

BOOK 431 PAGE 367-380
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
First American Title
2006 FEB 16 PM 1:40

RECORDED AT REQUEST OF:

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 52⁰⁰

RETURN RECORDED DOCUMENT TO:

Rabo Agrifinance, Inc.
10100 Trinity Parkway, Suite 400
Stockton, Ca 95219

203491

APN 007-200-50

Loan No. F-116154

2248817PP

NEVADA DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT ("Deed of Trust") is made the 25TH day of JANUARY 2006, between FRED BAILEY and CAROLYN BAILEY whose chief executive office or principal residence is 450 11TH STREET, EUREKA, NEVADA 89316, (herein called "Grantor"), FIRST AMERICAN TITLE (herein called "Trustee"), and AXA EQUITABLE LIFE INSURANCE COMPANY, a corporation duly organized and existing under the laws of NEW YORK, whose mailing address is 1290 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10104 (herein called "Beneficiary").

WITNESSETH: That Grantor grants, transfers and assigns to Trustee in trust, with power of sale, that certain real estate ("Real Estate") in EUREKA County, Nevada, described as:

See attached Exhibit "A", which is incorporated herein by reference.

TOGETHER WITH (1) all easements, rights-of-way and rights appurtenant to said Real Estate or used in connection therewith or as a means of access thereto; (2) all tenements, hereditaments and appurtenances thereto, including all water, water rights, ditch and ditch rights and drainage rights appertaining thereto; (3) Grantor's interest as lessor in all leases affecting said Real Estate; (4) all buildings, structures, improvements, fixtures, attachments, appliances, equipment, machinery and other articles now or hereafter erected on, affixed or attached to, or located in or on said Real Estate which are real property, and all substitutions, replacements, additions and accessions thereof or thereto; (5) all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by said Real Estate (subject, however, to the assignment of rents and profits to Beneficiary herein); and (6) all right, title, estate, interest, and other claim or demand, including, without limitation, all claims or demands to the proceeds of all insurance now or hereafter in effect with respect to said Real Estate, which Grantor now has or may hereafter acquire in said Real Estate, and all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of said Real Estate.

AND ALSO, Grantor, as debtor, irrevocably grants and assigns to Beneficiary, as secured party, a security interest in all of the following collateral which is personal property now

or hereafter owned by Grantor or in which Grantor now or hereafter has any rights and which is now or hereafter located on or at, or affixed or attached to, or produced from, or used in connection with said Real Estate, including but not limited to: All personal property described in Exhibit "B" attached hereto and made a part hereof and articles of personal or mixed property of every kind and nature whatsoever, including, without limitation, all (a) goods, including without limitation, equipment and machinery (excluding, however, automobiles, trucks, tractors, trailers, wheeled vehicles, planting and tillage equipment), watering and irrigation apparatus, pumps, motors, generators, pipes, center pivot irrigators and sprinklers, windmills, fences, fixtures, fittings, appliances, farm products, crops growing or to be grown, timber standing or to be cut, minerals or the like (including oil and gas), raw materials, inventory and work in process; (b) all water stock and water rights and, to the extent listed on the attached Exhibit "B", all investment property, including without limitation, certificated and uncertificated securities, securities entitlements, securities accounts and commodities accounts, including all stock, bonds and commodities contracts; (c) all permits and licenses used in the operation of the Real Estate and, to the extent listed on the attached Exhibit "B", general intangibles, including without limitation payment intangibles and software; (d) accounts, including without limitation all of Grantor's right to any payment arising out of the sale, lease or license of all kinds of tangible and intangible personal property, contract rights, general intangibles, instruments, documents, chattel paper, accounts receivable, deposits, fees, charges and other payments, income and cash receipts that are otherwise described in this paragraph; (e) personal property of the same general kind or class as otherwise described in this paragraph which Grantor may now own or hereafter acquire, wherever located, used or usable in the operation of or relating to the Real Estate; and all products and proceeds from the sale or other disposal thereof, including, without limitation, all payments under any insurance policies, substitutions and replacements, additions, accessions of or to said collateral and any indemnity, warranty or guaranty relating to any of the foregoing (all of the foregoing property shall be hereinafter collectively referred to as the "Collateral"; the Real Estate and the Collateral shall hereinafter be collectively referred to as the "Property"). PROVIDED HOWEVER, that nothing in this Deed of Trust shall prevent Grantor from obtaining secured crop financing which may include the perfection of a lien by the crop lender on the crops growing or to be grown for a period not to exceed the beginning of the next crop year. If Grantor exercises its right to place a single crop lien on the crops grown or to be grown on the Real Estate hereunder, such crop lien shall automatically be a superior lien to the lien on such crop created hereby without the need for any consent or subordination from Beneficiary.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors for the purpose of securing payment of an indebtedness in the principal sum of ONE HUNDRED SIXTY THOUSAND AND NO/100 Dollars (\$160,000.00) with interest thereon according to the terms of a certain promissory note (which by reference is hereby made a part hereof) of even date herewith executed by Grantor, delivered to Beneficiary and payable to the order of Beneficiary ("Note"), and the performance and discharge of each and every obligation, covenant and agreement of Grantor herein contained; to have and to hold the Property upon the following express trusts, to wit:

1. The Grantor agrees to pay the indebtedness with interest as in said Note provided, and if default be made in the payment of any part thereof the Trustee on demand of

the Beneficiary may foreclose this Deed of Trust in the manner provided by law, or by the terms of this Deed of Trust. In case of the renewal or extension of the indebtedness hereby secured, or any part thereof, all the provisions of this Deed of Trust and the lien thereof, from its date, shall remain in force as fully and with the same effect as if it were made originally to mature at such extended time.

2. The Grantor agrees to pay as the same become due and payable all taxes, assessments and other charges imposed by law upon the Property, or any part thereof including the Trustee's or Beneficiary's interest therein and upon this Deed of Trust or the Note or indebtedness secured hereby, provided that should the amount of said payments made for the Trustee or Beneficiary under this paragraph for taxes, assessments and other charges together with the interest on the indebtedness exceed the highest interest rate permitted by law on the indebtedness then owing, Grantor shall not be liable to pay any of such excess over the highest lawful rate. In case the Grantor's obligation to make any of the payments required by this paragraph shall be deemed unlawful or legally inoperative, or in case the amount of such payments made for the Trustee or Beneficiary would constitute interest in excess of the maximum lawful rate, then and in any such case the entire indebtedness secured hereby shall at the option of the Beneficiary become immediately due and payable and this Deed of Trust subject to foreclosure after six (6) months' written notice to the Grantor.

3. The Grantor agrees to pay all other debts that are now or may become liens upon or charges against the Real Estate, and not to permit any lien of any kind to accrue and remain on the Real Estate, or the improvements thereon, which might take precedence over the lien of this Deed of Trust. The Grantor further agrees not to create any lien on the Real Estate junior hereto unless the person entitled to the benefits thereof shall have agreed that the time for the payment of the indebtedness hereby secured and the manner and amount of payment thereof and the benefits of the security afforded hereby may, without consent of such person and without any obligation to give notice of any kind thereto, be extended, re-extended, accelerated, suspended and refunded on any terms whatsoever without in any manner affecting the priority of the lien hereby created, as security for the payment of the indebtedness secured hereby or any obligation substituted therefore or issued to refund same.

4. The Grantor agrees to keep the Property in good condition and repair and not to commit or suffer waste thereof; to operate all lands, whether improved pastures, orchards, grazing, timber, or crop lands, in a good and husbandmanlike manner in accordance with accepted principles of sound agricultural and forestry practices; to take all reasonable precautions to control wind and water erosion; to fertilize improved pastures, if any, where necessary to maintain a good stand of desirable grasses; to protect orchards and timber, if any, by reasonable precautions against loss or damage by fire including the maintenance of appropriate fire breaks; and neither to remove nor permit the removal of any timber, buildings, oil, gas, mineral, stone, rock, clay, fertilizer, gravel or top soil without the prior written consent of the Beneficiary. The Beneficiary shall have the right to inspect the Property at such reasonable times and intervals as the Beneficiary may desire, to determine the Grantor's compliance with the covenants contained in any paragraph of this Deed of Trust.

5. The Grantor agrees to procure, maintain and deliver, premiums paid, to the Beneficiary policies of insurance against such hazards on the buildings now or hereafter located on the Property as the Beneficiary may from time to time require, in such companies and in such amount, and form and with such loss payable clauses as shall be satisfactory to the Beneficiary. The Beneficiary is authorized to assign and deliver said policies to any purchaser of this Deed of Trust or to the purchaser of the Property at any foreclosure sale. In event of loss the Beneficiary is expressly authorized and empowered to settle or compromise claims under said policies, and the proceeds from said policies as well as any other policies procured by the Grantor shall be paid to the Beneficiary who at its sole discretion may apply same or a part thereof on account of the indebtedness secured hereby whether or not then due and payable, or may apply the same or any part thereof towards the alteration, reconstruction or repair of the Property, either to the portion damaged or any other portion thereof, or release same to the Grantor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

6. The Grantor agrees to do any and all acts, all in a timely and proper manner, requested by Beneficiary to protect and preserve the security interests granted hereunder pursuant to the Uniform Commercial Code ("UCC") as in effect from time to time in the state where the Collateral is located except to the extent the UCC provides for the application of the law of the state of location of the Grantor in which event the UCC as in effect from time to time, in such state shall apply, in a form satisfactory to Beneficiary, and to pay the cost of filing such statements in all public offices requested by Beneficiary; and to do any and all acts as shall hereafter be reasonably requested by Beneficiary to effectuate the intent hereof and to render all of the Property available for the security and satisfaction of the indebtedness secured hereby and to enable Beneficiary to sell and/or convey the Property pursuant to the terms hereof.

7. In the event the Grantor shall fail to procure, maintain and deliver the insurance policies, premiums prepaid, or to pay as the same become due and payable, any tax or assessment imposed by law upon said the Property, or any part thereof, or the Note or indebtedness secured hereby, or to pay any lien, claim, or charge against the Real Estate which might take precedence over the lien of this Deed of Trust, or to comply with the provisions of paragraph Fourth hereof, the Beneficiary may, without notice or demand, insure the Property and pay the cost of such insurance and pay any of said taxes, assessments, liens, claims and charges, or any part thereof, or redeem from the sale of the Property for any taxes or assessments (irregularities in the levy or imposition of any tax or assessment being expressly waived), or redeem from the sale of the Property resulting from the enforcement of any such lien, claim or charge, or expend such sums as may be necessary to correct the failure of the Grantor to comply with the provisions of said paragraph Fourth, and the Grantor hereby agrees immediately to repay to the Beneficiary without notice or demand, any sums so paid with interest thereon at the rate of 10% per annum and all sums paid by the Beneficiary with interest shall become a part of the indebtedness secured hereby, and in default of immediate repayment thereof by the Grantor the whole indebtedness secured hereby shall at the option of the Beneficiary become due and payable forthwith without notice.

8. As additional security, Grantor hereby gives to and confers upon the Beneficiary the right, power and authority during the continuance of these trusts created herein to collect the rents, issues and profits of the Real Estate or of any personal property located thereon, with or

without taking possession of the Real Estate affected hereby, reserving unto the Grantor the right, prior to any default by Grantor 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 may accrue and become payable.

9. In case default be made in the payment of any sum secured hereby, or in the performance of any act the performance of which is secured hereby, the Beneficiary shall be entitled at any time, at Beneficiary's option, either by itself or by a Receiver to be appointed by a court therefor, (i) to enter upon and take possession of the Property, or any part thereof, and to do and perform such acts of repair, cultivation, protection or irrigation as may be necessary or proper to conserve the value thereof; (ii) to rent or lease the same or any part thereof and to collect and receive the rents, issues and profits thereof; (iii) to prepare for harvest, harvest, remove and sell any crops that may be growing upon the Real Estate (which rents, issues, profits and crops, present and future, are hereby assigned to the Trustee as further security, but which assignment Trustee agrees not to enforce so long as Grantor is not in default in payment of any sum or performance of any act to be made or performed hereunder, provided that in no event shall the Grantor collect any of said rents, issues and profits prior to accrual), and apply such rents, issues and profits, or the proceeds of the sale of any of said crops, in the manner hereinafter specified in respect of proceeds of sale of the Property, (iv) to do any other act or acts, as it may deem necessary or proper, in the use, management or operation of the Property, or to protect or conserve the value thereof, the specific enumerations herein not excluding the general; and/or (v) to pursue every legal and equitable remedy available at law and including, without limiting the generality of the foregoing, the right, ex parte, to the appointment of a receiver of the Property without consideration of the value of the Property as security for amounts due or the solvency of any person liable for the payment of such amounts, the remedies of a grantee under the UCC (regardless of whether the UCC has been enacted in the jurisdiction where rights or remedies are asserted), the right to take possession of the Collateral and enter the Real Estate on which the Collateral or any part thereof may be situated and remove the same therefrom, the right to resell the Collateral at any place Beneficiary elects and deliver a bill of sale therefor, the right to require Grantor to make the Collateral available to Beneficiary at a place designated by Beneficiary and reasonably convenient to both parties, and without removal, the right to render the Collateral unusable and to dispose of the Collateral; provided that unless the Collateral is perishable or threatens to decline speedily in value Beneficiary shall send Grantor at least ten (10) days prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made, by United States mail, postage prepaid, to the address set forth above, and Beneficiary may bid and purchase Collateral at public or private sale

10. The Grantor promises to appear and defend any action or proceeding purporting to affect the interest of Beneficiary hereunder, or the Property or any part thereof, or the rights, powers and duties of the Trustee hereunder; and the Trustee or Beneficiary may likewise appear in and defend any such action or proceeding and take such action therein as either of them may be advised; and all costs and expenses, including costs of evidence of title, and reasonable attorney fees incurred or expended by the Beneficiary or Trustee in such action or proceeding, shall become immediately due from the Grantor to the Beneficiary or Trustee when so incurred or expended, and shall bear interest until paid at the rate of ten per cent (10%) per annum, and shall be secured hereby.

In the event that any action or proceeding is brought to exercise the right of eminent domain on the Property, or any part thereof, the Grantor agrees to pay to the Beneficiary all sums received by him as compensation or damages for the condemnation of said Property, or any part thereof, and said sum shall be applicable to the payment of the indebtedness secured hereby, whether due or not, or refunded to the Grantor, at the option of the Beneficiary.

11. The Beneficiary may release for such consideration, or none, as it may require, any portion of the Property without, as to the remainder of the security, in any wise impairing or affecting the liens and priorities herein provided for the Beneficiary compared to any subordinate lienholder.

12. As further security for the payment of said indebtedness and the performance of all of the terms, covenants and conditions hereof, the Grantor does hereby transfer, set over, assign and pledge to the Beneficiary the Grantor's interest and estate in all leases, including, but not limited to gas, oil and mineral leases, now or hereafter affecting the Real Estate or any part thereof, and all rents, issues, income, profits, royalties and bonuses due and to become due thereunder, and in the event of a default under any of the terms, covenants and conditions of this Deed of Trust the Beneficiary is hereby authorized and empowered to collect and receive all such rents, issues, income, profits, royalties and bonuses due and to become due and to apply the same against said indebtedness. So long, however, as there shall be no default hereunder the Grantor shall have the right to collect and receive any and all such rents, issues, income, profits, royalties and bonuses as they respectively become due and payable, and to use the same without accounting to the Beneficiary therefor.

13. The Grantor further agrees that the entire indebtedness secured by this Deed of Trust shall become and immediately be due at the option of the Beneficiary if by order of a court of competent jurisdiction, a receiver or liquidator or trustee of the Grantor, or of any of the Property, shall be appointed and shall not have been discharged within sixty (60) days, or, if, by decree of such a court, the Grantor shall be adjudicated bankrupt or insolvent or any of his property shall have been sequestered, and such decree shall have continued undischarged and unstayed for sixty (60) days after the entry thereof, or if a petition to reorganize the Grantor pursuant to the United States Bankruptcy Code, as amended, or any other similar statute applicable to the Grantor, as now or hereafter in effect, shall be filed against the Grantor and shall not be dismissed within sixty (60) days after such filing, or the Grantor shall file a petition in voluntary bankruptcy under any provision of any bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against him under any such law, or if (without limitation of the generality of the foregoing) the Grantor shall file a petition for an arrangement or to reorganize the Grantor pursuant to the United States Bankruptcy Code, as amended, or any other similar statute applicable to the Grantor, as now or hereafter in effect, or if the Grantor, shall institute any proceeding of the dissolution or liquidation of the Grantor, or if the Grantor shall make an assignment for the benefit of his creditors, or shall admit in writing his inability to pay his debts generally as they become due, or shall consent to the appointment of a receiver, or trustee, or liquidator of the Grantor, or of all or any part of the Property.

14. If breach or default be made in the prompt payment, when due, of any sum secured hereby or in the performance of any promise contained herein, or contained in any conveyance under which said Grantor claims or derives title, then and at any time thereafter the Beneficiary hereunder may declare all sums secured hereby immediately due and payable, without demand or notice and the Trustee may, at its option bring an action in any court of competent jurisdiction to foreclose this instrument as a mortgage or to enforce any of the covenants hereof, or the Beneficiary or Trustee may record in the office of the County Recorder of the county or counties wherein the Real Estate or any part thereof is situated, a notice of such breach or default and election to cause the Property to be sold to satisfy the indebtedness and obligations secured hereby, as provided by the laws of the State of Nevada with reference to the foreclosure of deeds of trust.

On application of the Beneficiary, and after at least three months shall have elapsed following the recordation of said notice of breach or default, the Trustee shall give notice of the time and place of sale in the manner and for a time not less than that required by law for the sale or sales of the Property under execution, and without demand on Grantor, shall sell the Property at the time and place of sale 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 sale of all or any portion of the 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, and without further notice it may make such sale at the time to which the same shall be so postponed. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recital in any such deed of any matters or facts stated either specifically or in general terms, or as conclusions of law or fact, shall be conclusive proof of the truthfulness thereof, and such deed shall be conclusive against all persons as to all matters or facts therein recited. Any person, including, Grantor, Trustee or Beneficiary, may purchase at such sale. Grantor hereby agrees to surrender immediately, and without demand, possession of the Property to any purchaser at any sale held hereunder. In the conduct of any such sale the Trustee may act itself, or through any auctioneer, agent or attorney. In addition to the indebtedness and other obligations secured hereby, the Grantor hereby agrees to pay the expenses of such sale and of the trust created herein, together with customary compensation of the Trustee, and reasonable counsel fees, and also such sums, if any, as Trustee or Beneficiary shall have paid for procuring an abstract of title or search of or certificate or report as to the title to the Property or any part thereof subsequent to the execution of this instrument, all of which sums shall be secured hereby and become due upon any default hereunder made by the Grantor. The Trustee shall apply the proceeds of any sale held hereunder to the satisfaction of the sums secured hereby, in such order and to such extent as the Beneficiary, in the exercise of its absolute discretion, may direct. Any surplus in the hands of the Trustee after the payment of all sums secured hereby, shall be paid to the person or persons legally entitled thereto on the proof of such right.

15. The Beneficiary may, at any time, by instrument in writing, appoint a successor or successors to, or discharge and appoint a new trustee in the place of, any Trustee named herein or acting hereunder, which instrument, executed and acknowledged by Beneficiary, and recorded in the office of the County Recorder of the county or counties wherein the Real Estate

is situated, shall be conclusive proof of the proper substitution of such successor or successors or new Trustee, who shall have all the estate, powers, duties, rights and privileges of the predecessor Trustee.

16. All the provisions of this instrument shall inure to and bind the heirs, devisees, legal representatives, successors and assigns of each party hereto, respectively. All obligations of each Grantor hereunder are joint and several. The rights or remedies granted hereunder or by law shall not be exclusive but shall be concurrent and cumulative.

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

18. If Grantor, or any successor or assign, sells, conveys, alienates, leases (other than to tenants in the ordinary course of business with no option to purchase), assigns, transfers or encumbers, or contracts to sell, convey, alienate, lease (other than to tenants in the ordinary course of business with no option to purchase), assign, transfer or encumber, all or any part of said Real Estate or any interest in said Real Estate, or if more than forty-nine percent (49%) of the capital or voting stock or partnership or other beneficial interest of Grantor is sold, conveyed, alienated, assigned, transferred, or encumbered, whether any of the foregoing events occurs in any manner, directly or indirectly, whether voluntary, involuntary or by operation of law, without the prior written consent of Beneficiary, then, and in any such event, all indebtedness secured by this Deed of Trust shall become immediately due and payable at the election of Beneficiary, without notice. Grantor shall give reasonable written notice to Beneficiary of any transfer of said Real Estate or other event described in this paragraph prior to any such transfer or event. Grantor shall furnish in writing to Beneficiary all reasonable information concerning any transfer of said Real Estate or other such event that is requested by Beneficiary, including, without limitation, the name and address of the transferee, financial statements of the transferee, a full description of the business of the transferee, and the complete terms of the transfer.

19. Grantor shall not suffer any waste of the Property and will not permit or conduct either the generation, treatment, storage or disposal of hazardous waste, as defined in the Resource Conservation and Recovery Act, or the disposal on the Real Estate of petroleum or any hazardous substance, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act, and will perform all remedial actions reasonably necessary as the result of the presence of any such hazardous wastes, petroleum or hazardous substances on, at or near the Real Estate. Grantor shall be personally liable for and agrees to indemnify, defend with counsel satisfactory to Beneficiary and hold Beneficiary harmless against any loss, damage, or liability suffered by the Beneficiary, including but not limited to attorneys' fees, due to the presence of any such hazardous waste, petroleum or hazardous substance at, on or near the Real Estate, and the Grantor shall be liable for compliance (and for costs associated therewith) with any directive or order by any governmental entity relating to the presence of any such hazardous waste, petroleum or hazardous substance on, at, or near the Real Estate. Grantor will deliver promptly to the Beneficiary (i) copies of any documents received from the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning the Grantor's operations upon the Real Estate; and (ii) copies of any documents submitted by the Grantor to the United States Environmental

Protection Agency and/or any state, county or municipal environmental or health agency concerning operations on the Real Estate. Grantor agrees that, notwithstanding any provision to the contrary in this Deed of Trust, this indemnification and hold harmless shall survive the release or reconveyance of this Deed of Trust, whether pursuant to payment in full of the Note, or judicial or non-judicial foreclosure under this Deed of Trust, or otherwise.

20. This Deed of Trust constitutes a security agreement within the meaning of the UCC with respect to any part of the Property which may now or hereafter be characterized by law as personal property, and in the event of any default under this Deed of Trust which continues beyond the applicable notice and cure period, if any, the Beneficiary shall have all the rights and remedies of a secured party under the UCC, as well as all other rights and remedies available hereunder or under this Deed of Trust at law or in equity. Grantor authorizes Beneficiary to file one or more financing statements and continuation statements describing the Collateral and hereby ratifies any such financing statement or continuation statement previously filed by Beneficiary. Grantor will, from time to time, within ten (10) days after request by the Beneficiary, execute, acknowledge and deliver any financing statement, continuation statement or other document that the Beneficiary might request in order to perfect, protect, preserve, continue, extend or maintain the security interest created by and the priority of this Deed of Trust and will, on demand, pay any expenses incurred by the Beneficiary in the preparation, execution and filing of any such documents. Grantor represents and warrants that: (a) all Collateral is located in the state in which the Real Estate is located; (b) Grantor's chief executive office or principal residence is Grantor's address set forth in the first paragraph of this Deed of Trust; (c) Grantor's state of organization, if applicable, is as set forth in the first paragraph of this Deed of Trust; and (d) Grantor's exact legal name is as set forth in the first paragraph of this Deed of Trust.

21. Grantor, its successors and assigns and each of them, represent and warrant that the Property involved in this transaction does not represent the proceeds of some form of unlawful activity under any state, federal or foreign law.

22. This Deed of Trust shall be governed by and construed and interpreted in accordance with the internal laws of the State of Nevada, except and only to the extent the UCC provides otherwise.

23. Grantor, its successors and assigns and each of them, represent and warrant that either:

(a) The Property does not contain and will not be cultivated to grow any variety of perennial crops, or plants, vines, trees, nuts and/or fruit that produce crops in more than one crop year (hereinafter "Permanent Plantings") that is or may be subject to intellectual property rights under U.S. or foreign patent, copyright or trademark laws, the Plant Variety Protection Act or similar laws or subject to license from the holder of any such intellectual property rights (all of the foregoing being hereinafter referred to as "IP Rights"); or

(b) To the extent the Property does contain or in the future is cultivated to grow any variety of Permanent Plantings that is or may be subject to IP Rights, Grantor represents and warrants that Grantor is or shall be the owner of such IP Rights free and clear of any claim,

right, title, interest or lien of any other person, Grantor has or shall notify Grantee in writing of the existence of such IP Rights and Grantor does hereby, has or shall grant Grantee a security interest in and a lien upon all of Grantor's right, title and interest in, to and under, whether now owned or hereafter created in IP Rights, all cash and non-cash proceeds and products of the IP Rights and all causes of action, past, present and future for infringement, misappropriation or dilution of any of the IP Rights or unfair competition regarding the same.

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

Fred Bailey
Fred Bailey
Carolyn Bailey
Carolyn Bailey

STATE OF NEVADA)
) SS:
COUNTY OF _____)

On _____, 20____, before me, a Notary Public in
and for _____ County, personally appeared _____,
known to me to be the person whose name subscribed to the within instrument, and
acknowledged to me that _____ executed the same freely and voluntarily and for the
uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on
the day and year first above written.

(SEAL)

Notary Public _____
Name printed _____
County _____

My commission expires:

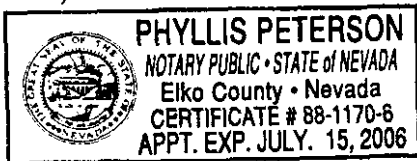
W1029Q RVSD 10-27-05
L:MTG_DOTNV_DOT
S:\116154 - BAILEY\NV_DOT.DOC

STATE OF NEVADA)
) SS:
COUNTY OF ELKO)

On Feb 09, 2006, before me, a Notary Public in and for ELKO County, personally appeared Fred Basten and Carol Bailey known to me to be the person whose name subscribed to the within instrument, and acknowledged to me that they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year first above written.

(SEAL)



My commission expires: 7/15/06

Phyllis Peterson
Notary Public
Name printed Phyllis Peterson
County ELKO

Exhibit "A"

Legal Description

PARCEL TWO (2) AS SHOWN ON THAT CERTAIN PARCEL MAP RECORDED APRIL 6, 1992 AS FILE NO. 140531 FOR WILFRED R. AND BARBARA BAILEY, IN THE OFFICE OF THE COUNTY RECORDER OF EUREKA COUNTY, NEVADA.



Exhibit "B"

(Description of Specific Collateral)

Water Rights: Permits Numbers 28035, 28036, 48948, 55727 and 65877 from the State of Nevada, Department of Water Resources, to the extent the foregoing are personal property rights.



203491

Initials FB CB