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Portion 5

USDA-FmHA
Form FmHA 427-7 UT-NV
(Rev. 8-88)

ST 89-05-0039-JD

REAL ESTATE DEED OF TRUST FOR UTAH AND NEVADA

THIS DEED OF TRUST is made and entered into by and between the undersigned

ROGER J. HATCH AND MINERVA PEARL HATCH, husband and wife

as joint tenants WITH full rights of survivorship

residing in Lincoln County, Nevada

whose post office address

is Box 211

Alamo

89001

as trustor(s) herein called "Borrower," and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, a Government agency, 125 South State Street, Room 5434 Federal Building, Salt Lake City, Utah 84158, as trustee, herein called "Trustee," and the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, as beneficiary, herein called the "Government," and: WHEREAS Borrower is indebted to the Government as evidenced by one or more promissory note(s) or assumption agreement(s), herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

Date of Instrument

March 1, 1989

Principal Amount

\$180,000.00

(The interest rate for limited resource farm ownership or limited resource operating loan(s) secured by this instrument may be increased as provided in the Farmers Home Administration regulations and the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of the Housing Act of 1949 or any other statutes administered by the Farmers Home Administration;

And it is the purpose and intent of this instrument that, among other things, at all times when the note is held by the Government or in the event the Government should assign this instrument without insurance of the note, this instrument shall secure payment of the note and shall secure any FUTURE ADVANCES by the Government to the Borrower (all references herein to the "note" shall be deemed to include such future note(s)); but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity deed of trust to secure the Government against loss under its insurance contract by reason of any default by Borrower;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a.

NOW, THEREFORE, in consideration of the loan(s) Borrower does hereby grant, bargain, sell, convey, and assign unto trustee the following described property situated in the State of ~~Utah~~ Nevada, County(ies) of Lincoln:

See Attachment "A" now and herein after made part of this document

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues, and profits thereof and revenues and income therefrom, all improvements and personal property now or later attached thereto or reasonably necessary to the use thereof, including, but not limited to ranges, refrigerators, clothes washers, clothes dryers, or carpeting purchased or financed in whole or in part with loan funds, all water, water rights, water stock, and sprinkling and irrigation systems, pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein-all of which are herein called "the property."

TO HAVE AND TO HOLD the property unto Trustee, Trustee's successors, grantees and assigns forever and in fee simple:

IN TRUST, NEVERTHELESS. (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provisions for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Borrower's agreement herein to indemnify and save harmless the Government against loss under its insurance contract by reason of any default by Borrower, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns **WARRANTS** the property unto Trustee for the benefit of the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyance specified hereinabove, and **COVENANTS AND AGREES** as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured and to indemnify and save harmless the Government against any loss under its insurance of payment of the note by reason of any default by Borrower. At all times when the note is held by an insured holder, Borrower shall continue to make payments on the note to the Government, as collection agent for the holder.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by regulations of the Farmers Home Administration.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) Whether or not the note is insured by the Government, the Government may at any time pay any other amounts including advances for payment of prior and/or junior liens, required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for Borrower's account. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government, including advances for payment of prior and/or junior liens, in addition to any advances required by the terms of the note, as described by this instrument, with interest shall be immediately due and payable by Borrower to the Government without demand at the price designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights, and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipt evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe; and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or, without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default) including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

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(12) Except as otherwise provided by the Farmers Home Administration regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold, transferred or encumbered, voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as beneficiary hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or to the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (b) release any party who is liable under the note or for the debt from liability to the Government, (c) release portions of the property and subordinate its lien, and (d) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or personal property or other security instrument held or insured by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the parties named as Borrower die or be declared incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent or make an assignment for the benefit of creditors, the Government, at its option with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay any reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, and (d) authorize and request Trustee to foreclose this instrument and sell the property as provided by law, (e) bring an action to foreclose this instrument, obtain a deficiency judgment, or enforce any other remedy provided by law.

(18) At the request of the Government, Trustee may foreclose this instrument by advertisement and sale of the property as provided by law, for cash or secured credit at the option of the Government, personal notice of which sale need not be served on Borrower; and at such sale the Government and its agents may bid and purchase as a stranger; Trustee at Trustee's option may conduct such sale without being personally present, through Trustee's delegate authorized by Trustee for such purpose orally or in writing; and Trustee's execution of a conveyance of the property or any part thereof to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted by Trustee personally or through Trustee's delegate duly authorized in accordance herewith.

(19) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to or insured by the Government, and (f) any balance to Borrower. In case the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purchase price by crediting such amount on any debts of Borrower owing to or insured by the Government, in the order prescribed above.

(20) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

(21) Borrower agrees that the Government will not be bound by any present or future State laws, (a) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (b) prescribing any other statute of limitations, or (c) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower.

(22) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, or national origin.

(23) If Borrower has a permit or approved application for the appropriation of water for use on or for the benefit of the property hereinabove described, Borrower will perform and complete all the action and fulfill all the conditions necessary to perfect such water right; and in the event of Borrower's failure to do so, the Government shall have the right to complete such action and to advance such sums as may be necessary for such purpose, such advances to be secured by this instrument.

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(24) If the property, or any part thereof, is a lease or a purchaser's interest in a contract of sale, Borrower will pay when due all rents, contract payments and any and all other charges required by said lease or contract, will comply with all other requirements of said lease or contract, and will not surrender or relinquish, without the Government's written consent, any of Borrower's right, title and interest in or to the property or the lease or contract while this instrument remains in effect.

(25) Borrower has assigned or waived or will immediately, on request of the Government, assign or waive in favor of the Government all grazing privileges, permits, licenses, or leases appurtenant to or used in connection with said land, and Borrower further covenants and agrees to produce renewals thereof prior to their expiration, to pay all fees and charges and to perform all acts and to do all things necessary to keep and preserve all said grazing rights and renewals thereof, and in the event of the failure of Borrower to do any of these things the Government may do so on behalf of Borrower, including advancing such sums as may be necessary for this purpose, and such funds advanced shall be secured by this instrument.

(26) Borrower further agrees that the loan(s) secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land, or the conversion of wetlands to produce an agricultural commodity as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

(27) This instrument shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

(28) Notices, including any Notice of Default and Notice of Sale, shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of both Trustee and the Government to the Farmers Home Administration at the address stated above and in the case of Borrower at the post office address shown above.

(29) Upon full and final payment of all indebtedness hereby secured and the performance and discharge of each and every condition, agreement and obligation, contingent, or otherwise, contained herein or secured hereby, the Government shall request Trustee to execute and deliver to Borrower at Borrower's address a full reconveyance of the property within 60 days after written demand by Borrower, and Borrower hereby waives the benefits of all laws requiring earlier execution or delivery of such reconveyance.

(30) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

WITNESS the hand(s) and seal(s) of Borrower this 1st day of March, 19 89.

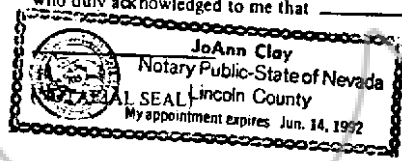
Roger J. Hatch
ROGER J. HATCH (Seal)
Minerva Pearl Hatch
MINERVA PEARL HATCH

STATE OF Nevada
COUNTY OF Lincoln

ACKNOWLEDGMENT

On this 1st day of March, 19 89, personally appeared before me Roger J. & Minerva Pearl Hatch the signer(s) of the above instrument,

who duly acknowledged to me that they executed the same.



Notary Public, residing at: Alamo NV
JoAnn Clay
My commission expires: 6-14-92

NEVADA ONLY - The United States does not seek exclusive jurisdiction over the property herein described.

Ornette Stubb
County Supervisor, Farmers Home Administration
U.S. Department of Agriculture

Sub

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ATTACHMENT "A" page :

DESCRIPTION:

Situate in the County of Lincoln, State of Nevada, described as follows:

PARCEL I:

That part of Lot 3 in Block 57 in the town of Alamo, Nevada, described as:

X Beginning at the Northwest Corner of said Lot 3, thence East 247.5 feet; thence South 86.5 feet; thence West 247.5 feet; thence North 86.5 feet to the place of beginning.

PARCEL II:

The Southwest Quarter (SW 1/4) of the Southwest Quarter (SW 1/4) of Section 26, Township 1 North, Range 65 East, M.D.B. & M.; the Southeast Quarter (SE 1/4) of the Southeast Quarter (SE 1/4) of Section 27, Township 1 North, Range 65 East, M.D.B. & M., excepting the West 25 rods thereof; the Northeast Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of Section 34, Township 1 North, Range 65 East, M.D.B. & M., excepting the West 25 rods thereof; Lot Four (4) of Section 5, Township 1 South, Range 65 East, M.D.B. & M., excepting the East 15 rods thereof; the South Half (S 1/2) of Section 5, Township 1 South, Range 65 East, M.D.B. & M.; Lot One (1) and the East Half (E 1/2) of the Southeast Quarter (SE 1/4) of Section 6, Township 1 South, Range 65 East, M.D.B. & M.

EXCEPTING from Sections 5 and 6, Township 1 South, Range 65 East, M.D.B. & M., all coal and other minerals, reserved by the U.S.A. in patent recorded September 10, 1934, in Book D-1 of Official Records, page 399, in the Office of the County Recorder of Lincoln County, Nevada.

RESERVING AND EXCEPTING THEREFROM, HOWEVER, unto Grantors, their successors and assigns, an undivided 50% of Grantors right, title and interest and estate in and to the oil, gas and all minerals and mineral deposits of whatever kind and nature, including "surface" minerals, and all geothermal resources in any and every for, located within, on, or beneath the surface of said land or any portion thereof, including the right to use of so much of the surface thereof as may be required in prospecting, exploring for, locating, drilling, developing, mining, extracting, removing, producing and transporting said oil, gas, or any other minerals or mineral deposits and any geothermal resources. Such surface rights expressly include, but without limitation, open pit or strip mining uses, operations, and activities, irrespective of whether the surface estate may be consumed, destroyed or depleted thereby.

Continued on next page

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ATTACHMENT "A"

page 1-a

LEGAL DESCRIPTION CONTINUED:
PARCEL III:

The West 25 rods of the Southeast Quarter (SES 1/4) of the Southeast Quarter (SE 1/4) of Section 27 and the West 25 rods of the Northeast Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of Section 34, Township 1 North, Range 65 East, M.D.B. & M.; Lots One (1), Two (2), Three (3), and the East 15 rods of Lot Four (4) of Section 5, Township 1 South, Range 65 East, M.D.B. & M.; and the Northeast Quarter (NE 1/4) of the Northwest Quarter (NW 1/4) of the Northwest Quarter (NW 1/4) and the Northwest Quarter (NW 1/4) of the Northeast Quarter (NE 1/4) of Section 34, Township 1 North, Range 65 East, M.D.B. & M.

EXCEPTING from Section 5, Township 1 South, Range 65 East, M.D.B. & M., all coal and other minerals, reserved by the U.S.A. in patent recorded September 10, 1934, in Book D-1 of Official Records, page 399, in the Office of the County Recorder of Lincoln County, Nevada.

RESERVING AND EXCEPTING THEREFROM, HOWEVER, unto Grantors, their successors and assigns, an undivided 50% of Grantors right, title and interest and estate in and to the oil, gas and all minerals and mineral deposits of whatever kind and nature, including "surface" minerals, and all geothermal resources in any and every for, located within, on, or beneath the surface of said land or any portion thereof, including the right to use of so much of the surface thereof as may be required in prospecting, exploring for, locating, drilling, developing, mining, extracting, removing, producing and transporting said oil, gas, or any other minerals or mineral deposits and any geothermal resources. Such surface rights expressly include, but without limitation, open pit or strip mining uses, operations, and activities, irrespective of whether the surface estate may be consumed, destroyed or depleted thereby.

ATTACHMENT "A" PAGE 2

Right, title and certificates issued by the Office of the State Engineer of the State of Nevada, located in the County of Lincoln, State of Nevada, described as follows:

Thorley's Reservoir (Ely Spring) located in the Northeast Quarter (NE1/4) of the Southeast quarter (SE1/4) of Section 5, Township 1 South, Range 65 East, M.D.B. & M., Application No. 86698, Certificate No. 5705.

Tex Spring, located in the Northeast Quarter (NE1/4) of the Southwest Quarter (SW1/4) of Section 22, Township 1 North, Range 65 East, M.D.B. & M., Application No. 10119, Certificate No. 2355.

Iron Tank Spring, located in the Northwest Quarter (NW1/4) of the Northeast Quarter (NE1/4) of Section 23, Township 1 North, Range 65 East, M.D.B. & M., Application No. 10120, Certificate No. 2356.

Porphyry Spring, located in the Southeast Quarter (SE1/4) of the Northeast Quarter (NE1/4) of Section 4, Township 3 South, Range 65 East, M.D.B. & M., Application No. 9660, Certificate No. 2293.

Porphyry Wash on the South boundary of the Southeast quarter (SE1/4) of the Southeast Quarter (SE1/4) of Section 33, Township 2 South, Range 65 East, M.D.B. & M., Application No. 11118, Certificate No. 2826.

Black Canyon Reservoirs, located in the Southwest Quarter (SW1/4) of the Northwest Quarter (NW1/4) of Section 24, Township 2 South, Range 65 East, M.D.B. & M., Application No. 5371, Certificate No. 1119.

TOGETHER WITH all rights, privileges, licenses and easements relating to or used in connection with said water rights and the use of the waters therefrom; and

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

Attachment "A" Page 3

BLM GRAZING PERMITS:

11029 Ely Springs Cattle Active 2148 AUM's	179 Cattle	03/01	02/28	100
21030 Ely Springs Sheep Active 1158 AUM's	259 Cattle	10/16	02/28	100
Active 647 AUM's				

Attachment "A" Page 4

For clarification purposes, it is understood and agreed by the Trustors (Hatch) and the Beneficiary (FmHA) that as of the recordation of this deed of trust, Beneficiary shall have a first and second position encumbrance on the real property described on page 1 of this Attachment "A", provided that the total indebtedness on all Hatch obligations to FmHA (including indebtedness evidenced by other notes) shall not exceed \$400,000.00 during the term of the third (Whipple Trust) deed of trust. (Maximum of eleven years from recordation) FmHA shall have no encumbrance on the following described 2,100 AUM's, together with water rights which serve as base property for said AUM's on which the Beneficiary shall also have no lien position.

Said 2,100 AUM's excluded herefrom are more particularly described as follows:

All rights, privileges, preferences, permits and leases to graze livestock on the federal lands administered by the Bureau of Land Management to the extent of 2,100 AUM's as hereinafter described, which AUM's are based on, apportioned and attached to the base property set forth on page 2 of this Exhibit, and in said BLM grazing permit, whether land base or water base, together with all range improvements and stockwater rights on the federal lands grazed pursuant to these preferences and the cooperative agreements and permits therefor. Said 2,100 AUM's are more particularly described as being located in the Ely Springs Cattle Allotment in the two southern-most fields, which fields or pastures are referred to as pasture number 3, being the southwest pasture, and pasture number 4, being the southeast pasture.

No. 91129
FILED AND RECORDED AT THE OFFICE OF
Dominick Belingheri
25 April 1989
AT 20 MIDDLETOWN 4 DISTRICT X
PLAT BOOK 84 OF OFFICIAL
RECORDS, PAGE 619 LINCOLN
COUNTY, NEVADA


Frank C. Hulse COUNTY CLERK