

Lincoln County

RECORDATION REQUESTED BY:

STATE BANK OF SOUTHERN UTAH  
26 N. MAIN STREET  
P.O. BOX 340  
CEDAR CITY, UT 84720

WHEN RECORDED MAIL TO:

STATE BANK OF SOUTHERN UTAH  
26 N. MAIN STREET  
P.O. BOX 340  
CEDAR CITY, UT 84720

90-98762 TSO

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

THIS DEED OF TRUST IS DATED APRIL 18, 1990, among JOHN MATHEWS, DONNENE MATHEWS, GEORGE C. CRAWFORD and EDRA CRAWFORD, whose address is P. O. BOX 320, PIOCHE, NV 89043 (referred to below as "Grantor"); STATE BANK OF SOUTHERN UTAH, whose address is 26 N. MAIN STREET, P.O. BOX 340, CEDAR CITY, UT 84720 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and LAND TITLE OF NEVADA, A NEVADA CORPORATION, whose address is 2800 WEST SAHARA AVE. BUILDING 3-C, LAS VEGAS, NV 89102 (referred to below as "Trustee").

**CONVEYANCE AND GRANT.** For valuable consideration, Grantor irrevocably grants, bargains, sells and conveys to Trustee with power of sale for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to an estate for years created pursuant to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in LINCOLN County, State of Nevada (the "Real Property"):

SEE EXHIBIT "B"

The Real Property or its address is commonly known as (NO STREET ADDRESS), PIOCHE, NV 89043.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants Lender a Uniform Commercial Code security interest in the Rents and the Personal Property defined below.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS INCLUDING FUTURE ADVANCES AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GOVERNED IN PART BY NRS 106.300 TO 106.400 AND THEREFORE SECURES FUTURE ADVANCES MADE BY LENDER WHICH ARE EITHER OPTIONAL OR OBLIGATORY. THE MAXIMUM AMOUNT OF ADVANCES SECURED BY THIS DEED OF TRUST IS STATED BELOW UNDER THE DEFINITION OF NOTE, WHICH MAXIMUM MAY INCREASE OR DECREASE FROM TIME TO TIME BY AMENDMENT OF THE NOTE. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

**DEFINITIONS.** The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Utah Uniform Commercial Code.

**Beneficiary.** The word "Beneficiary" means STATE BANK OF SOUTHERN UTAH, its successors and assigns. STATE BANK OF SOUTHERN UTAH also is referred to as "Lender" in this Deed of Trust.

**Borrower.** The word "Borrower" means FLAT NOSE RANCH, A NEVADA PARTNERSHIP.

**Deed of Trust.** The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

**Existing indebtedness.** The words "Existing Indebtedness" mean the indebtedness described below in the Existing Indebtedness section of this Deed of Trust.

**Grantor.** The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without limitation JOHN MATHEWS, DONNENE MATHEWS, GEORGE C. CRAWFORD and EDRA CRAWFORD. Any Grantor who signs this Deed of Trust, but does not sign the Note, is signing this Deed of Trust only to grant and convey that Grantor's interest in the Real Property and to grant a security interest in Grantor's interest in the Rents and Personal Property to Lender and is not personally liable under the Note except as otherwise provided by contract or law.

**Improvements.** The word "Improvements" means and includes without limitation all existing and future improvements, fixtures, buildings, structures, mobile homes affixed on the Real Property, facilities, additions and other construction on the Real Property.

**Indebtedness.** The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, this Deed of Trust secures a revolving line of credit, which obligates Lender to make advances to Borrower so long as Borrower complies with all the terms of the Note. Such advances may be made, repaid, and remade from time to time, subject to the limitation that the total outstanding balance owing at any one time, not including interest on such balance at a fixed or variable rate or sum as provided in the Note, any temporary overages, other charges, and any amounts expended or advanced as provided in this paragraph, shall not exceed the Credit Limit as provided in the Note. It is the intention of Grantor and Lender that this Deed of Trust secures the balance outstanding under the Note from time to time from zero up to the Credit Limit as provided above and any intermediate balance.

**Lender.** The word "Lender" means STATE BANK OF SOUTHERN UTAH, its successors and assigns.

**Note.** The word "Note" means the Note dated April 18, 1990, in the principal amount of \$35,025.00 from Borrower to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note.

**Personal Property.** The words "Personal Property" mean all equipment, fixtures, mobile homes, manufactured homes or modular homes which have not been legally acceded to the real property in accordance with Nevada law, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to or located on the Real Property; together with all acccessions, parts, and additions to, all replacements of, and all substitutions for, any of such property, and together with all proceeds and all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

**Property.** The word "Property" means collectively the Real Property and the Personal Property.

**Real Property.** The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.

**Related Documents.** The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments and documents, whether now or hereafter existing, executed in connection with Borrower's indebtedness to Lender.

**Rents.** The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

**Trustee.** The word "Trustee" means LAND TITLE OF NEVADA, A NEVADA CORPORATION and any substitute or successor trustees.

**GRANTOR'S WAIVERS.** Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency, before or after Lender's commencement or completion of any foreclosure action, either judicial or by operation of a power of sale.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (a) this Deed of Trust is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power and right to enter into this Deed of Trust and to hypothecate the Property; (c) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (d) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

**PAYMENT AND PERFORMANCE.** Except as otherwise provided in this Deed of Trust, Borrower shall pay to Lender all indebtedness secured by this Deed of Trust as it becomes due, and Borrower and Grantor shall strictly perform all their respective obligations under this Deed of Trust.

**STATUTORY COVENANTS.** The following Statutory Covenants are hereby adopted and made a part of this Deed of Trust: Covenants Nos. 1, 3, 4, 5, 6, 7, 8 and 9 of N.R.S. 107.030. The rate of interest default for Covenant No. 4 shall be 18.000% per annum. The percent of counsel fees under Covenant No. 7 shall be 10%. Except for Covenants Nos. 6, 7, and 8, to the extent any terms of this Deed of Trust are inconsistent with the Statutory Covenants the terms of this Deed of Trust shall control. Covenants 6, 7, and 8 shall control over the express terms of any inconsistent terms of this Deed of Trust.

**POSSESSION AND MAINTENANCE OF THE PROPERTY.** Grantor and Borrower agree that Grantor's possession and use of the Property shall be governed by the following provisions:

**Possession and Use.** Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property.

**Duty to Maintain.** Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

**Hazardous Substances.** The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1601, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, or about the Property. (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters. (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, or about the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

**Nuisance, Waste.** Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Specifically without limitation, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

**Removal of Improvements.** Grantor shall not demolish or remove any improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

**Lender's Right to Enter.** Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

**Compliance with Governmental Requirements.** Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Duty to Protect.** Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

**DEED ON SALE - CONSENT BY LENDER.** Lender may, at its option, declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property or any mobile home or manufactured home located on the property whether or not it is legally a part of the real property. A "sale or transfer" means the conveyance of real property or any right, title or interest therein; whether legal or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of real property interest. If any Grantor is a corporation or partnership, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock or partnership interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Nevada law.

**TAXES AND LIENS.** The following provisions relating to the taxes and liens on the Property are a part of this Deed of Trust.

**Payment.** Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due, except for the existing indebtedness referred to below, and except as otherwise provided in this Deed of Trust.

**Right To Contest.** Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**Evidence of Payment.** Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

**Notice of Construction.** Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialman's lien, or other lien could be asserted on account of the work, services, or materials and the cost exceeds \$1,000.00. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

**PROPERTY DAMAGE INSURANCE.** The following provisions relating to insuring the Property are a part of this Deed of Trust.

**Maintenance of Insurance.** Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any co-insurance clause, and with a standard mortgage clause in favor of Lender, together with such other insurance, including but not limited to hazard, liability, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including

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stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender.

**Application of Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$500.00. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

**Unexpired Insurance of Sale.** Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

**Compliance with Existing Indebtedness.** During the period in which any Existing Indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing Indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust, to the extent compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

**Grantor's Report on Insurance.** Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

**EXPENDITURES BY LENDER.** If Grantor fails to comply with any provision of this Deed of Trust, including any obligation to maintain Existing Indebtedness in good standing as required below, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

**WARRANTY; DEFENSE OF TITLE.** The following provisions relating to ownership of the Property are a part of this Deed of Trust.

**Title.** Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

**Defense of Title.** Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**Compliance With Laws.** Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

**EXISTING INDEBTEDNESS.** The following provisions concerning existing indebtedness (the "Existing Indebtedness") are a part of this Deed of Trust.

**Existing Lien.** The lien of this Deed of Trust securing the Indebtedness may be secondary and inferior to an existing lien. Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

**Default.** If the payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the note evidencing such indebtedness, or should a default occur under the instrument securing such indebtedness and not be cured during any applicable grace period therein, then, at the option of Lender, the Indebtedness secured by this Deed of Trust shall become immediately due and payable, and this Deed of Trust shall be in default.

**No Modification.** Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under any such security agreement without the prior written consent of Lender.

**CONDEMNATION.** The following provisions relating to proceedings in condemnation are a part of this Deed of Trust.

**Application of Net Proceeds.** If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees necessarily paid or incurred by Grantor, Trustee or Lender in connection with the condemnation. Grantor waives any legal or equitable interest in the net proceeds and any right to require any apportionment of the net proceeds of the award. Grantor agrees that Lender is entitled to apply the award in accordance with this paragraph without demonstrating that its security has been impaired.

**Proceedings.** If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

**IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.** The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

**Current Taxes, Fees and Charges.** Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

**Taxes.** The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (b) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

**Subsequent Taxes.** If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

**SECURITY AGREEMENT; FINANCING STATEMENTS.** The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

**Security Agreement.** This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Nevada Uniform Commercial Code as amended from time to time.

**Security Interest.** Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Real and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

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**Addresses.** The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Nevada Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

**FURTHER ASSURANCES; ATTORNEY-IN-FACT.** The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust.

**Further Assurances.** At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor and Borrower under the Note, this Deed of Trust, and the Related Documents, and (b) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

**Attorney-in-Fact.** If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

**DEFAULT.** Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Deed of Trust:

**Default on Indebtedness.** Failure of Borrower to make any payment when due on the indebtedness.

**Default on Other Payments.** Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

**Default on Subordinate Indebtedness.** Default by Grantor under any subordinate obligation or instrument securing any subordinate obligation or commencement of any suit or other action to foreclose any subordinate lien on the Property.

**Compliance Default.** Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

**Breaches.** Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor or Borrower under this Deed of Trust, the Note or the Related Documents is, or at the time made or furnished was, false in any material respect.

**Insolvency.** The insolvency of Grantor or Borrower, appointment of a receiver for any part of Grantor or Borrower's property, any assignment for the benefit of creditors, the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor or Borrower, or the dissolution or termination of Grantor or Borrower's existence as a going business (if Grantor or Borrower is a business). Except to the extent prohibited by federal law or Nevada law, the death of Grantor or Borrower (if Grantor or Borrower is an individual) also shall constitute an Event of Default under this Deed of Trust.

**Foreclosure, etc.** Commencement of foreclosure, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or such Guarantor dies or becomes incompetent or any Guarantor revokes any guaranty of the indebtedness.

**Existing Indebtedness.** Default of Grantor under any Existing Indebtedness or under any instrument on the Property securing any Existing Indebtedness, or commencement of any suit or other action to foreclose any existing lien on the Property.

**RIGHTS AND REMEDIES ON DEFAULT.** Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

**Accelerate Indebtedness.** Lender shall have the right at its option without notice to Grantor or Borrower to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Borrower would be required to pay.

**Foreclosure.** With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**UCC Remedies.** With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Nevada Uniform Commercial Code.

**Collect Rents.** Lender shall have the right, without notice to Grantor or Borrower, to take possession of and manage the Property, and, whether or not Lender takes possession, collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount and without any showing as required by N.R.S. 107.100. Employment by Lender shall not disqualify a person from serving as a receiver.

**Tenancy at Sufferance.** If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Lender.

**Other Remedies.** Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

**Notice of Sale.** Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Notices given by Lender or Trustee under the real property foreclosure proceedings shall be deemed reasonable. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

**Sale of the Property.** To the extent permitted by applicable law, Grantor and Borrower hereby waive any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. The power of sale under this Deed of Trust shall not be exhausted by any one or more sales (or attempts to sell) as to all or any portion of the Real Property remaining unsold, but shall continue unimpaired until all of the Real Property has been sold by exercise of the power of sale and all Indebtedness has been paid in full.

**Waiver; Election of Remedies.** A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor or Borrower under this Deed of Trust after failure of Grantor or Borrower to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

**Attorneys' Fees; Expenses.** If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining

BOOK

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title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. Fees and expenses shall include attorneys' fees incurred by Lender, Trustee or both, if either or both are made parties to any action to enjoin foreclosure, or any other legal proceeding instituted by Trustor. The fees and expenses are secured by this Deed of Trust and recoverable from the Property.

**Rights of Trustee.** Trustee shall have all of the rights and duties of Lender as set forth in this section.

**POWERS AND OBLIGATIONS OF TRUSTEE.** The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust.

**Powers of Trustee.** In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

**Obligations to Notify.** Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

**Trustee.** Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

**Successor Trustee.** Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of LINCOLN County, Nevada. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Deed of Trust:

**Amendments.** This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Annual Reports.** If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

**Applicable Law.** This Deed of Trust has been delivered to Lender and accepted by Lender in the State of Utah. Except as set forth hereinafter, this Deed of Trust shall be governed by, construed and enforced in accordance with the laws of the State of Utah, except and only to the extent of procedural matters related to the perfection and enforcement by Lender of its rights and remedies against the Property, which matters shall be governed by the laws of the State of Nevada. However, in the event that the enforceability or validity of any provision of this Deed of Trust is challenged or questioned, such provision shall be governed by whichever applicable state or federal law would uphold or would enforce such challenged or questioned provision. The loan transaction which is evidenced by the Note and this Deed of Trust (which secures the Note) has been applied for, considered, approved and made in the State of Utah.

**Caption Headings.** Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

**Merger.** There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

**Multiple Parties.** All obligations of Grantor and Borrower under this Deed of Trust shall be joint and several, and all references to Borrower shall mean each and every Borrower, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Deed of Trust. Where any one or more of the parties are corporations or partnerships, it is not necessary for Lender to inquire into the powers of any of the parties or of the officers, directors, partners, or agents acting or purporting to act on their behalf.

**Severability.** If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

**Successors and Assigns.** Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the Indebtedness.

**Time Is of the Essence.** Time is of the essence in the performance of this Deed of Trust.

**Waivers and Consents.** Lender shall not be deemed to have waived any rights under this Deed of Trust (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor or Borrower, shall constitute a waiver of any of Lender's rights or any of Grantor or Borrower's obligations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

**Waiver of Homestead Exemption.** Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Nevada as to all Indebtedness secured by this Deed of Trust.

**EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.**

GRANTOR:

x John Mathews  
JOHN MATHEWS

x Donne Mathews  
DORNENE MATHEWS

x George L. Crawford  
GEORGE L. CRAWFORD

x Edra Crawford  
EDRA CRAWFORD

04-18-1990  
Loan No 906768

DEED OF TRUST  
(Continued)

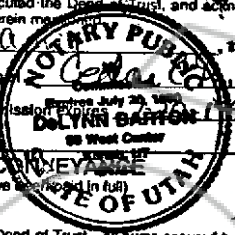
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Utah  
COUNTY OF Wasatch

On this day before me, the undersigned Notary Public, personally appeared JOHN MATHEWS, DONNENE MATHEWS, GEORGE C. CRAWFORD and EDRA CRAWFORD, to me known to be the individuals described in and who executed the Deed of Trust, and acknowledged that they signed the Deed of Trust as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 18<sup>th</sup> day of August 1990.

By [Signature] Residing at \_\_\_\_\_  
Notary Public in and for the State of Utah My commission expires July 20, 1990



REQUEST FOR FULL RECONVEYANCE  
(To be used only when obligations have been paid in full)

To: \_\_\_\_\_, Trustee  
The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed, upon payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to any applicable statute, to cancel the Note secured by this Deed of Trust (which is delivered to you together with this Deed of Trust), and to reconvey, without warranty, to the parties designated by the terms of this Deed of Trust, the estate now held by you under this Deed of Trust. Please mail the reconveyance and Related Documents to:

Date: \_\_\_\_\_ Beneficiary: \_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

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Lincoln County

EXHIBIT "B"

Principal	Loan Date	Maturity	Loan No.	Call	Collateral	Account	Officer	Initials
\$35,025.00	04-18-1990	10-01-1990	906768		40	906768	DCB	

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: FLAT NOSE RANCH, A NEVADA PARTNERSHIP  
P. O. BOX 320  
PIOCHE, NV 89043

Lender: STATE BANK OF SOUTHERN UTAH  
CEDAR CITY  
26 N. MAIN STREET  
P.O. BOX 340  
CEDAR CITY, UT 84720

This EXHIBIT "B" is attached to and by this reference is made a part of each Deed of Trust or Mortgage, dated April 18, 1990, and executed in connection with a loan or other financial accommodations between STATE BANK OF SOUTHERN UTAH and FLAT NOSE RANCH, A NEVADA PARTNERSHIP.

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

PARCEL I:

The Northeast Quarter (NE 1/4) of the Southwest Quarter (SW 1/4) of Section 2, and Lot Three (3) and the Southeast Quarter (SE 1/4) of the Northwest Quarter (NW 1/4) of Section 3, in Township 1 South, Range 69 East, M.D.B. & M., Lincoln County, Nevada.

PARCEL II:

The Southwest Quarter (SW 1/4) of the Southeast Quarter ((SAE 1/4) of Section 34, Township 1 North, Range 69 East, M.D.B. & M., and Lots Two (2) and Three (3) and the South Half (S 1/2) of the Northwest Quarter (NW 1/4) of Section 2, and Lots One (1) and Two (2) and the South Half (S 1/2) of the Northeast Quarter (NE 1/4) of Section 3, all in Township 1 South, Range 69 East, M.D.B. & M., Lincoln County, Nevada.

PARCEL III:

The point of beginning is a steel fence post located on the Mount Diablo base line, or a point from which the South Quarter (S 1/4) corner of Section 36, Township 1 North, Range 68 East, bears due West 1590.75 feet, (this is marked by a Brass Cap, set in 1971 by the U.S. Coast and Geodetic Survey), thence South 26-08W 393.00 feet, more or less to a steel fence post; thence S63-08E 1570.00 feet, more or less to a steel fence post; thence S26-52W 77.00 feet, more or less to a steel fence post; thence S26-08E 125.00 feet, more or less to the center of the Meadow Valley Flood Channel; thence Northeast along said Flood Channel to a point where it intersects the East line of Lot Four (4) (Also West line of Lot Three (3) located with the Northwest Quarter (NW 1/4) of Section 5, Township 1 South, Range 69 East, or at a point in the center of the Flood Channel approximately 750.00 feet South of the Mount Diablo Base Line; thence North 750.00 feet, more or less to the Northeast corner of said Lot Four (4) (located on the Mount Diablo Base Line); thence East 2250 feet more or less along the Mount Diablo base line to the Southeast corner of the Southwest Quarter (SW 1/4) of the Southeast Quarter (SE 1/4) of Section 31, Township 1 North, Range 69 East; thence North 1320 feet, more or less to the Northeast corner of the Southwest Quarter (SW 1/4) of the Southeast Quarter (SE 1/4) of Section 31; thence East 2640 feet, more or less to the Northwest corner of the Southeast Quarter (SE 1/4) of the Southwest Quarter (SW 1/4) of Section 32, Township 1 North, Range 69 East, M.D.B. & M.; thence South 1320.00 feet, more or less to the Southwest corner of the Southeast Quarter (SE 1/4) of the Southwest Quarter (SW 1/4) of Section 32; thence East 3040.00 feet, more or less along

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(Continued)

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the Mount Diablo Base Line to the Northwest corner of Lot One (1) (located within the Northeast Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of Section 4, Township 1 South, Range 69 East); thence South 660.00 feet, more or less along the West line of said Lot One (1) to the Southwest corner of said Lot One (1); thence East 2640.00 feet, more or less to the Southeast Corner of Lot Four (4) (located within the Northwest Quarter (NW 1/4) of the Northwest Quarter (NW 1/4) of Section 3, Township 1 South, Range 69 East); thence North 660.00 feet, more or less to the Northwest corner of said Lot Four (4) (located on the Mount Diablo Base Line); thence West 410.00 feet, more or less along the Mount Diablo Base Line to the Southeast corner of the Southwest Quarter (SW 1/4) of the Southwest Quarter (SW 1/4) of Section 33, Township 1 North, Range 69 East; thence North 1320.00 feet, more or less, to the Northeast corner of the Southwest Quarter (SW 1/4) of the Southwest Quarter (SW 1/4) of Section 33; thence 3960.00 feet, more or less to the Northwest corner of the Southwest Quarter (SW 1/4) of the Southeast Quarter (SE 1/4) of Section 32, Township 1 North, Range 69 East; thence North 1320.00 feet, more or less to the Northeast corner of the Northeast Quarter (NE 1/4) of the Southwest Quarter (SW 1/4) of Section 32; thence West 1320.00 feet, more or less to the Southeast corner of the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4) of Section 32; thence North 1950.00 feet, more or less to a point in the center of the Meadow Valley Flood Channel (located along the East line of the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4) of Section 32; thence Westerly 1320.00 feet, more or less along said Flood Channel to a point of the West line of the Northwest Quarter (NW 1/4) of the Northwest Quarter (NW 1/4) of said Section 32; thence Southwesterly 1130.00 feet, more or less along said Flood Channel to the South line of the Northeast Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of Section 31, Township 1 North, Range 69 East; thence West 250.00 feet, more or less along the South line of the Southwest Corner of the Northeast Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of Section 31; thence South 130.00 feet, more or less, to the center of the Flood Channel; thence Southwesterly 1650 feet, more or less to the North line of the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of Section 31; thence West 2800.00 feet, more or less to the Northwest corner of the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of Section 31 (located on the R68-R69E Range Line, this point is a Brass Cap marked 1/4 corner S-36 R68E/S431 R69E set in 1974); thence South 1320 feet, more or less to the Northwest corner of the Southwest Quarter (SW 1/4) of the Southwest Quarter (SW 1/4) of Section 31, Township 1 North, Range 69 East; thence West 316.00 feet, more or less along the North line of the Southwest Quarter (SW 1/4) of the Southeast Quarter (SE 1/4) of Section 36, Township 1 South, Range 69 East; thence S26-03W 1470.00 feet, more or less to the POINT OF BEGINNING.



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EXCEPTING THEREFROM the Southwest Quarter (SW 1/4) and the Northwest Quarter (NW 1/4) of the Southeast Quarter (SE 1/4) of Section 31 and all that portion lying within the Northwest Quarter (NW 1/4) of Section 5.

PARCEL IV:

The East Half (E 1/2) of the Southwest Quarter (SW 1/4) of Section 31, Township 1 North, Range 69 East, M.D.B. & M.

PARCEL V:

Government Lots Three (3) and Four (4) in Section 31, Township 1 North, Range 69 East, M.D.B. & M.

EXCEPTING THEREFROM, the following described Parcels:

A. That part of the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of Section 31, Township 1 North, Range 69 East, M.D.B. & M., lying North of Highway from Pioche to Echo Dam, being more particularly described as follows:

BEGINNING at the Northeast corner of the Southwest Quarter (SW 1/4) of Section 31; thence South along West line of said Section 31, 536.00 feet, more or less to the North right of way line of said Highway; thence Northeasterly along the Northerly right of way of said Highway to a point on the North line of said Southwest Quarter (SW 1/4) of Section 31; thence West along the North line of said Southwest Quarter (SW 1/4) of Section 31, 620.00 feet, more or less to the POINT OF BEGINNING.

B. A parcel of land within the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of Section 31, Township 1 North, Range 69 East, M.D.B. & M., described as follows:

BEGINNING at the West Quarter (W 1/4) corner of said Section 31, marked by a Brass Cap; thence South 89°20'30" East along the Quarter (1/4) Section line 860.79 feet to the Northwest (NW) corner of said Parcel One (1), or TRUE POINT OF BEGINNING; thence continuing South 69°20'30" East, along said Quarter (1/4) Section line 208.71 feet to the Northeast (NE) corner; thence South 0°39'30" West, 208.71 feet to the Southeast (SE) corner; thence North 89°20'30" West, 208.71 feet to the Southwest (SW) corner; thence North 0°39'30", 208.71 feet to the Northeast (NE) corner of PLACE OF BEGINNING.

PARCEL VI:

A parcel of land within the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of Section 31, Township 1 North, Range 69 East, M.D.B. & M., described as follows:

BEGINNING at the West Quarter (W 1/4) corner of said Section 31, marked by a Brass Cap; thence South 89°20'30" East along the Quarter (1/4) Section line 860.79 feet to the Northwest (NW) corner of said Parcel One (1), or TRUE POINT OF BEGINNING; thence continuing South 89°20'30" East, along said Quarter (1/4) Section line 208.71 feet to the Northeast (NE) corner; thence South 0°39'30" West, 208.71 feet, to the Southeast (SE) corner; thence North 89°20'30" West, 208.71 feet to the Southwest (SW) corner; thence North 0°39'30", 208.71 feet to the Northeast (NE) corner of PLACE OF BEGINNING.

PARCEL VII:

The Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4) of Section 31, Township 1 North, Range 69 East, M.D.B. & M.

EXCEPTING from Parcels I thru VII above any and all State and County roads that may exist on said land.

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Together with any and all appurtenant water rights specifically set forth as follows:

WATER RIGHTS AND APPLICATION NUMBERS:

Permit #16493, Certificate #5629  
 Permit #18352, Certificate #6252  
 Permit #20829, Certificate #7402  
 Permis #22469, Certificate #7896  
 Permit #24217, Certificate #8726  
 Permit #24218, Certificate #8727  
 Permit #24219, Certificate #8728  
 Permit #24509, Certificate #9259  
 Permit #37560, Proof of Beneficial Use Lacking  
 Permit #37561, Proof of Beneficial Use Lacking  
 Permit #43770, Proof of Beneficial Use Lacking  
 Permit #43771, Proof of Beneficial Use Lacking  
 Permit #22260, Certificate #7596  
 Permit #27586

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PLA RECORD TO  
 Dominick Belingheri  
 April 27, 1990  
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 WINDSON  
 CO N.Y. S.A.D.A.

FRANK C. HULSE  
 COUNTY REC. OFF.  
 By: Shonda Zehner, Deputy

THIS EXHIBIT "B" IS EXECUTED ON APRIL 18, 1990.

BORROWER:

FLAT NOSE RANCH 7A NEVADA PARTNERSHIP

By: John Mathews  
 JOHN MATHEWS, General Partner

LENDER:

STATE BANK OF SOUTHERN UTAH

By: Edna Crawford  
 Authorized Officer

Edna Crawford  
 Edna Crawford

Donnane Mathews  
 Donnane Mathews

By: George C. Crawford  
 GEORGE C. CRAWFORD, General Partner