

**FIRST MORTGAGE DEED**

This First Mortgage Deed ("Mortgage") is given by Toreson Industries, Inc., hereinafter called Guarantor of debt of Tempest Asset Management, Inc. to Pallas Family Partners, hereinafter called Lender, which term includes any holder of this Mortgage, to secure the payment of the PRINCIPAL SUM of \$100,000 together with interest thereon computed on the outstanding balance, all as provided in a Note, wherein Tempest Asset Management, Inc. is the "Borrower," having the same date as this Mortgage, and also to secure the performance of all the terms, covenants, agreements, conditions and extensions of the Note and this Mortgage.

In consideration of the loan made by Lender to Tempest Asset Management, Inc. and for the purpose expressed above, the Guarantor does hereby grant and convey to Lender, with MORTGAGE COVENANTS, the land with the buildings situated thereon and all the improvements and fixtures now and hereafter a part thereof, being more particularly described as follows:

All lots (464 lots which are one half acre or greater) and blocks in LINCOLN ESTATES SUBDIVISION UNIT #4, recorded November 6, 1974 in Book of Plats, page 108, in Lincoln County Nevada records. This subdivision is located on the West Half of Section 19, Township 3 South, Range 55 East of the Mount Diablo Meridian, Nevada.

Guarantor further covenants and agrees that:


1. No superior mortgage is in existence.
2. Guarantor hereby guarantees that with each periodic payment due under the Note secured by this Mortgage a payment sufficient to provide a fund from which the real estate taxes, betterment assessments and other municipal charges which can become a lien against the mortgaged premises can be paid by Lender when due.
3. In the event that Guarantor fails to carry out the covenants and agreements set forth herein, the Lender may do and pay for whatever is necessary to protect the value of and the Lender's rights in the mortgaged property and any amounts so paid shall be added to the Principal Sum due the Lender hereunder.
4. As additional security hereunder, Guarantor hereby assigns to Lender, Guarantor's rents of the mortgaged property, and upon default the same may be collected without the necessity of making entry upon the mortgaged premises.
5. In the event that any condition of this Mortgage shall be in default for sixty (60) days, the entire debt shall become immediately due and payable at the option of the Lender. Lender shall be entitled to collect all costs and expenses, including reasonable attorney's fees incurred.
6. In the event that the Guarantor transfers ownership (either legal or equitable) or any security interest in the mortgaged property, whether voluntarily or involuntarily, the Lender may at its option declare the entire debt due and payable.
7. This Mortgage is also security for all other direct and contingent liabilities of the Guarantor to Lender which are due or become due and whether now existing or hereafter contracted.

Lincoln County

- 8. Guarantor shall maintain adequate insurance on the property in amounts and form of coverage acceptable to Lender and the Lender shall be a named insured as its interest may appear.
- 9. Guarantor shall not commit waste or permit others to commit actual, permissive or constructive waste on the property.
- 10. Guarantor further covenants and warrants to Lender that Guarantor is indefeasibly seized of said land in fee simple; that Guarantor has lawful authority to mortgage said land and that said land is free and clear of all encumbrances except as may be expressly contained herein.

This Mortgage is upon the STATUTORY CONDITION and the other conditions set forth herein, for breach of which Lender shall have the STATUTORY POWER OF SALE to the extent existing under State law.

Executed under this 12<sup>TH</sup> day of November, 2002.

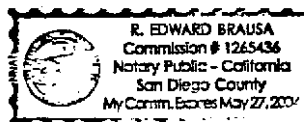
Guarantor   
 James S. Toreson, President  
 Toreson Industries, Inc., a Nevada corporation

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

On NOVEMBER 12, 2002 before me, James S. Toreson, personally appeared, ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s); or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature 



**ADDENDUM TO FIRST MORTGAGE DEED**

The Assessor Parcel Numbers for the property mortgaged under this First Mortgage Deed are as follows:

010 - 041 - 01	010 - 057 - 01
010 - 042 - 03	010 - 058 - 01
010 - 042 - 04	010 - 059 - 01
010 - 042 - 05	010 - 061 - 01
010 - 043 - 01	010 - 062 - 01
010 - 044 - 01	010 - 063 - 01
010 - 045 - 01	010 - 064 - 01
010 - 046 - 02	010 - 065 - 01
010 - 046 - 03	010 - 066 - 01
010 - 047 - 01	010 - 067 - 01
010 - 048 - 01	010 - 068 - 01
010 - 049 - 01	010 - 071 - 01
010 - 051 - 01	010 - 072 - 01
010 - 052 - 01	010 - 073 - 01
010 - 053 - 01	010 - 074 - 01
010 - 054 - 01	010 - 075 - 01
010 - 055 - 01	010 - 076 - 01
010 - 056 - 01	010 - 077 - 01

FILED FOR RECORDING  
AT THE REQUEST OF  
*Robert A. Pallas*  
2002 DEC 5 PM 2 57  
LAW OFFICE OF LESLIE BOUCIER  
DEPTMS

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