

A.P.N. # 03-061-01
ESCROW NO. 19028317
RECORDING REQUESTED BY:
COW COUNTY TITLE

FILED FOR RECORDING
AT THE REQUEST OF

Cow County Title

2004 AUG 20 PM 4 34

LINCOLN COUNTY RECORDER
FEE \$19.00 DEP
LESLIE BOUCHER

WHEN RECORDED MAIL TO:

ARTHUR BLACKMORE
PO BOX 700
COLCRADO CITY AZ 86021

(space above for recorder's use only)

DEED OF TRUST WITH ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 17th day of August, 2004, between
CALIENTE HOT SPRINGS RESORT LLC, a Nevada Limited Liability
Company (whose address is 8075 Rancho Destino Rd, Las Vegas, NV
89123)
herein called "Trustor", COW COUNTY TITLE CO., a Nevada Corporation herein called "Trustee", and
ARTHUR BLACKMORE, a married man as his sole and
separate property (whose address is PO Box 700,
Colcrado City, AZ 86021)

herein called "Beneficiary"

WITNESSETH:

That Trustor irrevocably grants to Trustee in trust, with power of sale, all interest of Trustor in that certain
property situate in Lincoln County, State of Nevada, more particularly
described as follows:

See Exhibit "A" attached hereto and by reference made a part hereof for complete legal description.

TOGETHER WITH, the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and
the reversion and reversions, remainder and reminders, rents, issues and profits thereof, subject, however, to the
right of Beneficiary, during any period of default hereunder, and without waiver of such default, to collect
said rents, issues, and profits by any lawful means, and to apply the same, less costs and expenses of collection,
to any indebtedness secured hereby.

FOR THE PURPOSE OF SECURING: (1) payment of the sum of \$ 130,000.00 and the interest
thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to
order of Beneficiary, and all extensions or renewals thereof; and (2) the performance of each agreement of
Trustor incorporated herein by reference or contained herein; and (3) payment of additional sums and interest
wthereon hich may hereafter be loaned to Trustor, or to his successors or assigns, when evidenced by a
promissory note or notes reciting that they are secured by this Deed of Trust.

AND THIS INDENTURE FURTHER WITNESSETH:

1. Trustor agrees to properly care for and keep said property in good condition and repair; not to remove or
demolish any building thereon; to complete in a good and workmanlike manner any building which may be
constructed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to
comply with all laws, ordinances and regulations relating to any alterations or improvements made thereon; not
to commit or permit any waste thereof; not to commit, suffer, or permit any act to be done in or upon said
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DEED OF TRUST WITH ASSIGNMENT OF RENTS - Page 2.

property in violation of any law, covenant, condition, or restriction affecting said property, to cultivate, irrigate, fertilize, fumigate, prune, and/or do any other act or acts, all in a timely and proper manner, which from the character or use of said property, may be reasonably necessary, the specific enumerations herein not excluding the general.

2. Trustor agrees to pay and discharge all costs, fees and expenses of this trust incurred in connection with any default by Trustor.
3. During the continuance of this trust, Trustor covenants to keep all buildings that may now or at any time be on said property in good repair and insured against loss by fire, with extended coverage endorsement, in a company or companies authorized to issue such insurance in the State of Nevada. Said insurance shall be at least in the sum of all obligations having priority over this deed of trust, or the maximum full insurable value of such buildings, whichever is less. Said insurance shall be payable to Beneficiary to the amount of any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this deed of trust or of the Agreement hereby secured. The policy or policies of said insurance shall be delivered to Beneficiary or to the collection agent of Beneficiary, as further security, and in default thereof, Beneficiary may procure such insurance and/or make such repairs, and expend for either of such purposes such sum or sums Beneficiary shall deem necessary. The amount collected by Beneficiary under any fire or other insurance policy may be applied by Beneficiary upon any monetary loss suffered by Beneficiary as a result of the breach by Trustor of a provision of this Deed of Trust or of the Agreement secured hereby, or, at the option of Beneficiary, the entire amount so collected, or any part thereof, may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
4. Trustor promises and agrees that if, during the existence of this trust, there be commenced or pending any suit or action affecting said property, or any part thereof, or the title thereto, or if any adverse claim for or against said property, or any part thereof, be made or asserted, he will appear in and defend any such matter purporting to affect the security and will pay all costs and damages arising because of such action.
5. Any award of damages in connection with any condemnation for public use of, or injury to said property, or any part thereof, is hereby assigned and shall be paid to Beneficiary, who may apply or release such moneys received by him in the same manner and with the same effect as herein provided for disposition of proceeds of insurance.
6. Trustee shall be under no obligation to notify any party hereto of any pending sale of said property, whether such sale is by foreclosure or otherwise or of any action or proceeding in which Trustor or Beneficiary or Trustee shall be a party, unless brought by Trustee.
7. At any time, and from time to time, without liability therefor and without notice to Trustor, upon written request of Beneficiary and presentation of this Deed of Trust and the Agreement secured hereby for endorsement and without affecting the personal liability of any person for performance of the Agreement secured hereby or the effect of this deed of trust upon the remainder of said property, Trustee may: reconvey any part of said property; consent in writing to the making of any map or plat thereof; join in granting any easement thereof or join in any extension agreement or subordination agreement in connection herewith.
8. Upon receipt of written request from Beneficiary that the Agreement secured hereby has been performed and upon the surrender of this Deed of Trust and the Agreement secured hereby to Trustee for cancellation and retention, or such other disposition as Trustee, in its sole discretion, may choose, and upon payment of its fees, the Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truth thereof. The Grantee in such reconveyance may be described in general terms as "the person or persons legally entitled thereto".
9. Should Trustor default in any term, covenant or condition of the Agreement secured hereby, or in the performance of any of the covenants and agreements herein contained or incorporated herein by reference, Beneficiary may proceed to exercise the remedies herein provided. CONTINUED ON NEXT PAGE

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(a) Should default be made by Grantor in payment of any indebtedness secured hereby and/or in performance of any agreement herein, then Beneficiary may declare all sums secured hereby immediately due by delivery to Trustee of a written declaration of default and demand for sale, and of written notice of default and election to cause said property to be sold (which Trustee shall cause to be filed for record) and shall surrender to Trustee this Deed, the notes and all documentation evidencing any expenditure secured hereby.

(b) After three months shall be elapsed following recordation of such notice of default, Trustee shall sell said property at such time and at such place in the State of Nevada as the Trustee, in its sole discretion, shall deem best to accomplish the objects of these Trusts, having first given notice of such sale as then required by law. Place of sale may be either in the county in which the property is to be sold, or any part thereof, is situated, or at an office of the Trustee located in the State of Nevada.

(c) The Grantor, Pledgor and Mortgagor of the personal property herein pledged and/or mortgaged waives any and all other demands or notices as condition precedent to sale of such property.

(d) Trustee may postpone sale of all, or any portion, of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time previously appointed.

(e) At the time of sale so fixed, Trustee may sell the property so advertised or any part thereof, either as a whole or in separate at its sole discretion, at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to purchaser, a deed conveying the property so sold, but without covenant or warranty, express or implied, Grantor hereby agrees to surrender, immediately and with demand, possession of said property to such purchaser.

10. Trustee shall apply the proceeds of any such sale to payment of, expenses of sale and all charges and expenses of Trustee and of these Trusts, including cost of evidence of title and Trustee's fee in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the rate of ten percent (10%) per annum, all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

11. The following covenants No. 1, 3, 4 (interest 12%), 5, 6, 7 (counsel fees - a reasonable percentage), 8 and 9 of Nevada Revised Statutes 107.030, are hereby adopted and made a part of this Deed of Trust.

12. Trustor agrees to pay any deficiency arising from any cause after application of the proceeds of the sale held in accordance with the provisions of the covenants hereinabove adopted by reference.

13. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. It is expressly agreed that the Trust created hereby is irrevocable by Trustor.

14. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged is made a public record as provided by law, reserving, however, unto the Trustee, the right to resign from the duties and obligations imposed herein whenever Trustee, in its sole discretion, deems such resignation to be in the best interest of the Trustee. Written notice of such resignation shall be given to Trustor and Beneficiary.

15. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. The term "Beneficiary" includes any future holder of the note secured hereby. The term "Trustor" includes the term "Grantor".

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EXHIBIT "A"

LEGAL DESCRIPTION

ESCROW NO.: 19028317

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

PARCEL 1:

That certain parcel of land known as the CALIENTE HOT SPRINGS in the City of Caliente, Nevada, and being all that certain part of the Northeast Quarter of the Northwest Quarter (NE1/4, NW1/4) of Section 8, Township 4 South, Range 67 East, M.D.B.&M., situate North and East of the right of way of the Caliente and Pioche Railroad.

EXCEPTING THEREFROM the interest in and to the following described real property:

Beginning at a point from which the Section corner common to Section 5, 6, 7 and 8, Township 4 South, Range 67 East, M.D.B.&M., bears North 74°6' West a distance of 2654.8 feet; thence North 48°30' East a distance of 100 feet; thence North 68°04' West a distance of 223.6 feet; thence South 41°30' East a distance of 200 feet to the point of beginning, embracing an area of approximately 23 acres, more or less in the Northeast Quarter of the Northwest Quarter (NE1/4, NW1/4) of Section 8, Township 4 South, Range 67 East, M.B.D.&M., Lincoln County, Nevada, as conveyed to Lincoln County Power District No. 1 by Deed recorded August 11, 1936, in Book "E-1" of Real Estate Deeds, page 144, Lincoln County, Nevada records.

FURTHER EXCEPTING from said land the interest in and to the following described real property.

Beginning at a point in the East line thereof, South 0°0'27" West 360.31 feet from the Northeast corner thereof; thence continuing South 0°0'27" West 511.34 feet; thence North 89°59'33" West 232.79 feet to a point in the East right of way line of the U.P.R.R. Co.; thence along a curve concave to the East, having a radius of 1713.18 feet a central angle of 17°21'22", an arc length of 523.94 feet to a point; thence North 56°16'59" East 247.44 feet; thence South 89°59'33" East 367.30 feet to the point of beginning as conveyed to the State of Nevada by Deed recorded March 22, 1961, in Book "L-1" of Real Estate Deeds, page 355, Lincoln County records.

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PARCEL 2:

All of the East half of the Southwest Quarter (E1/2, SW1/4) of Section 5, Township 4 South, Range 67 East M.D.B.&M. Lying East of the right of way of the Pioche Branch of the Union Pacific Railroads.

EXCEPTING THEREFROM that portion of the Northeast Quarter of the Southwest Quarter (NE1/4, SW1/4) of said Section 5, and described as follows:

Beginning at a point on the Quarter section line which is the Southeast Corner of this parcel from which the Southwest corner of said Section 5 bears South 53°25'27" West a distance of 3,279.75 feet more or less; thence South 89°59'57" West a distance of 306.46 feet more or less to the Southwest corner; thence along the most westerly boundary of the abandoned railroad right of way of the Pioche Spur of the U.P.R.R. Company which is a concave curve. The chord distance of 736.50 feet more or less at a bearing North 19°50'03" East to a point which is the Northwest corner; thence North 89°57'16" East a distance of 59.87 feet more or less to the Northeast corner; thence South 0°16'24" West a distance of 692.87 feet more or less to the point of beginning. Said parcel contains 2.9 acres more or less and is more particularly described as Parcel Two (2) as shown by Parcel Map recorded May 12, 1987, in Book "A" of Plats at Page 273, Official Records of Lincoln County, Nevada.

ASSESSOR'S PARCEL NUMBER FOR 2003 - 2004: 03-061-01
03-012-02
03-022-01

TOGETHER WITH all right, title and interest in any and all water, water rights, and the rights associated with, appurtenant to and used upon those certain lands located in Lincoln County, Nevada, described as APN# 03-061-01, 03-012-02, 03-022-01, including but not limited to rights to water pursuant to Permit No. 30204, Certificate No. 9095, issued by and appearing in the records of the Department of Natural Resources, Office of the State Engineer, State of Nevada, for 6.13 million gallons annually for commercial and domestic purposes.