

Escrow No. 153696-DAP
WHEN RECORDED, MAIL TO:
Beneficiary
562 Pheasant Road
Adrin, OR 97901

**DEED OF TRUST AND SECURITY AGREEMENT
WITH ASSIGNMENT OF RENTS**
(Lincoln County)

THIS DEED OF TRUST AND SECURITY AGREEMENT WITH ASSIGNMENT OF RENTS (hereinafter referred to as "this Agreement") is made this 2nd day of July, 1990, by and among GLENN S. IHOLTS and GAIL E. IHOLTS, husband and wife, as trustor and debtor ("Trustor"), whose address is: Star Route Box 22, Alamo, NV 89001, FIRST AMERICAN TITLE COMPANY OF NEVADA, a Nevada corporation, as trustee ("Trustee"), and JAMES W. FRANKLIN and E. LOIS FRANKLIN, husband and wife, as joint tenants with right of survivorship, as beneficiary and secured party ("Beneficiary"), whose address is: 562 Pheasant Road, Adrin, OR 97901.

W I T N E S S E T H :

1. **COLLATERAL.** The collateral which is encumbered hereby ("the Collateral") is certain real and personal property situate in Lincoln County, Nevada. The Collateral consists of the real and personal property situate in the County of Lincoln, State of Nevada, described in Exhibit "A" attached hereto and incorporated herein by this reference, together with all tenements, hereditaments, appurtenances, easements, water rights, reversions, remainders, mineral, oil and gas rights and profits appurtenant thereto, used in connection therewith, or any portion thereof; and the following:

(a) All of the estate and interest, and any claim in law or in equity, which Trustor may hereafter acquire in the Collateral;

(b) The rents, royalties, issues, profits and income of the Collateral, and all rights of Trustor under all present and future leases affecting the Collateral;

(c) All proceeds and claims arising on account of any damage to, or taking of, the Collateral, or any part thereof, and all claims for relief and recoveries for any loss or diminution in value of the Collateral; and

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(d) All of Trustor's general intangibles relating to the development or use of the Collateral, including, but not limited to, all governmental approvals and permits relating to construction of improvements on the Property.

That portion of the Collateral which is real property is herein sometimes referred to as "the Real Property Collateral", and that portion of the Collateral which is personal property is herein sometimes referred to as "the Personal Property Collateral".

2. CREATION OF SECURITY INTEREST IN THE COLLATERAL.

Pursuant to Chapter 107 of the Nevada Revised Statutes, Trustor grants to Trustee, in trust, with power of sale, the Real Property Collateral for the purpose of securing the obligations described in Paragraph 3 hereinbelow; and pursuant to Article 9 of Chapter 104 of the Nevada Revised Statutes, Trustor grants to Beneficiary a security interest in the Personal Property Collateral for the purpose of securing the obligation described in Paragraph 3 hereinbelow.

3. OBLIGATIONS SECURED. The security interest in the Collateral hereby granted is for the purpose of securing the following described obligations:

(a) Payment of Trustor's indebtedness and performance of Trustor's obligations under a promissory note of even date herewith in the principal amount of \$180,000.00 according to the terms thereof, which is made by Trustor payable to Beneficiary, or order, ("the Note"), and any and all extensions, modifications or renewals thereof;

(b) Performance of each agreement of Trustor incorporated herein by reference or contained herein;

(c) Payment of such additional sums and interest thereon which may be hereafter loaned by Beneficiary to Trustor, its successors or assigns, when such additional sums loaned to Trustor are evidenced by a promissory note or notes reciting that they are secured by this Agreement;

(d) Payment of the expenses and costs incurred or paid by Beneficiary in the preservation, enforcement and realization of the rights of Beneficiary hereunder or under any of the other obligations secured hereby including, but not limited to, attorney's fees, court costs, other litigation expenses and foreclosure expenses;

(e) Payment of the expenses and costs incurred or paid by Beneficiary to preserve, maintain and rehabilitate the Collateral;

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(f) Payment of the expenses and costs incurred or paid by Beneficiary in performing the duties of Trustor pursuant to the obligations secured hereby or under this Agreement for the account of Trustor; and

(g) The performance of each and every obligation of Trustor as lessor under any and all leases executed in connection with the Collateral.

4. CLASSIFICATION OF PERSONAL PROPERTY COLLATERAL. Trustor acknowledges that at the time the security interest created hereby attaches, the Personal Property Collateral consists of consumer goods and equipment.

5. DEFINITION OF DEFAULT. The occurrence of any of the following shall be a default under this Agreement by Trustor:

(a) Failure of Trustor to pay when due any obligation secured hereby;

(b) Failure of Trustor to perform any other obligation secured hereby or contained herein when the same should be performed;

(c) Breach by Trustor of any warranty, covenant or representation contained herein;

(d) Filing of a petition by or against Trustor under any State or Federal law relating to the relief of debtors;

(e) Attachment or levy on any property of Trustor;

(f) Any significant or material or substantial adverse change in the financial condition of Trustor;

(g) The dissolution or insolvency by Trustor, or by any surety or guarantor of any obligation of Trustor to Beneficiary; or

(h) Removal of any portion of the Collateral from the State of Nevada without the written consent of Beneficiary having been first obtained.

6. ACCELERATION. Upon the occurrence of a default hereunder, Beneficiary may, at its option, declare immediately due and payable all obligations of Trustor to Beneficiary secured by the Collateral, and the same shall thereupon become immediately due and payable without notice to, or demand on, Trustor, except as otherwise required by law.

7. PROTECTION AND PRESERVATION OF SECURITY. For the protection and preservation of the Collateral, Trustor and

Beneficiary agree to be further bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B, both of which are incorporated herein by this reference as set forth in the fictitious Deed of Trust recorded in the office of the County Recorder of Lincoln County, State of Nevada, as Document No. 45902, (a copy of such subdivision A and B is attached hereto as Exhibit "B" and by this reference made a part hereof). In the event of any inconsistency between the terms and provisions hereof and those contained in such subdivisions, or in the event that the terms and provisions contained in such subdivisions are more general than those contained herein, the terms and provisions herein shall govern. The term "Deed of Trust" as used in such subdivisions shall be deemed synonymous with the term "Agreement" as used herein, and the use of the term "property" in such subdivisions shall be synonymous with the term "Collateral" as used herein.

8. **BENEFICIARY STATEMENT.** Beneficiary may charge for a statement regarding the unpaid indebtedness secured hereby, provided the charge therefor is in a reasonable amount.

9. **REMEDIES.** The rights, powers and remedies given to Beneficiary by this Agreement shall be in addition to all rights, powers and remedies given to Beneficiary by virtue of any statute or rule of law. Any forbearance or failure or delay by Beneficiary in exercising any right, power or remedy hereunder shall not be deemed to be a waiver of any other right, power or remedy, nor as a continuing waiver.

Beneficiary shall have the option of exercising any and all remedies it may possess under NRS Chapters 107 and 104 or any other remedy it may possess in law or equity and may exercise such remedies concurrently, consecutively in any order, or alternatively, and at its sole discretion. Without in any way limiting the generality of the foregoing, upon the occurrence of a default by Trustor, Beneficiary may proceed under Article 9 of Chapter 104 of the Nevada Revised Statutes as to the Personal Property Collateral, and under Chapter 107 of the Nevada Revised Statutes as to both the Real Property Collateral and Personal Property Collateral in accordance with Beneficiary's rights and remedies with respect to the Real Property Collateral, in which case, the provisions of Article 9 of Chapter 104 of the Nevada Revised Statutes do not apply.

Trustor hereby acknowledges that the sale of the Collateral by Trustee after default of Trustor pursuant to the provisions of this Agreement and Chapter 107 of the Nevada Revised Statutes (as the same may be amended from time to time) or pursuant to a court order rendered in a judicial foreclosure proceeding, shall be deemed to constitute a "commercially reasonable" sale within the

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meaning of Article 9 of Chapter 104 of the Nevada Revised Statutes, as to the Personal Property Collateral.

Notwithstanding any provision to the contrary set forth herein, Beneficiary may, at its sole discretion, choose such other means for sale of the Personal Property Collateral, or a portion or portions thereof, which Beneficiary deems to be reasonable, so long as such sale complies with the provisions of Article 9 of Chapter 104 of the Nevada Revised Statutes. In such event Beneficiary shall, in its sole discretion, determine which of the Collateral is personal property and therefore subject to the provisions of such Article 9.

10. PURCHASE MONEY. Trustor acknowledges that the proceeds of said obligations secured hereby are to be used to enable Trustor to acquire rights in, or the use of, a portion of the Collateral.

11. NOTICES. Any notices required to be given to the parties hereto shall be deemed delivered when mailed to such party at the following addresses:

(a) To Beneficiary at: 562 Pheasant Road
Adrin, OR 97901

(b) To Trustor at: Star Route Box 22
Alamo, NV 89001

12. LOCATION OF COLLATERAL. Trustor warrants and acknowledges that the Collateral will not be removed from its present location without the prior written consent of Beneficiary.

Glenn S. Iholts
Glenn S. Iholts

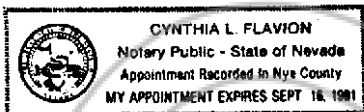
Gail E. Iholts
Gail E. Iholts
"Trustor"

James W. Franklin
James W. Franklin

E. Lois Franklin
E. Lois Franklin
"Beneficiary"

STATE OF NEVADA)
County of Nye) ss.

On this 6th day of July, 1990, personally appeared before me, a Notary Public, Glenn S. Iholts and Gail E. Iholts, personally known or proved to me to be the persons whose names are subscribed to the above instrument who acknowledged that they executed the above instrument.



Cynthia L. Flavion
Notary Public

STATE OF NEVADA)
County of _____) ss.

On this _____ day of _____, 1990, personally appeared before me, a Notary Public, James W. Franklin and E. Lois Franklin, personally known or proved to me to be the persons whose names are subscribed to the above instrument who acknowledged that they executed the above instrument.

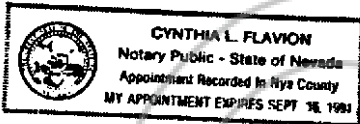
Notary Public

Jnd

Lincoln County

STATE OF NEVADA)
) ss:
COUNTY OF Nye)

On the 6th day of July, 1990, personally appeared before me, a Notary Public, JAMES W. FRANKLIN, personally known or proved to me to be the person whose name is subscribed to the above instrument and who acknowledged that he executed the above instrument.



Cynthia L. Flavon
Notary Public

STATE OF Oregon)
) ss:
COUNTY OF Malheur)

On the 10th day of July, 1990, personally appeared before me, a Notary Public, E. LOIS FRANKLIN, personally known or proved to me to be the person whose name is subscribed to the above instrument and who acknowledged that she executed the above instrument.

Burdette K. Freytag
Notary Public 8-04-93

Handwritten mark

EXHIBIT "A"

All that certain real property situate in the County of Lincoln, State of Nevada, described as follows:

PARCEL 1

TOWNSHIP 4 SOUTH, RANGE 55 EAST, M.D.B. & M.

Section 2: Lots 1, 2, 3; and the Southwest Quarter (SW 1/4) of the Northeast Quarter (NE 1/4).

PARCEL 2

TOWNSHIP 3 SOUTH, RANGE 55 EAST, M.D.B. & M.

Section 35: South Half (1/2) of the South East Quarter (1/4).

Together with all of Grantors' right, title and interest in and to all of those water rights under Certificate Nos. 10867, 12236 and 12241 issued by the State of Nevada and currently on file in the Office of the State Engineer of the State of Nevada.

Together with a 1980 Fleetwood Mobile Home, Broadmore model, Serial No. 4906, and all irrigation equipment, including but not limited to eight (8) wheel lines and one (1) pivot, located on and used in connection with the Property.

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No. _____
FILED AND RECORDED AT REQUEST OF
First American Title Co.
July 18, 1990
AT 25 MINUTES PAST 4 O'CLOCK
P.M. IN BOOK 91 OF OFFICIAL
RECORDS, PAGE 421 LINCOLN
COUNTY, NEVADA.

FRANK C. HULSE
COUNTY RECORDER

By Brenda Fisher, Deputy

And