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FILED FOR RECORDING  
AT THE REQUEST OF €

APN: NA

**MAIL TAX STATEMENTS TO:**

Laurie Baxter  
Wingfield Nevada Group Management Company  
6600 N. Wingfield Parkway  
Sparks, Nevada 89436

Coyote Springs Investment

2006 SEP 22 PM 2 09

LINCOLN COUNTY RECORDER  
FEE 2.00 DEPAU  
LESLIE BOUCHER

**WHEN RECORDED MAIL TO:**

Stephan D. Hartman, Corporate Counsel  
Vidler Water Company  
3480 G. S. Richards Blve., Suite 101  
Carson City, Nevada 89703

SPACE ABOVE LINE FOR RECORDER'S USE

**DEED OF TRUST**

THIS DEED OF TRUST ("Deed of Trust"), dated as of September 22, 2006, is made by Coyote Springs Investment LLC, a Nevada limited liability company, whose address is 6600 N. Wingfield Parkway, Sparks, Nevada 89436 ("Trustor"), in favor of FIRST AMERICAN TITLE INSURANCE COMPANY OF NEVADA, a Nevada corporation ("Trustee"), for the benefit of the Lincoln County Water District, a political subdivision of the State of Nevada, and Vidler Water Company, a Nevada corporation (collectively, the "Beneficiary"), whose mailing address is 3480 G. S. Richards Blvd., Suite 101, Carson City, Nevada 89703.

1.00 Grant in Trust. For valuable consideration, Trustor irrevocably grants, transfers and assigns to Trustee, in trust, with power of sale, for the benefit of Beneficiary, the water rights described on Exhibit A attached hereto and incorporated herein (the "Water Rights").

2.00 Obligations Secured. This Deed of Trust is given for the purpose of securing payment and performance of the following (the "Secured Obligations"): (a) all present and future indebtedness evidenced by the Note Secured by Deed of Trust dated of even date herewith, in the face principal amount of \$1,724,431.50 executed by Trustor in favor of Beneficiary ("Note") including principal, interest and all other amounts payable under the terms of the Note; and (b) all present and future obligations of Trustor under this Deed of Trust.

3.00 Trustor's Covenants. To protect the security of this Deed of Trust, Trustor agrees as follows:

3.01 Payment and Performance of Secured Obligations. Trustor shall pay and perform all Secured Obligations in accordance with the respective terms of such Secured Obligations, whether evidenced by or arising under this Deed of Trust or the Note.

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3.02 Maintenance of Trust Estate. Unless Beneficiary otherwise consents in writing, Trustor shall maintain the Water Rights in good standing in the records of the Nevada State Engineer; provided that, Trustor may pursue the intended dedication of the Water Rights, either in whole or in part, to the United States Fish & Wildlife Service ("FWS") for the survival and recovery of the Moapa dace without any further consent of the Beneficiary being required.

3.03 Liens and Taxes. Trustor shall pay, prior to delinquency, all taxes which are or may become a lien affecting any part of the Water Rights.

3.04 Actions. Trustor shall appear in and defend any claim or any action or other proceeding purporting to affect title or other interests relating to any part of the Water Rights, the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee, and give Beneficiary prompt written notice of any such claim, action or proceeding. Beneficiary and Trustee may, at the expense of Trustor, appear in and defend any such claim, action or proceeding and any claim, action or other proceeding asserted or brought against Beneficiary or Trustee in connection with or relating to any part of the Water Rights or this Deed of Trust.

3.05 Action By Beneficiary or Trustee. If Trustor fails to perform any of its obligations under this Deed of Trust and either (i) such failure shall continue for more than 10 days after notice thereof is given to Trustor, or (ii) Beneficiary shall reasonably determine that immediate corrective action is necessary or appropriate to protect the rights or interests of Beneficiary or Trustee, Beneficiary or Trustee may, but without any obligation to do so and without further notice to or demand upon Trustor and without releasing Trustor from any obligations under this Deed of Trust, and at the expense of Trustor: (a) perform such obligations in such manner and to such extent and make such payments and take such other action as either may deem necessary in order to protect the security of this Deed of Trust, (b) appear in and defend any claim or any action or other proceeding purporting to affect title or other interests relating to any part of the Trust Estate, the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee, and (c) pay, purchase, contest or compromise any lien or right of others which in the reasonable judgment of either is or appears to be or may for any reason become prior or superior to this Deed of Trust. If Beneficiary or Trustee shall elect to pay any such lien or right of others or any taxes which are or may become a lien affecting any part of the Water Rights or make any other payments to protect the security of this Deed of Trust, Beneficiary or Trustee may do so without inquiring into the validity or enforceability of any apparent or threatened lien, right of others or taxes, and may pay any such taxes in reliance on information from the appropriate taxing authority or public office without further inquiry.

3.06 Obligations With Respect to Water Rights. Neither Beneficiary nor Trustee shall be under any obligation to preserve, maintain or protect the Water Rights or any of Trustor's rights or interests in the Water Rights, or make or give any presentments, demands for performance, protests, notices of nonperformance, protest or dishonor or other notices of any kind in connection with any rights, or take any other action with respect to any other matters relating to the Water Rights. Beneficiary and Trustee do not assume and shall have no liability for, and shall not be obligated to perform, any of Trustor's obligations with respect to any rights or any other matters relating to the Water Rights, and nothing contained in this Deed of Trust shall release Trustor from any such obligations.

3.07 Events of Default. The occurrence of any one or more of the following events shall constitute an event of default:

(a) the Trustor shall fail to pay all or any portion of the principal of the Note when due; or

(b) the Trustor shall fail to pay any installment of interest on the Note or any other amount payable by the Trustor to the Beneficiary under the Note or this Deed of Trust when due, or the Trustor shall fail to pay all accrued interest and all other amounts then payable by the Trustor to the Beneficiary under the Note on the maturity date in full; or

(c) Trustor shall fail to perform or observe any term, covenant or agreement contained herein, in the Secured Obligations and either (i) such failure shall continue for more than 30 days after notice of such failure is given by the Beneficiary to Trustor, unless such failure is not reasonably capable of being cured within such 30-day period (but is reasonably capable of being cured within 60 days after such notice) and Trustor commences action to cure such failure within such 30-day period and diligently and continuously prosecutes such action to completion and causes such failure to be cured within 60 days after such notice; or (ii) such failure is not reasonably capable of being cured within 60 days after notice of such failure is given by the Beneficiary to Trustor; or

(d) Trustor is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or Trustor applies for or consents to the appointment of any receiver, trustee or similar official for it or for all or any part of its property (or any such appointment is made without its consent and the appointment continues undischarged and unstayed for 60 days); or Trustor institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or to all or any part of its property under the laws of any jurisdiction (or any such proceeding is instituted without its consent and continues undismissed and unstayed for 60 days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against any of the Trust Estate or any other property of Trustor and is not released, vacated or fully bonded within 60 days after its issue or levy.

3.08 Default. Upon the occurrence of any event of default: (a) Trustor shall be in default under this Deed of Trust, all Secured Obligations shall immediately become due and payable at the option of Beneficiary without further notice to Trustor; (b) (c) Beneficiary may, without notice to or demand upon Trustor, which are expressly waived by Trustor (except for notices or demands otherwise required by applicable laws to the extent not effectively waived by Trustor and any notices or demands specified below), and without releasing Trustor from any of its obligations, exercise any one or more of the following remedies as Beneficiary may determine:

Beneficiary may execute and deliver to Trustee written declaration of default and demand for sale and written notice of default and of election to cause all or any part of the Water Rights to be sold, which notice Trustee shall cause to be filed for record; and after the lapse of such time as may then be required by law following the recordation of such notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell such property at the time and place fixed by it in such notice of sale, either as a whole or in separate parcels and in such order as Beneficiary may direct (Trustor waiving any right to direct the order of sale), at public auction to the highest bidder for cash in lawful money of the United States (or cash equivalents acceptable to Trustee to the extent permitted by applicable law), payable at the time of sale. Trustee may postpone the sale of all or any part of the Water Rights by public announcement at such time and place of sale, and from time to time after any such postponement may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser at such sale its deed conveying the property so sold, but without any covenant or warranty, express or implied, and the recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee or Beneficiary, may purchase at such sale, and any bid by Beneficiary may be, in whole or in part, in the form of cancellation of all or any part of the Secured Obligations. Any such sale shall be free and clear of any interest of Trustor and any lease, encumbrance or other matter affecting the property so sold which is subject or subordinate to this Deed of Trust, except that any such sale shall not result in the termination of any dedication of the Water Rights, either in whole or in part, to the FWS for the survival and recovery of the Moapa dace.

All proceeds of collection, sale or other liquidation of the Water Rights shall be applied first to all costs, fees, expenses and other amounts (including interest) payable by Trustor under § 3.11 of this Deed of Trust and to all other Secured Obligations not otherwise repaid in such order and manner as Beneficiary may determine, and the remainder, if any, to the person or persons legally entitled thereto.

Without limitation on any other provision of this Deed of Trust, no Person who acquires any interest in the Trust Estate under a sale thereof pursuant to this § 3.10 shall be deemed, as a result of such acquisition, to have assumed any of Trustor's obligations with respect to any rights or any other matters relating to the Water Rights, except in the event the Water Rights have been previously dedicated to the FWS for the survival and recovery of the Moapa dace the acquisition of the Water Rights shall be made expressly subject to such prior dedication.

Each of the remedies provided in this Deed of Trust is cumulative and not exclusive of, and shall not prejudice, any other remedy provided in this Deed of Trust or by applicable laws. Each remedy may be exercised from time to time as often as deemed necessary by Trustee and Beneficiary, and in such order and manner as Beneficiary may determine. This Deed of Trust is independent of any other security for the Secured Obligations, and upon the occurrence of an event of default, Trustee or Beneficiary may proceed in the enforcement of this Deed of Trust independently of any other remedy that Trustee or Beneficiary may at any time hold with respect to the Water Rights or the Secured Obligations or any other security. Trustor, for itself and for any other person claiming by or through Trustor, waives, to the fullest extent permitted by applicable laws, all rights to require a marshaling of assets by Trustee or Beneficiary or to require Trustee or Beneficiary to first resort to any particular portion of the Water Rights or any other

security (whether such portion shall have been retained or conveyed by Trustor) before resorting to any other portion, and all rights of redemption, stay and appraisal.

3.09 Costs, Fees and Expenses. Trustor shall pay, on demand, all costs, fees, expenses, advances, charges, losses and liabilities of Trustee and Beneficiary under or in connection with this Deed of Trust or the enforcement of, or the exercise of any remedy or any other action taken by Trustee or Beneficiary under, this Deed of Trust or the collection of the Secured Obligations, in each case including (a) reconveyance and foreclosure fees of Trustee, (b) costs and expenses of Beneficiary or Trustee or any receiver appointed under this Deed of Trust in connection with the operation, maintenance, management, protection, preservation, collection, sale or other liquidation of the Water Rights or foreclosure of this Deed of Trust, and (c) the reasonable fees and disbursements of Trustee's and Beneficiary's legal counsel and other out-of-pocket expenses, and the reasonable charges of Beneficiary's legal counsel; together with interest on all such amounts until paid (i) at the rate of fifteen percent (15%) per annum in the case of any such interest payable to Beneficiary, and (ii) at the rate provided by law in the case of any such interest payable to Trustee.

3.10 Late Payments. By accepting payment of any part of the Secured Obligations after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other Secured Obligations or to declare a default for failure to so pay.

3.11 Action by Trustee. At any time and from time to time upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any Person for payment of the Secured Obligations or the security of this Deed of Trust for the full amount of the Secured Obligations on all property remaining subject to this Deed of Trust, Trustee may, without notice and without liability for such action, and notwithstanding the absence of any payment on the Secured Obligations or any other consideration: (a) reconvey all or any part of the Trust Estate, (b) consent to the making and recording, or either, of any map or plat of the Water Rights, (c) join in granting any easement affecting the Water Rights, or (d) join in or consent to any extension agreement or any agreement subordinating the lien of this Deed of Trust. Trustee is not obligated to notify Trustor or Beneficiary of any pending sale under any other deed of trust or of any action or other proceeding in which Trustor, Beneficiary or Trustee is a party unless brought by Trustee.

3.12 Reconveyance. Upon written request of Beneficiary and surrender of this Deed of Trust and the Note to Trustee for cancellation or endorsement, and upon payment of its fees and charges, Trustee shall reconvey, without warranty, all or any part of the property then subject to this Deed of Trust. Any reconveyance, whether full or partial, may be made in terms to "the person or persons legally entitled thereto," and the recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. Except as otherwise provided herein, Beneficiary shall not be required to cause any property to be released from this Deed of Trust until final payment and performance in full of all Secured Obligations.

3.13 Partial Releases. Beneficiary shall release one acre-foot of the Water Rights upon Trustor paying to Beneficiary the amount of \$3,500.00 per acre-foot, which lien release amount or amounts shall

be credited first against accrued but unpaid interest and then against the outstanding principal balance under the Note.

3.14 Substitution of Trustee. Beneficiary may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named in or acting under this Deed of Trust, which instrument, when executed by Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the point of diversion of the Water Rights is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees who shall, without conveyance from the predecessor Trustee, succeed to all of its title, estate, rights, powers and duties. Such instrument must contain the name of the original Trustor, Trustee and Beneficiary, the book and page where this Deed of Trust is recorded (or the date of recording and instrument number) and the name and address of the new Trustee.

3.15 Attorney-in-Fact. Trustor appoints Beneficiary as Trustor's attorney-in-fact, with full authority in the place of Trustor and in the name of Trustor or Beneficiary, to take such action and execute such Documents as Beneficiary may reasonably deem necessary or advisable in connection with the exercise of any remedies or any other action taken by Beneficiary or Trustee under this Deed of Trust.

3.16 Successors and Assigns. This Deed of Trust applies to and shall be binding on and inure to the benefit of all parties to this Deed of Trust and their respective successors and assigns.

3.17 Acceptance. Notice of acceptance of this Deed of Trust by Beneficiary or Trustee is waived by Trustor. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

3.18 Governing Law. This Deed of Trust shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada.

3.19 Request for Notice. Trustor requests that a copy of any notice of default and a copy of any notice of sale be mailed to Trustor at Trustor's address set forth above.

**TRUSTOR:**

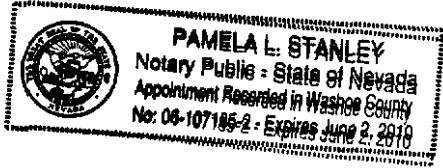
**COYOTE SPRINGS INVESTMENT LLC,**  
a Nevada limited liability company

By:   
Harvey Whittemore, Manager

STATE OF NEVADA )  
 ) SS:  
COUNTY OF Washoe )

This instrument was acknowledged before me on Sept 11, 2006, by Harvey Whittemore as Manager of Coyote Springs Investment, LLC, a Nevada limited liability company.

Pamela L. Stanley  
Notary Public



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**Exhibit A  
to Deed of Trust**

**Legal Description of the Water Rights**

Proof 04366 - base right under Permit 70407  
Proof 04367 - base right under Permit 70406  
Application No. 70406 - 0.89 cfs; 399.07 afa  
Application No. 70407 - 0.25 cfs; 170.99 afa

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