

MNT File No. 00025696

Return to:

Stonefield, Inc.  
164 Hubbard Way, Suite B  
Reno, Nevada 89502

RETURNED  
APR - 6 2000

E 1585256 B 2634 P 861  
SHERYL L. WHITE, DAVIS CNTY RECORDER  
2000 APR 6 1:24 PM FEE 32.00 DEP JB  
REC'D FOR METRO NATIONAL TITLE

*Index  
only*

DEED OF TRUST,  
ABSOLUTE ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, made on APRIL 1, 2000, between  
K & E DEVELOPMENT, L.L.C., Utah Limited Liability Company, herein  
called Trustor, whose address is: 75 N. Main, Clearfield, UT 84015,  
METRO NATIONAL TITLE COMPANY, a Utah Corporation, herein called  
Trustee, and STONEFIELD, INC., a Nevada Corporation, herein called  
Beneficiary.

W I T N E S S E T H :

*735,000.00*

That Trustor irrevocably grants, transfers and assigns to Trustee  
in trust, with power of sale, that property situate in the County of  
Davis, State of Utah, described as:

PARCEL 1:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Together with all personal property described in Exhibit "B"  
attached hereto and made a part hereof.

Together with all right, title and interest which Trustor now has  
or may hereafter acquire to such property; all easements and rights-  
of-way appurtenant to such property; all fixtures, water rights,  
minerals, oil, gas and other hydrocarbon substances and rights thereto  
in, on, under or upon such property, and all royalties and profits  
from any such rights or shares of stock, and any other tenements,  
hereditaments and appurtenances of the above-described property.

Trustor grants to Beneficiary a security interest in the  
following described personal property:

All that certain personal property situate in and about the real property and more particularly described on Exhibit "B" attached hereto and made a part hereof.

Trustor further irrevocably grants, transfers, and assigns to Beneficiary the rents, income, issues and profits from the property, absolutely and unconditionally, and not merely as additional security for the indebtedness secured by this Deed of Trust. Prior to the occurrence of an event of default under this Deed of Trust, or the Promissory Note secured hereby, Beneficiary grants permission and a license to Trustor to collect the rent, income, issues and profits of the property as they become due and payable. In the event of a default under the Promissory Note or this Deed of Trust, Beneficiary shall have the right, with or without notice or demand, and with or without taking possession of the property, to collect all rents, issues, royalties and profits, and either personally or by attorney or agent, without bringing any action or proceeding, or by a receiver to be appointed by the court, to enter into possession, and hold, occupy, possess, and enjoy the property, make, cancel, enforce, and modify leases, obtain and eject tenants, and set and modify rents and terms of rent. Beneficiary shall have the further right to sue, and to take, receive, and collect all or any part of the rents, issues, royalties, and profits of the property, and after paying all costs of maintenance, operation, each agreement of trustor incorporated herein or contained herein, and collection, including reasonable attorney's fees, as Beneficiary may deem proper, to apply the balance upon the entire indebtedness then secured by this Deed of Trust. The receipt and application by the Beneficiary of such rents, issues and profits, after execution and delivery of any Notice of Default and Election to Sell, or during the pendency of any Trustee's sale proceedings under this Deed of Trust, shall not cure such breach or default, nor affect the sale proceedings, or any sale made pursuant to this Deed of Trust. All such rents, issues and profits, less the costs of operation, maintenance, each agreement of trustor incorporated herein or contained herein, collection and reasonable attorneys' fees, when received by Beneficiary, shall be applied in reduction of the entire indebtedness from time to time outstanding secured by this Deed of Trust, in such order as Beneficiary may determine. If the rents, issues and profits of the property are not sufficient to satisfy the costs, if any, of taking control of and managing the property and collecting the rents, issues and profits thereof, any funds expended by Beneficiary for such purposes shall become indebtedness of the Trustor to Beneficiary and shall be secured by this Deed of Trust. Such amounts shall be repayable to Beneficiary upon demand and shall bear interest from the date of the disbursement at the rate set forth in the Note secured hereby. Nothing contained herein, nor any collection of rents, issues, profits, and income by Beneficiary, or

its agent or a receiver shall be construed to make Beneficiary a "mortgagee-in-possession" of the property, so long as Beneficiary has not itself entered into actual possession of the property.

FOR THE PURPOSE OF SECURING:

1. Performance of each agreement of Trustor herein contained.
2. The payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as provided in the promissory note secured hereby.
3. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the principal sum of \$735,000.00 executed by Trustor, in favor of Beneficiary.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, 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, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and 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.

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, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at 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.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

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; 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 incumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the rate set forth in the note secured hereby, and to pay for any statement provided for by law in effect on the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That 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 above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive; his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time without liability therefor and without notice, upon written request of Beneficiary, and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by deliver to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it 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 for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement; provided, however, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be

conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto or to the County Clerk of the County in which the sale took place.

(11) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee name herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(12) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(13) That Trustee accepts this Trust when this 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 Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(14) If all or any portion of the property which secures this note is conveyed by makers by deed, contract, execution, instrument, or any other mode or means, voluntarily or involuntarily, not caused by the demise of makers, which will effect, in law or equity, a divestiture of makers' interest or title in said property, then and in that event this note shall accelerate and the entire balance of principal and interest, including guaranteed interest, then unpaid,

plus any prepayment penalties, shall forthwith become due and payable without notice or demand.

(15) The loan, represented by the promissory note secured hereby, was negotiated in the State of Nevada. Nevada law shall be the choice of law, without regard to any conflict of law principle, governing any matter arising from the loan transaction, inclusive, but not limited to, the promissory note, and the terms and provisions thereof; however, the law of the State of Utah shall govern any foreclosure procedure upon this deed of trust and the exercise of rights of beneficiary herein.

(16) The rights and remedies of Beneficiary upon the occurrence of one or more defaults by Trustor (whether such rights and remedies are conferred by statute, by rule of law, by this Deed of Trust, or otherwise) may be exercised by Beneficiary, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order. The exercise by Beneficiary, or by Trustee at the express direction of Beneficiary, of any one or more of such rights and remedies shall not be construed to be an election of remedies nor a waiver of any other rights and remedies Beneficiary might have unless, and limited to the extent that, Beneficiary shall so elect or so waive by an instrument in writing delivered to Trustee. Without limiting the generality of the foregoing, to the extent that this Deed of Trust covers both real and personal property, Beneficiary may, in the sole discretion of Beneficiary, either alternatively, concurrently, or consecutively in any order:

(a) Proceed as to both the real and personal property in accordance with Beneficiary's rights and remedies in respect to the real property; or

(b) Proceed as to the real property in accordance with Beneficiary's rights and remedies in respect to the real property and proceed as to the personal property in accordance with Beneficiary's rights and remedies in respect to the personal property.

Beneficiary may, in the sole discretion of Beneficiary, appoint Trustee as the agent of Beneficiary for the purpose of disposition of the personal property in accordance with the Utah Uniform Commercial Code, Secured Transactions.

If Beneficiary should elect to proceed as to both the real and personal property collateral in accordance with Beneficiary's rights and remedies in respect to real property:

(a) All the real property and all the personal property may be sold, in the manner and at the time and place provided in this Deed of Trust and Security Agreement, in one lot, or in separate lots

consisting of any combination or combinations of real and personal property, as the Beneficiary may elect, in the sole discretion of Beneficiary but subject to any statutory right of Trustor to direct the order in which such property should be sold.

(b) Trustor acknowledges and agrees that a disposition of the personal property collateral in accordance with Beneficiary's rights and remedies in respect to real property, as hereinabove provided, is a commercially reasonable disposition of the collateral.

If Beneficiary should elect to proceed as to the personal property collateral in accordance with Beneficiary's rights and remedies in respect to personal property, Beneficiary shall have all the rights and remedies conferred on a secured party of personal property under the laws of the State of Utah, Uniform Commercial Code.

(17) Trustor hereby appoints Beneficiary the attorney-in-fact of Trustor to prepare, sign, file and record this Deed of Trust; one or more financing statements; any documents of title or registration, or like papers, and to take any other action deemed necessary, useful or desirable by Beneficiary to perfect and preserve Beneficiary's security interest against the rights or interests of third persons.

(18) This Deed of Trust is intended to be a fixture filing under the law of the State of Utah. The address of Beneficiary from which information may be obtained concerning the security interest granted hereunder and the mailing address of Trustor are as follows:

Beneficiary: STONEFIELD, INC.

164 Hubbard Way, Suite B

Reno, Nevada 89502

Trustor: K & E DEVELOPMENT, L.L.C.

Address: 75 North Main

City, State Clearfield, UT 84015

(19) 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.

(20) In addition to the monthly payments required upon the note secured hereby, Trustor agrees to fund an impound account to pay real property taxes upon the property encumbered hereby. The monthly amount required to be paid to the impound account shall be established by Beneficiary, from time to time, and shall approximate the sum of 1/12th of the amount necessary to pay annual real property taxes upon the property. Said impound account will presently require payments in the amount of \$945.00 per month, but is subject to fluctuation. At the time of each monthly payment required upon the note secured hereby, Trustor agrees to pay such additional amount as is required to fund the impound account.



K & E DEVELOPMENT, L.L.C.,  
a Utah Limited Liability Company

By: Montie Keller  
Montie Keller, Managing Member

By: Stephen A. England  
Stephen A. England, Managing Member

STATE OF Utah )  
                  ) ss  
COUNTY OF Salt Lake

On the 4th day of April, A.D. 2000, personally appeared before me, MONTIE KELLER and STEPHEN A. ENGLAND, who being by me duly sworn, say that they are the Managing Members of K & E DEVELOPMENT, L.L.C., a Utah Limited Liability Company, the Limited Liability Company that executed the above and foregoing instrument and that said instrument was signed on behalf of said Limited Liability Company by authority of its by-laws (or by authority of a resolution of its members) and said MONTIE KELLER and STEPHEN A. ENGLAND acknowledged to me that they executed the same as Managing Members of K & E DEVELOPMENT, L.L.C.

Lana R. Gabriel  
Notary Public residing at:

Salt Lake City, Utah

My Commission expires: 5/11/2003

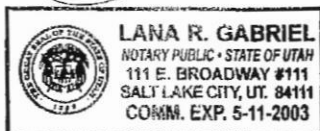
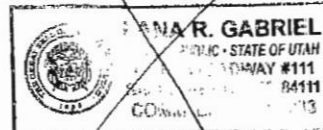


EXHIBIT "A"

Beginning on the North line of a road at a point North 33.47 feet and West 816.91 feet and North 89 deg. 58' West 303.10 feet from the Southeast corner of Section 11, Township 4 North, Range 2 West, Salt Lake Meridian, in the City of Clearfield; and running thence North 89 deg. 58' West 273 feet along said road; thence North 31 deg. 58'30" East 231.54 feet; thence South 31 deg. 58'30" West 296.13 feet; thence North 58 deg. 01'30" East 440.85 feet to the point of beginning.

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EXHIBIT "B" TO DEED OF TRUST.  
ABSOLUTE ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING

All chattels, furnishings, equipment, inventory, spare parts, fixtures, minerals, oil, gas and other hydrocarbons, personal property, construction materials, and all other contents and materials of every kind and nature that shall be owned or hereafter acquired, used in construction or placed prior to the satisfaction of the obligations hereby secured, in each and every building or structure that is now or that may be hereafter erected on the property particularly described in the deed of trust to which this exhibit is attached, including furniture, stoves, refrigerators, washers, dryers, bedding, window treatments, rugs, carts, televisions, phones, machinery, materials and equipment now or which may hereafter be used in the construction or operation of the property, including, but not by way or limitation, heating and lighting equipment and fixtures, generators, oil burners, furnaces, wells, piping, heating, refrigeration, plumbing, air conditioning, gas and electrical equipment, apparatus and fixtures, sprinkler systems and other fire prevention or extinguishing equipment or apparatus which are now or may hereafter be located at the property and all additions to, substitutions for, renewals and proceeds of any of the foregoing, together with all attachments, substituted parts, accessories, accessions, improvements and replacements thereof, including the equity of Debtor in any such item that is subject to a purchase money or other prior security interest.

Together with Debtor's right, title and interest in and to all present and future chattel paper, general intangibles, documents, contracts, partnerships, instruments and receivables, including, but not limited to, leases, royalties, licenses, concessions, or similar agreements whether or not specifically herein described which now or may hereafter pertain to the property and all amendments to the same, including, but not limited to:

(a) All payments due and to become due under such leases, whether as rent, damages, insurance payments, condemnation awards, or otherwise;

(b) All claims, rights, powers, privileges and remedies of the Debtor under such leases.

Together with all deposits, bills, cash on hand and in banks, notes and accounts and charges receivable, credits, claims, securities and documents of all kinds, inclusive of tenant deposits; and all instruments, contract rights and general intangibles.

Together with all plans, specifications, soil reports, engineering reports, land planning maps, surveys, and any other reports, exhibits or plans used or to be used in connection with the construction, planning, operation or maintenance of the property, together with all amendments and modifications thereof.

Together with all proceeds and products of all of the foregoing and any and all other rights pertaining to or appurtenant to the said real property, and the interests therein.