

WHEN RECORDED MAIL TO:

Rural Nevada Development Corporation  
1320 E Aultman  
Ely, NV 89301

APN 003-077-24

DEED OF TRUST

THIS DEED OF TRUST is made this 15 day of Nov., 2001, among, Bill Oesterle and Shirlee Hansen, married to each other ( Grantors ) whose address is Post Office Box 1066, Caliente, NV 89008, First American Title Company of Nevada, ("Trustee"), and, Rural Nevada Development Corporation (Beneficiary) organized and existing under the laws of the State of Nevada, whose address is 1320 East Aultman, Ely, Nevada 89301, ("Beneficiary").

Grantors, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the County of Lincoln, State of Nevada which is further described in the attached Exhibit A, the address of which is commonly known as 127 N. Spring Street, Highway 93 Caliente, Nevada and which bears Assessor's Parcel Number 003-077-24, together with all the improvements now or hereafter erected on the property, and all easements, rights, and appurtenances, all of which shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property are hereinafter referred to as the "Property";

2001-53662

**ASSIGNMENT OF RENTS**

Grantors also presently, absolutely and irrevocably assign to Beneficiary all of Grantors' right, title and interest in and to all present and future leases of the Property and all rents received from the Property.

This Deed of Trust, including the assignment of rents, is given to secure to Beneficiary the repayment of the indebtedness of principal and interest evidenced by Grantors' promissory note of even date herewith ("Note"), which is in the face amount of ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$125,000.00) and which provides for monthly payments with the balance of the indebtedness, if not sooner paid, due and payable on December 1, 2006; and to secure to Beneficiary the payment of all other sums with interest, advanced in accordance herewith to protect the security of this Deed of Trust; and to secure the performance of the covenants and agreements of Grantors contained in this Deed of Trust, the Note or in that loan agreement signed by the Grantors and referencing exhibits attached thereto of even date herewith (collectively referred to hereafter as "Loan Agreement").

*Use of Property.* Until the occurrence of a default by Grantors, Grantors may remain in possession and control of the Property and may collect any rents, issues and profits from the Property.

*Warranty and Representations.* Grantors warrant that Grantors are lawfully (seised) of the estate hereby conveyed, have good and marketable title in fee simple free and clear of all liens and encumbrances, except for a deed of trust benefiting Nevada Bank and Trust

Company dated Nov. 16, 2001, and recorded at Book 1100 Page 03 on NOV 20, 2001 as Instrument No. 117322 of Official Records in the Office of the Recorder of the County of Lincoln, State of Nevada (herein "Senior Lien") and other encumbrances of record. Grantors covenant that Grantors will warrant and defend generally the title to the Property against all claims and demands, subject to encumbrances of record. Grantors warranties and representations survive the execution of this Deed of Trust and are continuing in nature until the sums due under this Deed of Trust, the Note and the Loan Agreement are paid in full.

*Statutory Covenants.* The following Statutory Covenants are hereby adopted and incorporated into this Deed of Trust: Covenants Nos. 1, 3, 4, 5, 6, 7 and 8 of N.R.S. 107.030. The rate of interest for Covenant No. 4 shall be eight and one-half percent (8.5%). The percent of counsel fees under Covenant No. 7 shall be ten percent (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.

Grantors and Beneficiary further covenant and agree as follows:

1. *Payment and Performance.* Grantors shall promptly pay when due the principal and interest indebtedness evidenced by the Note and late charges as provided in the Note and shall timely perform all of Grantors' other obligations under the Note, this Deed of Trust and the Loan Agreement.

2. *Application of payments.* Unless applicable law provides otherwise, all payments received by Beneficiary under the Note and paragraph 1 shall be applied by Beneficiary first in payment of all other sums due Beneficiary and then to interest payable on the Note, and then to the principal of the Note.
3. *Hazard insurance.* Grantors shall keep all existing or future improvements on the Property insured against loss by fire, hazards included within the term "extended coverage," and all other hazards Beneficiary may require and in such amounts and for such periods as Beneficiary may require. The insurance carrier providing the insurance shall be chosen by Grantors subject to Beneficiary's approval, which shall not be unreasonably withheld. All insurance policies and renewals shall be in form acceptable to Beneficiary and include a standard mortgage clause in favor of and in form acceptable to Beneficiary. Beneficiary shall have the right to hold the policies and renewals. In the event of loss, Grantors shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Grantors. If the Property is abandoned by Grantors, or if Grantors fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Grantors that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds either to the restoration or the repair of the Property or to the sums secured by this Deed of Trust.
4. *Preservation and Maintenance of Property.* Grantors shall keep the Property in good repair, shall not commit waste or permit impairment or deterioration of the Property,

and shall not demolish or remove any improvements from the real property without Beneficiary's prior written consent. Grantors agree to promptly comply with all laws, ordinances and regulations whether now in existence or hereafter enacted of any government having jurisdiction over the property regarding the use or occupancy of the Property. Grantors may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, so long as Grantors have notified Beneficiary in writing prior to doing so and so long as in Beneficiary's sole opinion Beneficiary's interests in the Property are not jeopardized. Beneficiary may require Grantors to post adequate security or a surety bond, reasonably necessary to Beneficiary to protect Beneficiary's interest. Grantors further agree to neither abandon the Property or to leave it unattended. Grantors further agree to pay when due all taxes, assessments, charges, fines and impositions levied against or on account of the Property. Grantors shall pay when due all claims for work done on or for the property and for materials supplied to and incorporated into the property and to keep the property free of all liens having priority over this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

5. *Protection of Beneficiary's security.* If Grantors fail to perform the covenants and agreements contained in this Deed of Trust, the Note or the Loan Agreement, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, upon notice to Grantors, may make such appearances,

disburse such sums, and take all action necessary to protect Beneficiary's interests. Any amounts disbursed by Beneficiary under this paragraph 5, will bear interest, at the Note rate, and shall become additional indebtedness of Grantors secured by this Deed of Trust. Unless Grantors and Beneficiary agree to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantors requesting payment thereof. Nothing contained in this paragraph 5 shall required Beneficiary to incur any expense or take any action.

6. *Inspection.* Beneficiary and/or its agents may make or cause to be made entries upon the Property at reasonable times to attend to Beneficiary's interest in the property and to ascertain Grantors' compliance with the terms of this Deed of Trust.
7. *Grantors not released; forbearance by Beneficiary not waiver.* Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Grantors shall not operate to release, in any manner, the liability of the original Grantors and Grantors' successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Grantors and Grantors' successors in interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

8. *Successors and assigns bound; joint and several liability.* The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Grantors, subject to the provisions of paragraph 15. All covenants and agreements of Grantors shall be joint and several.

9. *Notice.* Unless otherwise provided by applicable law, (a) any notice to Grantors under this Deed of Trust shall be given by certified mail, addressed to Grantors at the Address set forth above or at any other address Grantors designate by notice to Beneficiary, and (b) any notice to Beneficiary shall be given by certified mail, return receipt requested, to Beneficiary's address stated herein or to any other address Beneficiary designates by notice to Grantors. Any notice under this Deed of Trust shall be deemed to have been given to Grantors or Beneficiary when given in the manner designated above.

10. *Governing law; severability.* This Deed of Trust shall be construed in accordance with the and governed by the laws of the State of Nevada, as well as by the local laws of the jurisdiction in which the Property is located. The preceding sentence shall not limit the applicability of federal law to this Deed of Trust. If any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of either instrument if the provisions can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable.

11. *Grantors' copy.* Grantors shall be furnished a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation.
12. *Transfer of property; assumption.* If all or any part of the Property or an interest therein is sold or transferred by Grantors, excluding, (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) a transfer by devise, descent or by operation of law upon the death of a joint tenant, or (c) the grant of any leasehold interest of three years or less not containing an option to purchase, all of the sums secured by this deed of trust shall, at Beneficiary's option be immediately due and payable. If Beneficiary exercises such option to accelerate, it shall mail Grantors notice of acceleration in accordance with paragraph 10. Such notice shall provide a period of not less than ten days from the date the notice is mailed within which Grantors may pay the sums declared due. If Grantors fail to pay such sums before the ten-day period expires, Beneficiary may, without further notice or demand on Grantors, invoke any remedies permitted by paragraph 15.
13. *Condemnation* If any proceeding in condemnation is filed, Grantors shall promptly notify Beneficiary in writing, and Grantors shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantors may be the nominal parties in such proceeding, but Beneficiary shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantors will deliver or cause to be delivered to Beneficiary such instruments and



documentation as may be requested by Beneficiary from time to time to permit such participation.

If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Beneficiary may at its election require that all or any portion of the net proceeds of the award be applied to the sums owed under this Deed of Trust, the Note or the Loan Agreement or to 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 incurred by Trustee or Beneficiary in connection with the condemnation. Grantors waive any legal or equitable interest in the net proceeds and any right to require any apportionment of the net proceeds of the award. Grantors agree that Beneficiary is entitled to apply the award in accordance with this paragraph without demonstrating that its security has been impaired.

14. *Occurrence of Default* Each of the following occurrences shall be considered an occurrence of default:

- a) Grantors failure to pay when due any sums secured by this Deed of Trust, or to make any payment for taxes or insurance or which is necessary to avoid the filing of a lien.
- b) Grantors fail to comply with any obligation imposed upon them by this Deed of Trust, the Note or the Loan Agreement.

- c) Grantors fail to comply with the terms of any other agreement presently existing between Grantors and Beneficiary or which may hereafter be agreed to between Grantors and Beneficiary.
- d) Grantors fail to pay when due any other debt secured by the Senior Lien or any other deed of trust which is a lien against the Property or failure to comply with any obligations in any other agreement the performance of which is secured by the Senior Lien or any other deed of trust which is a lien against the Property.
- e) Any representation or warranty made or furnished to Beneficiary by Grantors or on their behalf in the Note, the Loan Agreement or this Deed of Trust is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time hereafter.
- f) The insolvency of Grantors, the commencement of any bankruptcy or insolvency proceeding by or against grantors, any assignment for the benefit of creditors, the appointment of a receiver for any part of Grantors' property.
- g) This Deed of Trust, the Note or the Loan Agreement cease to be in full force or effect.
- h) A material adverse change occurs in Grantors' financial condition, or Beneficiary believes the prospect of payment or performance of any of Grantors' obligations under the Note, the Loan Agreement or the Deed of Trust is impaired.

15. *Remedies upon default.* Upon the occurrence of a default by Grantors, Beneficiary may exercise one or more of the following rights and remedies:

- a) Beneficiary may at its option and without notice to Grantors declare all sums due under the Note, the Deed of Trust or the Loan Agreement and related documents due and payable in full immediately.
- b) Beneficiary shall have the right to cause the Trustee to foreclose on the Property by notice and sale, or may seek a judicial foreclosure of Grantors' interest in the Property, in either case in compliance with the laws of the State of Nevada.
- c) Beneficiary shall have the right to take possession of and manage the Property, and whether or not Beneficiary takes possession of the property, to collect rents, including amounts past due and apply the proceeds over and above Beneficiary's costs against any sums due under the Note, this Deed of Trust or the Loan Agreement and related documents. Beneficiary may require any tenant or other user of the Property to make payments of rent or user fees directly to beneficiary. If the rents are collected by Beneficiary, then Grantors irrevocably designate Beneficiary as Grantors' attorney -in-fact to endorse instruments received in payment in the name of Grantors and to negotiate the same and collect the proceeds. Payment by tenants or other users to Beneficiary in response to Beneficiary's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the

demand existed. Beneficiary may exercise its rights under this provision either in person, by agent, or through a receiver

- d) Beneficiary 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 any sums due under the Note, the Loan Agreement or the Deed of Trust. The receiver may serve without bond if permitted by law. Beneficiary's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the sums due under the Note, this Deed of Trust, or the Loan Agreement by a substantial amount.
- e) Beneficiary or Trustee shall have any other right or remedy allowed to them by this Deed of Trust, the Note, and the Loan Agreement or as allowed by law or equity.
- f) Election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust.

- 16. *Attorneys' fees.* If Beneficiary institutes any suit or action to enforce any of the terms of this Deed of Trust. Beneficiary shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law. All

reasonable expenses Beneficiary incurs that in Beneficiary'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 sums payable under this Deed of Trust and shall bear interest at the rate set forth in the Note from the date of expenditure until repaid. Expenses covered by this paragraph include without limitation, however subject to any limits under applicable law. Beneficiary's attorneys' fees and Beneficiary's legal expenses, whether or not there is a lawsuit including attorneys fees and post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), appeals and any anticipated appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantors also will pay any court costs, in addition to all other sums provided by law. Fees and expenses shall include attorneys' fees that Beneficiary, Trustee, or both incur, if either or both are made parties to any action to enjoin foreclosure or to any legal proceeding that Grantors institute. The fees and expenses are secured by the Deed of Trust and are recoverable from the Property.

17. *Reconveyance.* Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by it to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

18. *Substitute trustee.* Beneficiary may, from time to time, remove Trustee or any trustee appointed hereunder and appoint a successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

19. *Environmental laws. Compliance With Environmental Laws.* Grantors represent and warrant to Beneficiary that: (1) During the period of Grantors' ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantors have no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Beneficiary in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Beneficiary in writing, (a) neither Grantors nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantors

authorizes Beneficiary and its agents to enter upon the Property to make such inspections and tests, at Grantors' expense, as Beneficiary may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the party of Beneficiary to Grantors or to any other person. The representations and warranties contained herein are based on Grantors' due diligence in investigating the Property for Hazardous Substances. Grantors hereby (1) release and waive any future claims against Beneficiary for indemnity or contribution in the event Grantors becomes liable for cleanup or other costs under any such laws; and (2) agree to indemnify and hold harmless Beneficiary 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 Grantors' ownership or interest in the Property, whether or not the same was or should have been known to Grantors. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the sums due under the Note, this Deed of Trust and the Loan Agreement and the satisfaction and reconveyance of the lien of this deed of Trust shall not be affected by Beneficiary's acquisition of any interest in the Property, whether by foreclosure or otherwise.

For the purposes of this paragraph the term Environmental Laws means any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitations 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 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

For the purposes of this paragraph the term Hazardous Substance means materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or wastes as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

20. *Request for notices.* Grantors request that copies of the notice of default and notice of sale be sent to Grantors' address, which is the Property Address. Beneficiary



requests that copies of notices of foreclosure from the holder of the Senior Mortgage and any other lien which has priority over this Deed of Trust be sent to Beneficiary's address, as set forth on page one of this Deed of Trust.

**GRANTORS ACKNOWLEDGE READING ALL OF THE TERMS OF THIS DEED OF TRUST AND AGREE TO THEM.**

*[Signature]*  
BILL OESTERLE

*[Signature]*  
SHIRLEE HANSEN

STATE OF NEVADA )  
LINCOLN COUNTY )

This instrument was acknowledged before me on this 15 day of November, 2001, by BILL OESTERLE and SHIRLEE HANSEN

*[Signature]*  
Notary Public

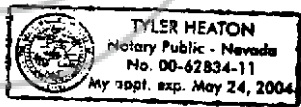


EXHIBIT A  
LEGAL DESCRIPTION

Parcel 1:

LOTS 1, 2 AND 3 IN BLOCK 1 OF THE CITY OF CALIENTE AS SAID LOTS ARE DELINEATED ON THE OFFICIAL PLAT OF THE CITY, NOW ON FILE AND OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF LINCOLN COUNTY, NEVADA.

PARCEL 2:

THAT PORTION OF LOT 4 IN BLOCK 1 OF THE CITY OF CALIENTE, AS DELINEATED ON THAT CERTAIN MAP RECORDED JULY 12, 1996 AS DOCUMENT NO. 105450, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THIS PARCEL FROM WHICH THE CENTER OF SECTION 8, TOWNSHIP 4 SOUTH, RANGE 67 EAST, M.D.B.&M., BEARS SOUTH 54° 10'31" EAST A DISTANCE OF 893.10 FEET; THENCE SOUTH 59° 57'00" WEST A DISTANCE OF 7.19 FEET ALONG THE NORTHERLY BOUNDARY OF AN ALLEY TO A POINT; THENCE NORTH 30°03'00" WEST A DISTANCE OF 36.63 FEET TO A POINT; THENCE NORTH 59°57'00" EAST A DISTANCE OF 6.00 FEET TO A POINT; THENCE NORTH 30°03'00" WEST A DISTANCE OF 11.49 FEET TO A POINT; THENCE NORTH 59°57'00" EAST A DISTANCE OF 1.19 FEET TO A POINT ON THE MOST EASTERLY BOUNDARY SAID LOT 4 IN BLOCK 1; THENCE SOUTH 30°03'00" EAST A DISTANCE OF 48.12 FEET TO THE SOUTHEAST CORNER WHICH IS THE POINT OF BEGINNING.

NC. **117323**  
FILED ~~NO~~ RECORDED AT REQUEST OF  
**FIRST AMERICAN TITLE**  
NOVEMBER 20, 2001  
At 45 MINUTES BY 04  
PM JEL OR 160 W CH CAL  
RECORD PAGE 12 LINCOLN  
COUNTY NEVADA  
**LESLIE BOUCHER**  
COUNTY RECORDER  
BY *Leslie Boucher* DEPUTY