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DEED OF TRUST

THIS DEED OF TRUST is made this 16th day of June, 1998, by and between JAMES D. DAMELE and GARNET DAMELE, husband and wife, hereinafter called "Grantor"; FIRST AMERICAN TITLE COMPANY OF NEVADA as Trustee; and SHADY MEADOWS INC., a Colorado corporation, hereinafter called "Beneficiary," it being specifically understood that any and all references to the words "Grantor" and "Beneficiary" shall include the masculine, feminine, and neuter genders, and singular and plural, as indicated by the context and number of parties hereto;

WITNESSETH:

That Grantor hereby grants, transfers and assigns to the Trustee in trust, with power of sale, all of the following described real property situate in the County of Eureka, State of Nevada, more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

**TOGETHER WITH** any and all buildings, fixtures and improvements situate thereon.

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

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

**ONE:** Payment of an indebtedness evidenced by a certain Promissory Note of even date hereto in the principal amount of THIRTY-TWO THOUSAND FIVE HUNDRED AND 00/100 DOLLARS (\$32,500.00), with interest thereon, expenses, attorney's fees and other payments therein provided, executed and delivered by the Grantor payable to the Beneficiary or order, and any and all extensions or renewals thereof.

**TWO:** Payment of such additional amounts as may be hereafter loaned by the Beneficiary to the Grantor, or any successor in interest of the Grantor, with interest thereon, expenses and attorneys' fees, and any other indebtedness or obligations of the Grantor to the Beneficiary.

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

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

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To protect the security of this Deed of Trust, it is agreed as follows:

1. The Beneficiary has the right to record notice that this Deed of Trust is security for additional amounts and obligations not specifically mentioned herein but which constitute indebtedness or obligations of the Grantor for which the Beneficiary may claim this Deed of Trust as security.

2. The Grantor shall keep the property herein described in good condition, order and repair; shall not remove, demolish, neglect, or damage any buildings, fixtures, improvements, or landscaping thereon or hereafter placed or constructed thereon; shall not commit or permit any waste or deterioration of the land, buildings and improvements; and shall not do nor permit to be done, anything which shall impair, lessen, diminish or deplete the security hereby given.

3. The following covenants, Nos. 1; 2 (insurable value); 3; 4 (7.8%); 5; 6; 7 (reasonable); 8; and 9 of N.R.S. 107.030, are hereby adopted and made a part of this Deed of Trust. In connection with Covenant No. 6, it shall be 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 deficiencies in the performance of this Deed of Trust.

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

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

6. If default be made in the performance or payment of the obligation, note or debt secured hereby, or in the performance of any of the terms, conditions, and covenants of the Deed of Trust, or the payment of any sum or obligation to be paid hereunder, or upon the occurrence of any act or event of default hereunder, and such default is not cured within thirty-five (35) days after written notice of default and of election to sell said property given in the manner provided by N.R.S. 107.080 as in effect on the date of this Deed of Trust, Beneficiary may declare all notes, debts, and sums secured hereby or payable hereunder immediately due and payable although the date of maturity has not yet arrived.

7. In case of condemnation of the property subject hereto, or any part thereof, by paramount authority, all of any condemnation award to which the Grantor shall be entitled, less costs and expenses of litigation, is hereby assigned by the Grantor to the Beneficiary, to the extent the Beneficiary is entitled thereto, 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.

8. The Promissory Note secured by this Deed of Trust is made a part hereof as if fully herein set out.

9. 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.

10. All the provisions of this instrument shall inure to and bind the heirs, legal representatives, successors, and assigns of each party hereto respectively as the context permits. All obligations of each Grantor hereunder shall be joint and several.

11. Any notice given to Grantor under Section 107.080 of Nevada Revised Statutes in connection with this Deed of Trust shall be given by registered or certified letter to the Grantor addressed to the address set forth near the signature on this Deed of Trust, or at such substitute address as Grantor may direct in writing to Beneficiary and such notice shall be binding upon the Grantor and all assignees or grantees or the Grantor.

12. Grantor shall not sell, transfer, convey or alienate the property, or any portion thereof or any interest therein, unless:

(1) Full payment is made of the Promissory Note and all payments secured hereby; or,

(2) The Beneficiary herein gives prior written consent.

If the Grantor shall, in violation of this provision, sell, transfer, convey or alienate the subject property or any part thereof, or any interest therein, or shall be divested of title in any manner or way, whether voluntarily or involuntarily, any indebtedness or obligation secured hereby, irrespective of the maturity dates expressed in any note, document or instrument evidencing the same, at the option of the Beneficiary and without demand or notice, shall immediately, at the earliest time allowed by applicable law, become due and payable in full.

13. It is expressly agreed that the trusts created hereby are irrevocable by the Grantor.

14. Default under any other deed of trust, mortgage, contract, or other instrument, which is, or which creates, a lien, encumbrance, charge or interest of any nature on or in any of the property subject hereto having priority over any lien, right or interest created or existing under this Deed of Trust, or failure to pay or discharge when due any obligation which is secured by, or which constitutes a lien, encumbrance, or charge of interest of any nature on or in any property subject hereto having priority over any lien, right or interest created or existing under this Deed of Trust, whether such obligation or the lien thereof is created by writing or otherwise, shall constitute a default under this Deed of Trust, and to the extent Beneficiary elects to advance sums to correct a default, the same shall be secured hereby and be immediately due hereunder, together with interest at the Note rate.

15. The Grantor hereby covenants and agrees that neither the acceptance nor existence, now or hereafter, of other security for the indebtedness secured hereby, or the full or partial release or discharge hereof, shall operate as a waiver of the security of this Deed of Trust,

nor shall this Deed of Trust nor its satisfaction nor reconveyance made hereunder operate as a waiver of any such other security now held or hereafter acquired.

16. At any time or from time to time, without liability therefor and without notice, on written request of Beneficiary and presentation of this Trust Deed and the Note secured thereby for endorsement and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey all or any part of such property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating such Trust Deed to subsequent liens, encumbrances or charges therein.

17. If any provision hereof should be held unenforceable or void, then such provision shall be deemed separate from the remaining provisions and shall in no way affect the validity of this Deed of Trust.

18. The reconveyance of this Deed of Trust shall be at the cost and expense of the Grantor, or such other persons entitled to reconveyance.

IN WITNESS WHEREOF, the Grantor has executed these presents the day and year first above written.

GRANTOR:

JAMES D. DAMELE

*James Damele*

GARNEY DAMELE

Grantors' Address: PO Box 784  
Eureka, NV 89316

STATE OF NEVADA

COUNTY OF Eureka

On June 16, 1998, personally appeared before me, a Notary Public, JAMES D. DAMELE and GARNEY DAMELE, husband and wife, personally known to me to be the persons whose names are subscribed to the above instrument who acknowledged that they executed said instrument.

NOTARY PUBLIC

*Glady Goicoechea*



GLADY GOICOECHA  
Notary Public - State of Nevada  
Appointment Recorded in Eureka County  
MY APPOINTMENT EXPIRES OCT. 28, 1998

EXHIBIT "A"  
DAMELE - SHADY MEADOWS INC.  
DEED OF TRUST

All that certain lot, piece or parcel of land situate in the County of Eureka, State of Nevada, described as follows:

Parcel No. 4 as shown on Parcel Map for SHADY MEADOWS, INC., filed in the office of the County Recorder of Eureka County on November 22, 1983, as File No. 91012, located in a portion of Section 18, Township 21 North, Range 53 East, M.D.B. & M.

EXCEPTING THEREFROM all oil, gas, potassium, as reserved by UNITED STATES OF AMERICA, in Patent recorded May 18, 1965, in Book 7, Page 324, Official Records, Eureka County, Nevada.

FURTHER EXCEPTING THEREFROM all oil, gas and potash, as reserved by UNITED STATES OF AMERICA, in Patent recorded July 22, 1966, in Book 11, Page 188, Official Records, Eureka County, Nevada.

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OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Shady Meadows, Inc.*  
98 JUL 14 PM 1:19  
EUREKA COUNTY NEVADA  
M.N. REBAL/LEATI, RECORDER  
FILE NO. 170254  
FEES 11.00

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RECORDED

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