

DEED OF TRUST
FIXTURE FILING AND SECURITY AGREEMENT

THIS DEED OF TRUST, FIXTURE FILING AND SECURITY AGREEMENT, made this 19th day of June, 1996, by and between JOHN A. GOURLEY and WILLIAM CRANE, Grantors, and FIRST AMERICAN TITLE COMPANY OF NEVADA, as Trustee, and IVAN L. SMART, a married man, as his sole and separate property, as beneficiary;

W I L I A M C R A N E

That Grantors hereby grant, transfer and assign to the Trustee in trust, with power of sale, all of the following described property situate in the County of Eureka, State of Nevada:

PARCEL 1:

Township 20 North, Range 53 East, MDB&M

Section 28: Northwest 1/4 of the Northwest 1/4

PARCEL 2:

Township 20 North, Range 53 East, MDB&M

Section 21: Lots 3, 4, 5, 6, 12, 13, 14 and 15

EXCEPTING THEREFROM the following described parcel which has been deeded to HARLAN G. HILES, an unmarried man, by Deed recorded January 22, 1990, in Book 207, Page 204, Official Records, Eureka County, Nevada; said parcel being described as follows:

Parcel No. B as shown on Parcel Map for NORBERT J. and EILEEN B. WALTER, filed in the office of the County Recorder of Eureka County as File No. 129537, located in a portion of Lot 3, Section 21, Township 20 North, Range 53 East, MDB&M.

FURTHER EXCEPTING THEREFROM the following described parcel which is under a "Contract of Sale" to BRINKLEY H. HASTINGS, an unmarried man, by Notice of Contract of Sale and Escrow recorded January 22, 1990, in Book 207, Page 207, Official Records, Eureka County, Nevada; said parcel being described as follows:

Parcel No. A as shown on Parcel Map for NORBERT J. and EILEEN B. WALTER, filed in the office of the County Recorder of Eureka County as File No. 129537, located

ROSS P. EARDLEY
ATTORNEY AT LAW
469 IDAHO STREET
ELKO, NEVADA 89801

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in a portion of Lot 4, Section 21, Township 20 North, Range 53 East, MDB&M.

FURTHER EXCEPTING THEREFROM, all oil and gas in said land as reserved by the United States of America in Patent recorded September 21, 1964, in Book 5, Page 582, Official Records, Eureka County, Nevada.

Township 20 North, Range 53 East, MDB&M

Section 28: All that portion of Lots 1 and 7 lying southwesterly of the southwesterly boundary of Nevada State Highway 278 as it presently exists; All of Lots 2, 3, 4, 5 and 6

EXCEPTING THEREFROM, all the oil and gas in said land as reserved by the United States of America in Patent recorded December 30, 1965, in Book 9, Page 422, Official Records, Eureka County, Nevada.

FURTHER EXCEPTING FROM all of parcel 2, one-half of all mineral rights, oil or gas lying on, in or over said land as reserved by EDWIN C. BISHOP and LETA B. BISHOP in Deed recorded August 23, 1978, in Book 65, Page 317, Official Records, Eureka County, Nevada.

FURTHER EXCEPTING from all of parcel 2, any and all mineral rights, oil or gas lying in or over said land as previously reserved by IVAN L. SMART.

PARCEL 3:

TOGETHER WITH a non-exclusive easement for ingress to and egress from an existing irrigation well located on Government Lot 11, being a portion of the NW1/4 of Section 28, Township 20 North, Range 53 East, MDB&M. Said easement shall encompass an area of 100 feet in radius around said well.

TOGETHER WITH all buildings and improvements thereon.

TOGETHER WITH State of Nevada water rights permit numbers 6529, 6794, 6958, 6798, 6713, 10477, 10476, 8556 and 6723.

TOGETHER WITH the fixtures and equipment set forth in Exhibit "A" attached hereto and incorporated herein by reference.

TOGETHER WITH all and singular the tenements, hereditaments, easements and appurtenances thereunto belonging or in anywise appertaining, and the reversions, remain-

ders, rents, issues and profits thereof, or of any part thereof.

RESERVING unto the Grantors any interest the Grantors may have in any and all oil, gas and other minerals or mineral rights laying on, in and under any of the above described parcels and property, if any.

SUBJECT TO all taxes and assessments, reservations, exceptions, easements, rights of way, limitations,

covenants, conditions, restrictions, terms, liens, charges and licenses affecting the property of record.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors, in trust, to secure the performance of the following obligations and payments of the following debts:

ONE: Payment of an indebtedness evidenced by a certain Promissory Note dated September 12, 1996, in the principal amount of TWO HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$225,000.00), with NINE PERCENT (9%) interest, expenses, attorney fees and other payments therein provided, executed and delivered by the Grantors payable to the Beneficiary or order, and any and all extensions or renewals thereof, which Promissory Note is made a part hereof.

TWO: Payment of all other sums with interest thereon becoming due and payable under the provisions hereof to either Trustee or Beneficiary.

THREE: Payment, performance and discharge of each and every obligation, covenant, promise and agreement of Grantors herein or in said Promissory Note contained and of all renewals, extensions, revisions and amendments of the above described Promissory Note and any other indebtedness or obligation secured hereby.

FOUR: Obtaining and paying the premiums on hazard insurance and paying all taxes on the subject property.

To protect the security of this Deed of Trust, Fixture Filing and Security Agreement, it is agreed as follows:

1. The following covenants, Nos. 1, 2 (insurable value), 3, 4 (9%), 5, 6 (which covenant is deemed to include and apply to all conditions, covenants and agreements contained herein in addition to those adopted by reference, and to any and all defaults or deficiency in performance of this Deed of Trust, Fixture Filing and Security Agreement), 7 (reasonable), 8 and 9 of NRS 107.030, are hereby adopted and made a part of this Deed of Trust, Fixture Filing and Security Agreement.

2. All payments secured hereby shall be paid in lawful money of the United States of America.

3. The Beneficiary and any persons authorized by the Beneficiary shall have the right to enter upon and inspect the premises at all reasonable times.

4. In case of condemnation of the property subject hereto, or any part thereof, by paramount authority, all of any condemnation award to which the Grantors shall be entitled, less costs and expenses of litigation, is hereby assigned by the Grantors to the Beneficiary, who is hereby authorized to receive and receipt for the same and apply such proceeds as received toward the payment of the indebtedness hereby secured, whether due or not.

5. Any notices to be given Grantors shall be given by registered or certified mail to Grantors at the address set forth near the signatures in this Deed of Trust, Fixture Filing and Security Agreement or at such substitute address as Grantors may designate in writing duly delivered to Beneficiary and the Trustee, and such address set forth in this Deed of Trust, Fixture Filing and Security Agreement, or such substitute address as is designated in writing duly served as aforesaid, shall be deemed conclusively to be the correct address of Grantors, for all purposes in connection with this Deed of Trust, Fixture Filing and Security Agreement, including, but not limited to, giving of notices permitted or required by statute to be mailed to Grantors.

6. All the provisions of this instrument shall inure to the benefit of and bind the heirs, legal representatives, successors and assigns of each party hereto respectively as the context permits. The word "Grantors" and any reference thereto shall include the masculine, feminine and neuter genders and the singular and plural as indicated by the context and number of parties hereto.

7. It is expressly agreed that the trusts created hereby are irrevocable by the Grantors.

8. The Grantors shall properly care for, protect and keep the property and all landscaping, buildings and improvements thereon in at least the same state and condition of repair and order as it is on the date of the execution of this Deed of Trust, Fixture Filing and Security Agreement, and not remove, damage or demolish any buildings or other improvements on the property unless the Beneficiary gives prior consent thereto or the building or improvement is immediately replaced with one of equal value or more.

9. The Beneficiary of this Deed of Trust, Fixture Filing and Security Agreement agrees that upon the payment of the sums herein-after set forth, certain parcels of the real property described in this Deed of Trust will be released and reconveyed from this Deed of Trust on a parcel by parcel basis and in the order hereinafter specifically set forth so as to preserve the integrity and continuity of the unreleased property as a workable farm and as adequate security for the debt secured hereby. The said parcels of land shall be released in the following order and upon payment of the following considerations:

a. Lots 3 and 4, Section 21, Township 20 North, Range 53 East, MDB&M, shall be released at no cost coincidentally with the execution and delivery of this Deed of Trust.

b. At any time after the execution and delivery of this Deed of Trust, Lot 15, Section 21, Township 20 North, Range 53 East, MDB&M, shall be released upon payment of \$2,000.00 per acre.

c. At any time after the execution and delivery of this Deed of Trust, Lots 5, 6, 12, 13 and 14, Section 21, Township 20 North, Range 53 East, MDB&M, shall be released upon payment of \$900.00 per acre; it being understood said releases may be made one lot at a time and shall be in the order set forth beginning with Lot 5 and continuing through Lot 14.

d. After the releases set forth in Paragraphs a, b and c above have been completed, the lots in Section 28, Township 20 North, Range 53 East, MDB&M, shall be released; it being understood that the parcels may be released one lot at a time, and shall be in order beginning at the west end, and moving East to maintain an unleased contiguous group of lots. The release price for these lots shall be \$900.00 per acre for non-highway frontage, and \$2,400.00 per acre for highway frontage (within 1/8 mile of the highway).

With reference to the above releases, it is understood that as each parcel of property is released as above set forth, there shall be included in the release all improvements, all water and water rights, all minerals and mineral rights and all pivots that are appurtenant to or held in connection with said released property. Where a particular water right or pivot encompasses more than one released parcel, the release of said water right and pivot shall become effective when all of the parcels pertaining to said water right and pivot have been released.

Also in reference to the above releases, it is understood that the monies paid for the releases shall be in addition to the regular annual payments required by the Promissory Note which is secured by this Deed of Trust, Fixture Filing and Security Agreement, but all payments so made shall be applied to reduce the indebtedness owed in connection with said Promissory Note and shall be applied first to interest to the date of payment and the balance to principal.

It is also agreed that with reference to the fixtures and equipment described in Exhibit "A" attached hereto, the Grantors may at any time sell any part or portion of said equipment that is still

13. The property subject to this Deed of Trust, Fixture Filing and Security Agreement shall include that herein described, and in addition, the following, which shall, for all purposes, be deemed to be fixtures: (a) all buildings and improvements now on or hereafter built, placed, constructed or installed on any portion of the premises; (b) all building fixtures, appliances and equipment that now or hereafter are attached to or installed in or placed in or upon any building or improvement on any portion of the described real prop-

12. The rights and remedies herein granted shall not exclude any other rights or remedies granted by law, and all rights or remedies granted hereunder or permitted by law shall be concurrent and cumulative.

11. The commencement of any proceeding under the bankruptcy or insolvency laws by or against the grantors or the makers of the Promissory Note secured hereby, or the appointment of a receiver for any of the assets of the grantors hereof or the makers of the Promissory Note secured hereby, or the making by the grantors or the makers of the Promissory Note secured hereby, shall, at the election of the holder of this Deed of Trust, Fixture Filing and Security Agreement and the Promissory Note secured hereby, constitute a default under this Deed of Trust, Fixture Filing and Security Agreement.

10. The grantors shall: maintain the property subject hereto in good condition, order and repair; shall not remove, demolish, neglect or damage any buildings, fixtures, fences, improvements or landscaping thereon or hereafter placed or constructed thereon; shall not commit or permit any waste or deterioration of the property subject hereto; and shall not cause or permit the security to be lessened, diminished, depleted or impaired. The grantors shall put to beneficial use all water and water rights and shall maintain and protect all water, water rights and water permits now held in connection with the above described property, and shall not by any act of omission or commission do anything to lessen or jeopardize the said water, water rights and water permits as set forth above.

The Beneficiary of this Deed of Trust, Fixture Filing and Security Agreement agrees that upon payment of the sums hereinabove set forth to obtain said releases, Beneficiary shall authorize and direct the Trustee of the Deed of Trust to reconvey and release from the lien of this Deed of Trust the parcels herein agreed to be released in the order set forth above. The cost of all such releases and reconveances shall be paid by the Grantors.

subject to this Deed of Trust, Fixture Filing and Security Agreement for the reasonable market price thereof, and the total sale proceeds shall be paid to the Beneficiary hereof and shall be applied to reduce the indebtedness owed in connection with this Deed of Trust, Fixture Filing and Security Agreement and shall be applied first to interest to the date of payment and the balance to principal; and said equipment so sold shall be released from any further lien of this Deed of Trust, Fixture Filing and Security Agreement.

erty, including, but not limited to, all furnaces, boilers, hot water heaters, heating and cooling and air conditioning installations with equipment, appliances and compressors; all wiring, panels, lighting fixtures, other electrical or electronic equipment and installations; all plumbing, plumbing fixtures and equipment; (c) all fences and gates; and (d) all landscaping. All of such fixtures, furnishings, equipment and improvements are and shall become a permanent accession to the land contained in the described real property and to such buildings or improvements, and a part of the real property conveyed under this Deed of Trust, Fixture Filing and Security Agreement, whether or not the same may be subject to any Security Agreement.

14. That Grantors hereby give and assign to Beneficiary, upon default in payment of any debt secured hereby or in the performance of this Deed of Trust, Fixture Filing and Security Agreement, all the rents, issues and profits of the property; RESERVING UNTO GRANTORS HOWEVER, the right, prior to any default by Grantors in payment of any indebtedness secured hereby or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in Beneficiary's own name sue for or otherwise collect such rents, issues and profits (including those past due and unpaid), and apply the same, less costs and expenses of operations and collection (including reasonable attorney fees), upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The rents assigned are any and all of the following: rents, subrents, earnings, income, receipts, revenues, royalties, issues and profits, including without limitation by enumeration, those on account of oil and gas, and installments under any agreement of sale, that becomes due, or that accrue while any portion of the indebtedness secured by this Deed of Trust, Fixture Filing and Security Agreement remains unpaid, and any and all proceeds and accruals whatsoever that arise out of the hiring, subhiring, letting, subletting or otherwise (collectively hereinafter referred to as "leasing") of or from the whole or any part of the property. This assignment of rents is absolute and effective on and after the day of making this Deed of Trust, Fixture Filing and Security Agreement and is not given as mere additional security for the indebtedness secured by this Deed of Trust, Fixture Filing and Security Agreement but is necessary and an integral part of the consideration given by Grantors to Beneficiary in the transaction that gives rise to this Deed of Trust, Fixture Filing and Security Agreement. The creation, existence or exercise of Grantors' privilege and license to collect rents or Beneficiary's acceptance or exercise of the right to collect rents shall not subordinate this Deed of Trust, Fixture Filing and Security Agreement to any leasing

or be Beneficiary's affirmation of any leasing or assumption of any liability under any leasing.

15. The Grantors consent and agree that a receiver of the property subject to this Deed of Trust, Fixture Filing and Security Agreement may be appointed upon application of the Trustee or Beneficiary at any time after the recording of a Notice of Breach and Election to Sell with or without a showing of statutory grounds.

16. To the extent this Deed of Trust, Fixture Filing and Security Agreement contains fixtures and personal property, it is intended to be a fixture filing, financing statement and security agreement and to perfect a security interest in the personal property and fixtures pursuant to the Nevada Uniform Commercial Code.

17. The Grantors, so long as there is any balance owing in connection with this Deed of Trust, Fixture Filing and Security Agreement, shall not sell, assign or transfer any interest in the property described herein, nor permit any assumption of the debt herein secured, without first obtaining the written consent of the Beneficiary. If all or any part of the property herein described, or any interest therein, is sold or transferred by the Grantors without the Beneficiary's prior written consent, the Beneficiary may, at his option, declare all sums secured by this Deed of Trust, Fixture Filing and Security Agreement to be immediately due and payable.

IN WITNESS WHEREOF, the Grantors and Beneficiary have executed these presents the day and year first above written.

BENEFICIARY:

Ivan T. Smart
Ivan T. Smart

GRANTORS:

John A. Courley
John A. Courley
William Crane
William Crane

Beneficiary's Address:
3721 Rose Canyon Drive
N. Las Vegas, Nevada 89030

Grantors' Address:
401 Railroad Street, #206
Elko, Nevada 89801

APN 007-370-25

BERNADETTE O'NEILL
Notary Public - Nevada
Clark County
My appt. exp. Jan. 5, 1998



NOTARY PUBLIC

[Signature]

1996, by IVAN L. SMART.

This instrument was acknowledged before me on JUNE 19,

COUNTY OF CLARK)

: SS.

) STATE OF NEVADA

*Bay County, Michigan
my commission expires: 11-13-99*

NOTARY PUBLIC *Janis L. Devers*

[Signature]

1996, by WILLIAM CRANE.

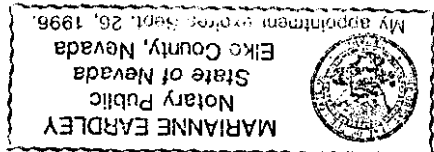
This instrument was acknowledged before me on 6-24-96,

COUNTY OF *Saginaw*)

: SS.

) STATE OF NEVADA

Michigan



NOTARY PUBLIC

[Signature]

1996, by JOHN A. GOURLEY.

This instrument was acknowledged before me on July 1,

COUNTY OF ELKO)

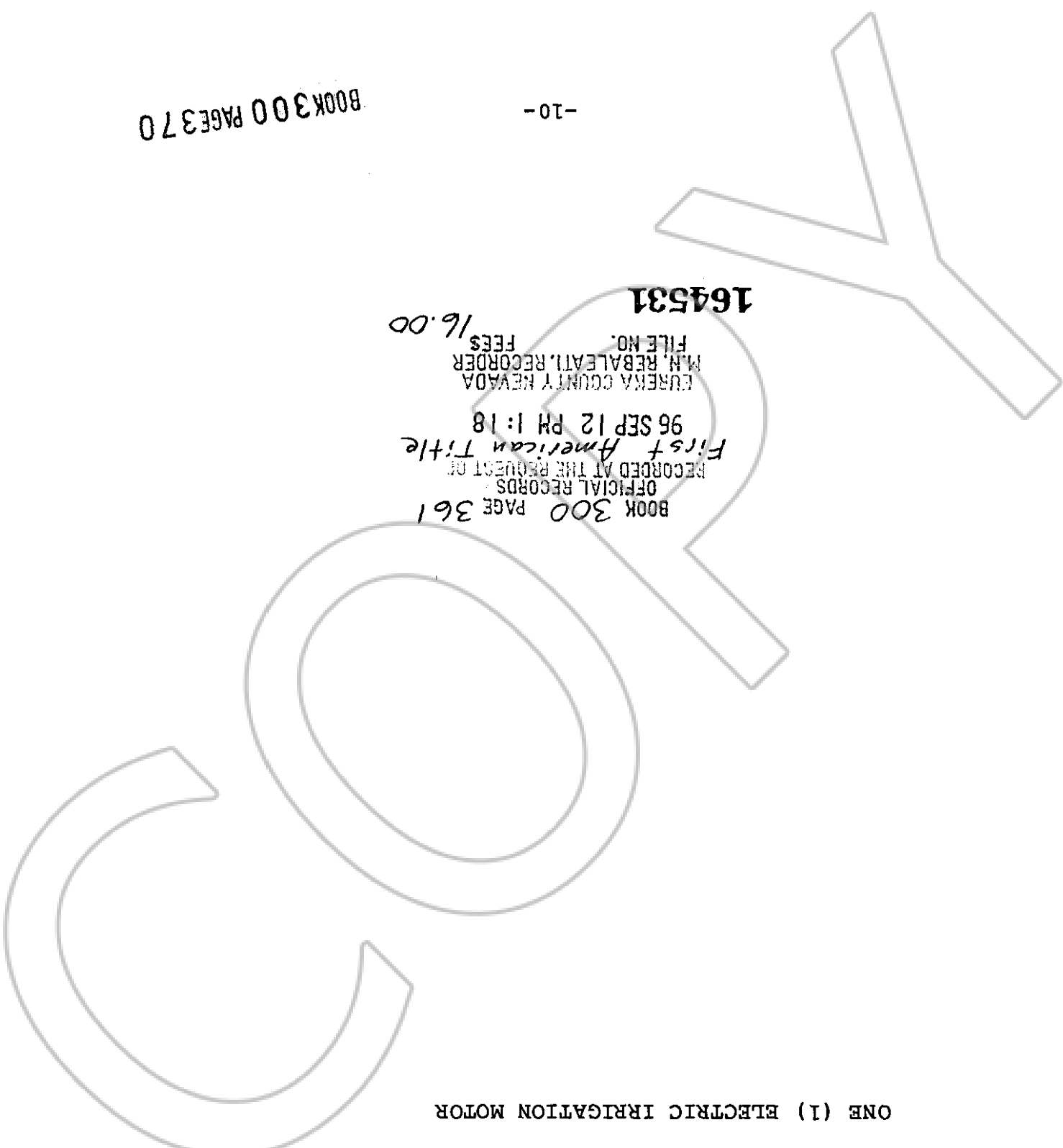
: SS.

) STATE OF NEVADA

EXHIBIT "A"

FIXTURES AND EQUIPMENT

- TWO (2) LINDSEY PIVOTS
- TWO (2) VALLEY PIVOT IRRIGATORS
- TWO (2) THUNDERBIRD WHEEL LINES
- MISCELLANEOUS MAIN LINE AND HAND MOVE SPRINKLERS
- ONE (1) ELECTRIC IRRIGATION MOTOR



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OFFICIAL RECORDS

RECORDED AT THE REQUEST OF

First American Title

96 SEP 12 PM 1:18

FUREKA COUNTY NEVADA

M.N. REBAL EATL. RECORDER

FILE NO.

16.00

164531