

165145

DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 12th day of July, 1996 between COTTONWOOD LAND AND LIVESTOCK COMPANY, a Nevada limited liability company (hereinafter "Trustor"), whose address is 71 Washington Street, Reno, NV 89503, WESTERN TITLE COMPANY (hereinafter "Trustee"), and Velma Belaustegui (hereinafter "Beneficiary").

Trustor irrevocably grants, transfers, and assigns to Trustee in trust, with power of sale, that real property located in the County of Eureka, State of Nevada described in Exhibit "A" to this Deed of Trust together with all interest which Trustor now has or may hereinafter acquire in or to said property and in and to:

(a) All rents, issues, profits, royalties, earnings and income therefrom and installments of money payable pursuant to any agreement for sale of said property or any part thereof; subject, however, to right, power and authority give to Beneficiary to collect and apply such rents, issues and profits.

(b) All easements, rights of way and other appurtenances thereto;

For the purposes of this instrument, including all provisions incorporated by reference herein, all of the foregoing described real property, property rights and interest shall be referred to as "the property".

This Deed of Trust is given for the purpose of securing payment off all sums owed Velma Belaustegui under that certain Promissory Note dated July 12, 1996, in the principal sum of \$206,000.00; payment of additional sums and interest thereon as may, at the sole option of the Beneficiary, be hereafter loaned to the Trustor, or

to its successors or assigns, when evidenced by a Promissory Note or Notes reciting that those Notes are secured by this Deed of Trust; the performance of each agreement of Trustor incorporated herein by reference or contained herein and the expenses and costs incurred or paid by Beneficiary in the preservation and enforcement of the rights and remedies of Beneficiary; and, the duties and liabilities of Trustor hereunder, including, but not by way of limitation, attorneys' fees, court costs and expenses paid by Beneficiary in performing for Trustor's account any obligation of Trustor herein contained.

This Deed of Trust by reference to NRS 107.030 adopts covenants Nos. 1, 3, 4 (18%), 5, 6, 7 (10%), 8, 9.

This Deed of Trust secures future advances made by the Beneficiary in the maximum amount of \$100,000.00 pursuant to provisions of NRS 106.300 to 400 inclusive. The maximum amount of the future advances secured by this Deed of Trust may be increased or decreased by an amendment to this instrument pursuant to NRS 106.360(3). The future advances are at the option of the Beneficiary.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly agrees:

(a) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished thereof; to comply with all laws affecting said property or requiring any alterations or

improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(b) Trustor covenants to keep all buildings that may now or at any time be on said property during the continuance of this trust in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada, and as may be approved by Beneficiary, for such sum or sums as shall equal the total indebtedness secured by this Deed of Trust and all obligations having priority over this Deed of Trust and shall be payable to Beneficiary to the amount of the unsatisfied obligation to Beneficiary, or to collection agent of Beneficiary, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums as Beneficiary shall deem proper.

(c) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(d) To pay at least ten days before delinquency all taxes and assessments affecting said property; and to pay when due, all encumbrances, charges and liens,

with interest, on said property or any part thereof, which appear to be prior or superior hereto, and all costs, fees and expenses of this trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor, and without releasing Trustor from any obligation hereto, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof; Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(e) To pay immediately and without demand all sums as expended by Beneficiary or Trustee, with interest from date of expenditure at eighteen percent (18%) per annum.

(f) At Beneficiary's option, Trustor will pay a "late charge" not exceeding four percent (4%) of any installment when paid more than fifteen (15) days after the due date thereof to cover the extra expense involved in holding delinquent payments, but such "late charge" shall not be payable out of the proceeds of any sale made to satisfy the indebtedness secured hereby, unless such proceeds are sufficient to discharge the entire indebtedness and all proper costs and expenses secured thereby.

(g) Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

Any award of damages or compensation for injury to, or in connection with any condemnation for public use of the property or any part thereof, or any proceeds of any settlement with respect to a condemnation whether or not eminent domain proceedings have been instituted, shall be and is hereby assigned by Trustor and shall be paid to Beneficiary, who may apply, use or release the amount hereof in the same manner as provided for the proceeds of fire or other insurance.

Upon written request to Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose, and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

Upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be recorded. Beneficiary also shall deposit with Trustee this Deed of Trust, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law for the sale of real property under writ of execution, Trustee, without demand on Trustor, shall sell said property or any part thereof at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone the sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. In the event that any indebtedness secured hereby shall not have been fully satisfied by said sale, Trustee may give notice of sale of any property not previously noticed for sale in the manner set forth above and sell the same in the manner set forth above.

Trustee shall deliver to any purchaser its deed conveying the property sold, but without any covenant or warranty, express or implied. The recital in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including a reasonable fee for the attorney of Trustee, and of this trust, including evidence of title in connection with the sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at

eighteen percent (18%) per annum; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

Beneficiary or her assignee, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the predecessor Trustee, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where, or document or file number under which, this Deed of Trust is recorded and the name and address of the new Trustee. If notice of default shall have been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee shall have been paid to such Trustee, who shall endorse receipt thereof upon such instrument of substitution.

Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of any pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

GENERAL PROVISIONS

A. The term "Trustor" shall mean all parties executing this Deed of Trust as Trustor, its successors in interest and assigns, provided that Beneficiary shall not be obligated to give Notice of Default or Notice of Sale hereunder to any Trustor other than as shown on the face page hereof.

B. The term "Beneficiary" shall mean the owner and holder (including a pledgee) of the note secured hereby, whether or not named as Beneficiary herein.

C. Every provision of this Deed of Trust imposing upon Trustor an obligation to perform an act, or embodying an agreement by Trustor to perform an act, shall be construed as obligating Trustor to pay all costs and expenses relating thereto.

D. In the event any provision hereof shall be declared invalid or unenforceable through a final judgment by a court having competent jurisdiction, the validity or enforceability of any of the remaining terms hereof shall not be thereby impaired.

E. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and vice versa, and if more than one person is named as Trustor, the obligations of Trustor shall be joint and several obligations of each person.

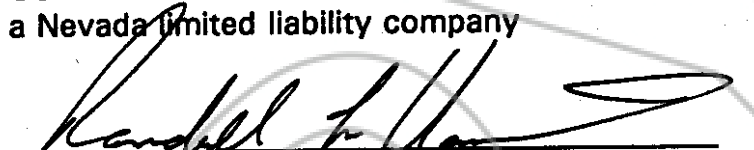
F. The rights and remedies hereby granted shall not exclude any other rights or remedies granted by law, and all rights and remedies granted hereunder or permitted by law shall be concurrent and cumulative. A violation of any of the

covenants herein expressly set forth shall have the same effect as the violation of any covenant herein adopted by reference.

The undersigned Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to it at Trustor's address above set forth.

TRUSTOR:

COTTONWOOD LAND AND LIVESTOCK COMPANY,
a Nevada limited liability company

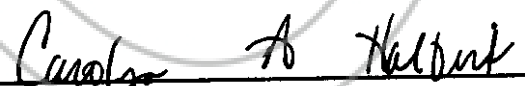

RANDALL L. VENTURACCI, Member/Co-Manager

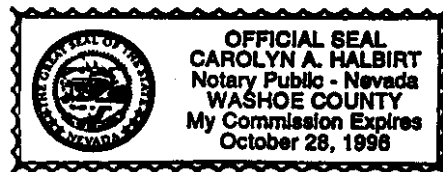

PETER G. LAZETICH, Member/Co-Manager


THOMAS L. BELAUSTEGUI, Member/Co-Manager

STATE OF NEVADA)
)ss:
COUNTY OF WASHOE)

On this 18th day of September, 1996, personally appeared before me, a notary public, RANDALL L. VENTURACCI, Member/Co-Manager of COTTONWOOD LAND AND LIVESTOCK COMPANY, L.L.C., personally known or proved to me to be the person whose signature is subscribed to the above instrument, who acknowledged that he executed the instrument.

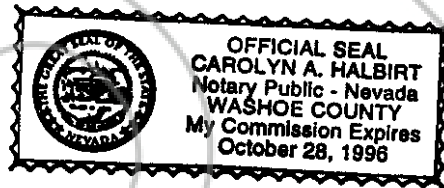

NOTARY PUBLIC



STATE OF NEVADA)
)ss:
COUNTY OF WASHOE)

On this 18th day of September, 1996, personally appeared before me, a notary public, PETER G. LAZETICH, Member/Co-Manager of COTTONWOOD LAND AND LIVESTOCK COMPANY, L.L.C., personally known or proved to me to be the person whose signature is subscribed to the above instrument, who acknowledged that he executed the instrument.

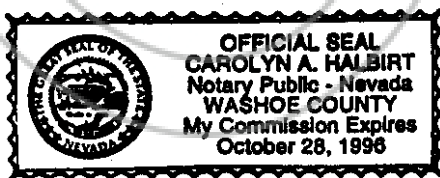
Carolyn A Halbert
NOTARY PUBLIC



STATE OF NEVADA)
)ss:
COUNTY OF WASHOE)

On this 18th day of September, 1996, personally appeared before me, a notary public, THOMAS L. BELAUSTEGUI, Member/Co-Manager of COTTONWOOD LAND AND LIVESTOCK COMPANY, L.L.C., personally known or proved to me to be the person whose signature is subscribed to the above instrument, who acknowledged that he executed the instrument.

Carolyn A Halbert
NOTARY PUBLIC



BOOK 303 PAGE 401
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Robinson, Belaustegui, Robb & Sharp
96 DEC -5 PM 1:13
EUREKA COUNTY NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 16.00
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