

When Recorded, Mail To:

Attn: Construction Loan Dept.
Zions First National Bank
40 East St. George Boulevard
St. George, Utah 84770

Loan No.: 743-2876906-4001
Order No.: 426110EY

[Space Above This Line For Recorder's Use]

DEED OF TRUST

THIS TRUST DEED, made this 17th day of September, 1996, between

SHONNA LEE DONOHUE and ANTHONY PAUL DONOHUE
wife and husband

, as TRUSTOR, whose address is

50 OSCEOLA, POCHE, NEVADA 89043
(Street and number) (City) (State)

ZIONS FIRST NATIONAL BANK, NA

, as TRUSTEE, and

Zions First National Bank

as BENEFICIARY.

426110

WITNESSETH: That Trustor CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in LINCOLN County, State of NEVADA:

SEE EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE MADE APART HEREOF.

Together with all buildings, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with said property, or any part thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits;

FOR THE PURPOSE OF SECURING (1) payment of the indebtedness evidenced by a Trust Deed Note of even date herewith, in the principal sum of \$ 95,200.00, made by Trustor, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth, and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; (4) any amounts which may be due under a Construction Loan Agreement of even date herewith between Trustors and Beneficiary; and (5) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed thereon; to comply with all laws, covenants and restrictions affecting said property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general; and, if the loan secured hereby or any part thereof is being obtained for the purpose of financing construction of improvements on said property, Trustor further agrees:

- (a) To commence construction promptly and to pursue same with reasonable diligence to completion in accordance with plans and specifications satisfactory to Beneficiary.
- (b) To allow Beneficiary to inspect said property at all times during construction.
- (c) To furnish such lien waivers as Beneficiary may require.
- (d) Comply with all terms and conditions of any Construction Loan Agreement which may be executed in connection with this Trust Deed.

Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

2. To provide and maintain insurance, of such type or types and amounts as Beneficiary may require, on the improvements now existing or hereafter erected or placed on said property. At Beneficiary's request, Trustor shall deliver certificates or policies evidencing such insurance. Such insurance shall be carried in companies approved by Beneficiary with loss payable clauses in favor of and in form acceptable to Beneficiary. In event of loss, Trustor shall give immediate notice to Beneficiary, who may make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Trustor and Beneficiary jointly, and the insurance proceeds, or any part thereof, may be applied by Beneficiary, at its option, to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event that the Trustor shall fail to provide satisfactory hazard insurance, the Beneficiary may procure, on the Trustor's behalf, insurance in favor of the Beneficiary alone. If insurance cannot be secured by the Trustor to provide the required coverage, this will constitute an act of default under the terms of this Trust Deed.

3. To deliver to, pay for and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

4. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to said property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum incurred by Beneficiary or Trustee.

5. To pay at least 10 days before delinquency all taxes and assessments affecting said property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with said property; to pay, when due, all encumbrances, charges, and liens with interest, on said property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this Trust.

6. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may, Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay his reasonable fees. Any payments made by Beneficiary or Trustee hereunder shall constitute additional indebtedness secured hereby and shall bear interest at the interest rate provided in the Trust Deed Note.

7. At Beneficiary's request, 1/12 of the annual taxes and fire insurance premiums will be paid monthly to Beneficiary.

8. At Beneficiary's reasonable request, Trustor shall provide evidence of the value of the property covered by this Trust Deed by delivering to Beneficiary appraisals of the property in a form satisfactory to Beneficiary from appraisers acceptable to Beneficiary. Trustor acknowledges that Trustor will provide appraisals which meet with the requirements of this section should such appraisals be requested or required by any agency having regulatory authority over Beneficiary or any affiliated company of Beneficiary.

9. At Beneficiary's request, Trustor shall provide current financial information concerning Trustor and the property in form and content acceptable to Beneficiary.

IT IS MUTUALLY AGREED THAT:

10. In the event Trustor shall assign, transfer or convey any interest or right in said property without the prior written consent of Trustee, such assignment, transfer or conveyance shall constitute a default on the part of Trustor hereunder and Trustee thereupon shall have the right, at its election, to exercise any of the rights provided for in the event of Trustor's default specified herein.

11. Should said property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights or action and proceeds, including the proceeds of any policies of fire and other insurance affecting said property, are hereby assigned to Beneficiary, who may, after deducting therefrom all its expenses, including attorney's fees, apply the same on any indebtedness secured hereby. Trustor agrees to execute such further assignments of any compensation, award, damages, and rights or action and proceeds as Beneficiary or Trustee may require.

12. At any time and from time to time upon written request of Beneficiary, payment of its fees and presentation of this Trust Deed and the note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby, Trustee may (a) consent to the making of any map or plat of said property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof; (d) grant any extension or modification of the terms of this loan; (e) reconvey, without warranty, all or any part of said property. The grantee in any reconveyance may be described as "the person or persons entitled thereto", and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. Trustor agrees to pay reasonable Trustee's fees for any of the services mentioned in this paragraph.

13. As additional security, Trustor hereby assigns to Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such monies shall cease and Beneficiary shall have the right, with or without taking possession of the property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such monies shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option.

14. Upon any default by Trustor hereunder, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for other otherwise collect said rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

15. The entering upon and taking possession of said property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensations or awards for any taking or damage of said property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice hereunder or invalidate any act done pursuant to such notice.

16. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

17. Time is of the essence hereof. Upon default by Trustor in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause said property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein said property of some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the note and all documents evidencing expenditures secured hereby.

18. After the lapse of such time as may then be required by law, following the recordation of said notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property on the date and at the time and place designated in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be compelled and, in every such case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale in such manner and for such period as provided in accordance with Utah law in effect at the time of such sale. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warrant, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (1) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's and attorney's fees; (2) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at 10% per annum from date of expenditure; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

19. Trustor agrees to surrender possession of the hereinabove described Trust property to the Purchaser at the aforesaid sale, immediately after such sale, in the event such possession has not previously been surrendered by Trustor.

20. Upon the occurrence of any default hereunder, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceedings all costs and expenses incident thereto, including a reasonable attorney's fee in such amount as shall be fixed by the court.

21. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which said property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of the trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law.

22. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the note secured hereby. In this Trust Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

23. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

24. This Trust Deed shall be construed according to the laws of the State of Utah.

25. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinbefore set forth.

**26. ARBITRATION
ARBITRATION DISCLOSURES:**

1. ARBITRATION IS USUALLY FINAL AND BINDING ON THE PARTIES AND SUBJECT ONLY TO A VERY LIMITED REVIEW BY A COURT.
2. THE PARTIES ARE WAIVING THEIR RIGHT TO LITIGATE IN COURT, INCLUDING THEIR RIGHT TO A JURY TRIAL.
3. PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED AND DIFFERENT FROM COURT PROCEEDINGS.
4. ARBITRATORS' AWARDS ARE NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY ARBITRATORS IS STRICTLY LIMITED.
5. A PANEL OF ARBITRATORS MIGHT INCLUDE AN ARBITRATOR WHO IS OR WAS AFFILIATED WITH THE BANKING INDUSTRY.
6. IF YOU HAVE QUESTIONS ABOUT ARBITRATION, CONSULT YOUR ATTORNEY OR THE AMERICAN ARBITRATION ASSOCIATION.

ARBITRATION PROVISIONS:

(a) Any controversy or claim between or among the parties, including but not limited to those arising out of or relating to the Note or any agreements, security instruments relating to the pledge of collateral, or instruments relating hereto or delivered in connection herewith, and including but not limited to a claim based on or arising from an alleged tort, shall at the request of any party be determined by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration proceedings shall be conducted in Salt Lake City, Utah. The arbitrator(s) shall have the qualifications set forth in subparagraph (c) hereto. All statutes of limitations which would otherwise be applicable in a judicial action brought by a party shall apply to any arbitration or reference proceeding hereunder.

(b) In any judicial action or proceeding arising out of or relating to the Note or any agreements, security instruments relating to the pledged collateral or instruments relating hereto or delivered in connection herewith, including but not limited to a claim based on or arising from an alleged tort, if the controversy or claim is not submitted to arbitration as provided and limited in subparagraph (a) hereto, all decisions of fact and law shall be determined by a reference in accordance with Rule 53 of the Federal Rules of Civil Procedure or Rule 53 of the Utah Rules of Civil Procedure or other comparable, applicable reference procedure. The parties shall designate to the court the referee(s) selected under the auspices of the American Arbitration Association in the same manner as arbitrators are selected in Association-sponsored arbitration proceedings. The referee(s) shall have the qualifications set forth in subparagraph (c) hereto.

(c) The arbitrator(s) or referee(s) shall be selected in accordance with the rules of the American Arbitration Association from panels maintained by the Association. A single arbitrator or referee shall be knowledgeable in the subject matter of the dispute. Where three arbitrators or referees conduct an arbitration or reference proceeding, the claim shall be decided by a majority vote of the three arbitrators or referees, at least one of whom must be knowledgeable in the subject matter of the dispute and at least one of whom must be a practicing attorney. The arbitrator(s) or referee(s) shall award recovery of all costs and fees (including reasonable attorneys' fees, administrative fees, arbitrators' fees, and court costs). The arbitrator(s) or referee(s) also may grant provisional or ancillary remedies such as, for example, injunctive relief, attachment, or the appointment of a receiver, either during the pendency of the arbitration or reference proceeding or as part of the arbitration or reference award.

(d) Judgment upon an arbitration or reference award may be entered in any court having jurisdiction, subject to the following limitation: the arbitration or reference award is binding upon the parties only if the amount does not exceed Four Million Dollars (\$4,000,000.00); if the award exceeds that limit, either party may commence legal action for a court trial de novo. Such legal action must be filed within thirty (30) days following the date of the arbitration or reference award; if such legal action is not filed within that time period, the amount of the arbitration or reference award shall be binding. The computation of the total amount of an arbitration or reference award shall include amounts awarded for arbitration fees, attorneys' fees, interest, and all other related costs.

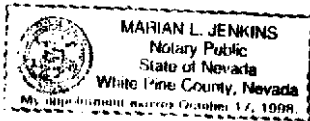
(e) At the Bank's option, foreclosure under this deed of trust or mortgage may be accomplished either by exercise of a power of sale under this deed of trust or by judicial foreclosure. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(f) Notwithstanding the applicability of other law to any other provision of this Agreement, the Federal Arbitration Act, 9 U.S.C. Section 1 et seq., shall apply to the construction and interpretation of this Arbitration paragraph.

Signature of Trustor

Shonna Lee Donohue
SHONNA LEE DONOHUE

Anthony Paul Donohue
ANTHONY PAUL DONOHUE



INDIVIDUAL ACKNOWLEDGEMENT

NEVADA
STATE OF UTAH, LINCOLN County as:

On this 23rd day of September, 1996, personally appeared before me SHONNA LEE DONOHUE and ANTHONY PAUL DONOHUE wife and husband

the signer(s) of the above instrument, who duly acknowledged to me that they executed the same.

Residing at: *ELY, NV.*

My commission expires: *10-17-98*

Marian L. Jenkins
Notary Public

CORPORATION ACKNOWLEDGEMENT

STATE OF UTAH, LINCOLN County as:

On this 17th day of September A.D., 1996, personally appeared before me _____

_____, who being by me duly sworn, did say that he is the

_____ of _____

and that the above instrument was signed in behalf of said Corporation by authority of a resolution of its

Board of Directors and said _____ acknowledged to me that said Corporation executed the same.

Residing at: _____

My commission expires:

Notary Public

(Do not record)

REQUEST FOR FULL RECONVEYANCE

(To be used only when indebtedness secured hereby has been paid in full)

TO: Trustee.

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Trust Deed. Said note, together with all other indebtedness secured by said Trust Deed has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Trust Deed, to cancel said note above mentioned, and all other evidence of indebtedness secured by said Trust Deed delivered to you herewith, together with the said Trust Deed, and to reconvey, without warranty, to the parties designated by the terms of said Trust Deed, all the estate now held by you thereunder.

Dated _____, 19 _____

Mail reconveyance to _____

EXHIBIT "A"

PARCEL A:

ALL OF LOT NUMBERED EIGHT (8) AND THE NORTH ONE-HALF (N1/2) OF LOT NUMBERED SEVEN (7) IN BLOCK NUMBERED FIFTEEN (15) AS SAID LOTS AND BLOCK AS ARE DELINEATED ON THE OFFICIAL PLAT OF SUPPLEMENT "C" TO THE POCHE MINES CONSOLIDATED, INC. ADDITION SUPPLEMENT "B" TO THE TOWN OF POCHE, LINCOLN COUNTY, NEVADA.

PARCEL B:

A PARCEL OF LAND SITUATED WITHIN THE NE1/4 OF THE NE1/4 OF SECTION 22, TOWNSHIP 1 NORTH, RANGE 67 EAST, MDB&M, BOUNDED ON THE SOUTH BY LOT 8 OF BLOCK 15, POCHE TOWNSITE, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 8 OF BLOCK 15 OF THE POCHE TOWNSITE FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 22, BEARS N 34 DEGREES 45'08" E, A DISTANCE OF 925.44 FEET;

THENCE S 73 DEGREES 03'20" W, 108.90 FEET ALONG THE NORTH BOUNDARY OF SAID LOT 8, BLOCK 15 TO THE NORTHWEST CORNER OF LOT 8;

THENCE N 32 DEGREES 30'30" E, 46.70 FEET ALONG THE SOUTHEAST BOUNDARY OF OCEOLA STREET TO THE P.C. OF A 160.10 FT RADIUS CURVE;

THENCE COUNTERCLOCKWISE ALONG THE ARC OF A CURVE 32.61 FEET;

THENCE S 87 DEGREES 45'22" E, 73.38 FEET;

THENCE S 14 DEGREES 39'55" W, 35.00 FT ALONG THE WEST LINE OF HAMILTON STREET TO THE POINT OF BEGINNING.

NO. 105966
FILED AND RECORDED AT REQUEST OF
First American Title
September 24, 1996
AT 17 MINUTES PAST 9 O'CLOCK
A M IN BOOK 121 OF OFFICIAL
RECORDS, PAGE 139 LINCOLN COUNTY
NEVADA.

YUIRKO SETZER
COUNTY RECORDER
by Leslie Boucher . deputy