977, executed by JAMES A. ARNOLD, a single man, to FRONTIER TITLE COMPANY, Trustee, to secure an indebtedness of \$70,000.00, in favor of RICHARD E. KEPHART and MARI ALICE KEPHART, his wife, recorded May 16, 1977, in Book 59, Page 76, File No. 62978, Official Records, Eureka County, Nevada.
- B. A Deed of Trust dated August 24, 1977, executed by JAMES E. ARNOLD and SUZI ARNOLD, his wife, to MAYNARD C. WANKIER, Acting State Director of the FARMERS HOME ADMINISTRATION for the State of Nevada, and his successors in Office as State Director or Acting State Director, Trustee, to secure an indebtedness of \$70,000.00, in favor of the UNITED STATES OF AMERICA, Acting through the Farmers Home Administration, United States Department of Agriculture, recorded August 24, 1977, in Book 60, Page 384, File No. 63450, Official Records, Eureka County, Nevada.
- C. A Deed of Trust dated June 19, 1978, executed by JAMES E. ARNOLD, to REED J. PAGE, State Director of the FARMERS HOME ADMINISTRATION for the State of Nevada, and his successors in Office as State Director, Trustee, to secure an indebtedness of \$90,000.00, in favor of the UNITED STATES OF AMERICA, Acting through the Farmers Home Administration, United States Department of Agriculture, recorded June 19, 1978, in Book 64, Page 197, File No. 65325, Official Records, Eureka County, Nevada.

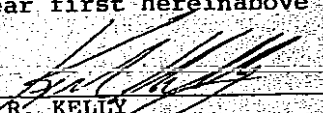
Any default by Grantors in the payment of the obligation unto the holder of the notes secured by the prior Deeds of Trust, or in the performance of any covenants of the prior Deeds of Trust on the part of the Grantors therein to be performed, shall be a default upon this subordinate Deed of Trust and Beneficiaries herein, after correcting the default, may exercise the right of foreclosure hereunder by judicial or non-judicial action, all pursuant to the terms hereof and

WILSON, WILSON AND BARROWS, LTD.
ATTORNEYS AT LAW
P. O. BOX 308
ELKO, NEVADA 89801

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the laws of the State of Nevada.

IN WITNESS WHEREOF, the said Grantors have hereunto set their hands as of the day and year first hereinabove written.



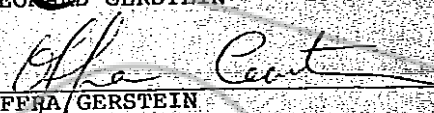
KEVIN R. KELLY



CAROL D. KELLY



LEONARD GERSTEIN



OFFRA/GERSTEIN



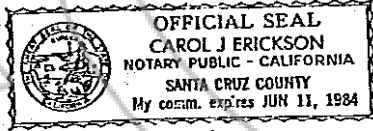
JOAQUIN C. BALISTRERI

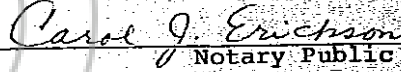


KATHERYN A. BALISTRERI

STATE OF CALIFORNIA)
) SS.
COUNTY OF SANTA CRUZ)

On this 16th day of September, 1982, personally appeared before me, a Notary Public, KEVIN R. KELLY and CAROL D. KELLY, his wife, who acknowledged that they executed the foregoing instrument.



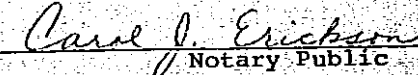


Notary Public

STATE OF CALIFORNIA)
) SS.
COUNTY OF SANTA CRUZ)

On this 16th day of September, 1982, personally appeared before me, a Notary Public, LEONARD GERSTEIN and OFFRA GERSTEIN, his wife, who acknowledged that they executed the foregoing instrument.

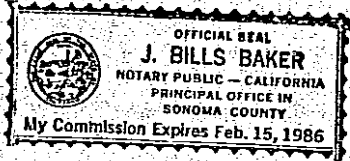




Notary Public

STATE OF CALIFORNIA
COUNTY OF SONOMA) ss.

On this 10th day of SEPTEMBER, 1982, personally appeared before me, a Notary Public, JOAQUIN C. BALISTRERI and KATHERIN A. BALISTRERI, his wife, who acknowledged that they executed the foregoing instrument.



J. Bills Baker
Notary Public

RECORDED AT REQUEST OF
Wilson, Wilson & Barrows, Ltd.
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OFFICIAL RECORDS
EGREKA COUNTY, NEVADA
WILLIS A. DEPAOLI - RECORDER
FILE NO. 85494
FEE \$ 13.00

WILSON, WILSON AND BARROWS, LTD.
ATTORNEYS AT LAW
P. O. BOX 255
ELKO, NEVADA 89801

9.
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