

WHEN RECORDED, RETURN TO:

Zions First National Bank
40 East St. George Blvd.
St. George, Utah 84770
Attention: Brad Stucki

Trust Deed Page 1 of 9

Russell Shirts Washington County Recorder
10/25/2007 04:53:28 PM Fee \$26.00 By PROVO
LAND TITLE ST. GEORGE BRANCH

**CONSTRUCTION TRUST DEED,
SECURITY AGREEMENT AND FIXTURE FILING**
(Advised Guidance Facility)

Loan No. 394-2646927-01-001

This Trust Deed is made and executed this 16 day of October, 2007 (the "Closing Date"), by **DAYBREAK PARK HOMES, LLC**, a Utah limited liability company ("Trustor") to **ZIONS FIRST NATIONAL BANK**, a national banking association ("Trustee"), in favor of **ZIONS FIRST NATIONAL BANK**, a national banking association ("Beneficiary").

Beneficiary is making an advance of funds to Trustor in the original principal amount of **FIVE HUNDRED SIXTY THOUSAND DOLLARS (\$560,000.00)** pursuant to a Promissory Note dated October 16, 2007 (the "Note"). The Note is part of, and is advanced under, an Advised Guidance Facility Agreement between Trustor and Beneficiary dated August 20, 2007 (the "Credit Agreement"). This Trust Deed, along with each and every other trust deed executed in connection with the Credit Agreement, secures all Loans originated to Trustor under the Credit Agreement, and is given and accepted under the following terms:

ARTICLE 1 GRANT AND CONVEYANCE

1.1 Real Property. For valuable consideration, the sufficiency and receipt of which are hereby acknowledged, Trustor irrevocably grants and conveys to Trustee in trust, with power of sale, for the benefit of Beneficiary, all of Trustor's right, title, and interest in and to the property described in Exhibit "A", (attached hereto and incorporated herein by reference) and in and to the following described real property: (a) all existing or subsequently erected or affixed Improvements and fixtures; (b) all easements, and rights of way; (c) all air rights, water, water rights, and ditch rights (including stock in utilities with ditch or irrigation rights); (d) all rights and royalties related to all minerals, oil, gas, geothermal and similar matters; (e) all tenements, hereditaments, and privileges; (individually and collectively, the "Real Property" or "Property")

1.2 Personalty. In addition, Trustor grants to Beneficiary a Uniform Commercial Code security interest in the following described personal property relating to the Property and Improvements, whether now owned or hereafter acquired: (a) all tangible personal property including but not limited to goods, inventory, materials, supplies, equipment, attached and unattached appliances, all whether stored on or off the Property; (b) all furniture, fixtures, and equipment, lease, license, replacements of, insurance or condemnation proceeds of; (c) all architectural, engineering, or construction cost guarantee contracts or bonds, plans and specifications, engineering reports, surveys, and soils reports, building or use permits, utility taps or connection fees and agreements; (d) all shares of stock, partnership interest, or other evidence of ownership of any part of the Property or Improvements that is owned by Trustor in common with others, rights of membership in any owners' or members' association having responsibility for managing or operating any part of the Property; (e) all awards made for the taking by eminent domain or any proceeding or purchase in lieu thereof of the Property or any portion thereof, insurance policies and proceeds; (f) all documents, accounts, contracts, instruments and general intangibles, as defined in the Uniform Commercial Code; (individually and collectively the "Personalty")

1.3 Trust Estate. The Real Property and Personalty are sometimes hereinafter collectively referred to as the "Trust Estate".

1.4 Fixture Filing. This Trust Deed constitutes a fixture filing pursuant to Article 9 of the Utah Uniform Commercial Code, Section 70A-9a-502, Utah Code Annotated, as such Utah Uniform Commercial Code is amended or recodified from time to time, Section 70A-9a-101, et. seq. The addresses of the secured party (Beneficiary) and the debtor (Trustor) are set forth in Article 11 of this Trust Deed. This Trust Deed is to be recorded in the real estate records in the County Recorder's office of the county in which the Real Property is located. Trustor is the record owner of the Real Property.

ARTICLE 2 OBLIGATIONS SECURED

2.1 Obligations. This Trust Deed, including the security interest in the Personalty, is given to secure (a) payment of the Note; (b) payment of all Loans originated to Trustor under the Credit Agreement; (c) performance of any and all of Trustor's obligations under the Credit Agreement; and (d) the payment and performance of any other note or obligation reciting that it is secured by this Trust Deed. Trustor expressly acknowledges its mutual intent with Beneficiary that the security interest created by this Trust Deed secures any and all present and future debts, obligations, and liabilities of Trustor to Beneficiary without any limitation whatsoever; (collectively, the "Obligations" of Trustor). Any event of default under the Credit Agreement, or any of the Loan Documents referred to therein, shall also be an event of default under this Trust Deed.

2.2 Advised Guidance Facility ("AGF"). The AGF is a revolving credit facility under which Beneficiary may originate individual Loans to Trustor from time to time, so long as no Event of Default has occurred under the Credit Agreement or any other Loan Document, including any trust deeds or promissory notes executed in connection with the AGF, and so long as the aggregate, outstanding Principal Indebtedness at any time does not exceed the AGF Credit Limit. Disbursements under each Loan shall be made in accordance

with the Credit Agreement. If, at any time prior to the maturity of the AGF, the aggregate, outstanding Principal Indebtedness shall have a zero balance owing, this Trust Deed shall not be deemed satisfied or terminated but shall remain in full force and effect for future Loan draws unless terminated upon other grounds or otherwise released by Beneficiary. Notwithstanding the AGF is a revolving credit facility, each promissory note executed in connection with Loans originated under the AGF shall be non-revolving.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 **Payment and Performance.** Except as otherwise provided in this Trust Deed, Trustor shall pay to Beneficiary all amounts secured by this Trust Deed as they become due, and shall strictly and in a timely manner perform all of Trustor's Obligations under the Note, this Trust Deed, the Credit Agreement and Loan Documents.

3.2 **Property.** Trustor represents and warrants to Beneficiary as follows: (a) Trustor is the owner of fee simple marketable title in and to the Real Property; (b) Trustor has full right, power, and authority to execute and deliver this Trust Deed to Beneficiary; (c) Trustor shall defend title to the Property and the Improvements against all claims and demands whatsoever; (d) with the exception of such exceptions to title as are identified in the Credit Agreement as Permitted Encumbrances, if any, (the "Permitted Encumbrances"), the lien created by this Trust Deed upon the Property and the Improvements is a good and valid first lien, free and clear of all liens, claims, restrictions, encumbrances, encroachments, exceptions, and interests whatsoever in favor of any third party.

3.2.1 **Hazardous Material.** No Hazardous Materials have been stored, or improperly used, disposed of, discarded, dumped, or abandoned by any person or entity on, in or under the Property or the Improvements in violation of any Environmental Laws. Trustor has complied with all applicable federal, state and local laws, rules, ordinances and regulations relating to the storage, transportation, and disposal of Hazardous Materials on, in or under the Property or the Improvements.

3.3 **Personalty.** Trustor further represents and warrants to Beneficiary as follows: (a) Trustor is the owner, or upon acquisition thereof, will be the owner of the Personalty; (b) The Personalty is, or upon acquisition thereof will be free and clear of all liens, claims, encumbrances, restrictions, charges, and security interests in favor of any third party except for the Permitted Encumbrances; and (c) The Personalty will be located in the State of Utah, and, will not be removed without the prior written consent of Beneficiary.

3.4 **Survival of Representations and Warranties.** All representations, warranties, and agreements made by Trustor in this Trust Deed shall survive the execution and delivery of this Trust Deed, shall be continuing in nature, and shall remain in full force and effect until such time as all Obligations of Trustor shall be repaid in full.

ARTICLE 4 CONSTRUCTION AND MAINTENANCE OF THE TRUST ESTATE

4.1 **Construction Loan Mortgage.** This Trust Deed constitutes a "construction mortgage" within the meaning of Section 70A-9a-334(8), Utah Code Annotated. The proceeds of the Loan secured by this Trust Deed are to be used by Trustor for the purpose of acquiring title to the Property and/or funding the construction, renovation, and remodeling of certain Improvements on the Property and are to be disbursed in accordance with the provisions of the Credit Agreement.

4.2 **Construction.** To protect the security of this Trust Deed, Trustor shall commence promptly and pursue with reasonable diligence to completion, the construction of the Improvements on the Property, all in good and workmanlike manner, and in accordance with the provisions of the Credit Agreement.

4.3 **Maintenance.** Trustor shall do each of the following: (a) maintain the Property at all times in good condition and repair; (b) not commit any waste of the Property, or remove, damage, demolish, or structurally alter any of the Improvements; (c) except to the extent that insurance proceeds are applied by Beneficiary to the satisfaction of the Obligations in accordance with Article 5 of this Trust Deed, restore promptly and in good and workmanlike manner any of the Improvements or any portion thereof, which may for any reason be damaged or destroyed; (d) comply at all times with all laws, ordinances, regulations, covenants, and restrictions in any manner affecting the Property; (e) not commit or permit any act upon the Property in violation of law; and (f) do all acts which by reason of the character or use of the Property may be reasonably necessary to maintain and care for the same, the specific enumeration herein not excluding the general.

ARTICLE 5 INSURANCE

5.1 **Insurance.** Trustor shall secure and cause to be maintained in force on the Property and in connection with the construction of the Improvements (a) builder's risk insurance; (b) multi-peril property insurance; (c) public liability insurance; (d) worker's compensation insurance; (e) flood insurance (if any part of Property is located within an area designated by the Department of Housing and Urban Development as a flood hazard area); and (f) such other insurance as may be required by the Credit Agreement or by law. All such insurance policies must cover all risks required to be covered by Beneficiary, comply with any requirements set forth in the Credit Agreement and be approved by Beneficiary as to amount, form, terms, deductibles and insurer. All such policies of insurance shall name Beneficiary as an additional insured or loss payee, as appropriate. All such insurance policies shall contain a provision that such policies will not be cancelled or amended, including any reduction in the scope or limits of coverage, without at least thirty (30) days prior written notice to Beneficiary.

5.2 **Notice of Casualty.** In the event of loss or damage to the Trust Estate or any portion thereof, Trustor shall immediately notify Beneficiary.

5.3 **Proceeds of Insurance.** All proceeds of insurance on the Trust Estate, and all causes of action, claims, compensation, awards and recoveries for any damage, condemnation or taking of all or any part of the Trust Estate, or for any damage or injury to it or

for any loss or diminution in value, are hereby assigned to and shall be paid to Beneficiary, except as otherwise provided in the Credit Agreement. Beneficiary may participate in any suits or proceedings relating to any such proceeds, causes of action, claims, compensation, awards or recoveries.

5.4 Disposition of Policies on Foreclosure. In the event Beneficiary exercises the power of sale or foreclosure provisions of this Trust Deed or makes any other transfer of title or assignment in extinguishment in whole or in part of the Obligations, all right, title and interest of Trustor in and to the policies of insurance required by this Trust Deed shall inure to the benefit of and pass to the transferee of the interests conveyed under this Trust Deed or to the purchaser at the foreclosure sale, as the case may be.

ARTICLE 6 INDEMNIFICATION AND OFF-SET

6.1 General Indemnification. Trustor shall indemnify and hold Beneficiary harmless from any and all losses, damages, claims, causes of action, suits, debts, obligations, or liabilities which arise from or are related to, the Note, the Credit Agreement, this Trust Deed, any other Loan Documents evidencing or securing the Note, or the construction, use or occupation of the Property, or any part thereof, except for claims based upon Beneficiary's gross negligence or willful misconduct. If Beneficiary commences any action against Trustor to enforce any of the terms, covenants or conditions of this Trust Deed, Beneficiary may employ legal counsel to protect Beneficiary's rights hereunder and Trustor shall pay Beneficiary reasonable legal fees and costs actually incurred by Beneficiary. The right to such fees and costs shall be deemed to have accrued and to be enforceable upon employment of legal counsel whether or not formal legal action is actually commenced against Trustor.

6.1.2 Mechanics Liens. Trustor shall indemnify, defend and hold Beneficiary harmless from any and all liability or expense arising from any claims for work, labor, or material furnished in connection with or arising from the construction of any building, fixture or improvements on or related to the Property, including reasonable attorneys fees and costs.

6.1.3 Hazardous Materials. Trustor hereby agrees to indemnify, hold harmless and defend (by counsel of Beneficiary's choice) Beneficiary, its directors, officers, employees, agent, successors and assigns from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including but not limited to attorneys' fees and expenses), arising directly or indirectly, in whole or in part, out of (a) the presence on or under the Property of any Hazardous Materials, or any releases or discharges of any Hazardous Materials on, under or from the Property, or (b) any activity carried on or undertaken on or off the Property, whether prior to or during the term of the Loan, and whether by Trustor or any predecessor in title or any employees, agents, contractors or subcontractors of Trustor or any predecessor in title, or any third persons at any time occupying or present on the Property, in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Materials at any time located or present on or under the Property. The foregoing indemnity shall further apply to any residual contamination on or under the Property, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances. Trustor hereby acknowledges and agrees that, notwithstanding any other provision of this Trust Deed or any of the other Loan Documents to the contrary, the obligations of Trustor under this Section shall be unlimited personal obligations of Trustor and shall survive any foreclosure under this Trust Deed, any transfer in lieu thereof, and any satisfaction of the obligations of Trustor in connection with the Loan. Trustor acknowledges that Beneficiary's appraisal of the Property is such that Beneficiary would not extend the Loan but for the personal liability undertaken by Trustor for the obligations under this Section.

6.2 Off-Set. All sums payable by Trustor under the Note, this Trust Deed or otherwise in connection with the Credit Agreement, shall be paid without notices, demand, counterclaim, set-off, deduction or defense and without abatement, suspension, deferment, diminution or reduction. The Obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (a) any damage to or destruction of, or any condemnation or similar taking of the Trust Estate or any part thereof; (b) any destruction or prevention of or interference with any use of the Trust Estate or any part thereof; (c) any title defect or encumbrance or any eviction from the Trust Estate or any part thereof by title paramount or otherwise; (d) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Trust Deed by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (e) any claim which Trustor has or might have against Beneficiary; (f) the occurrence of an Event of Default or any default or failure on the part of Beneficiary to perform or comply with any of the terms, covenants or conditions of this Trust Deed or of any other agreement with Trustor; or (g) any other occurrence whatsoever, whether similar or dissimilar to the foregoing.

ARTICLE 7 TAXES AND IMPOSITIONS

7.1 Payment. Trustor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges, (including all utility charges, such as gas, electrical, water and sewer, etc), fines and impositions levied against or on account of the Trust Estate, and shall pay when due all claims for work done on or for services rendered or material furnished to the Trust Estate. Trustor shall maintain the Trust Estate free of all liens having priority over or equal to the interest of Beneficiary under this Trust Deed, except for the lien of taxes and assessments not due and except as otherwise provided in this Trust Deed.

7.2 Evidence of Payment. Trustor shall upon demand furnish to Beneficiary satisfactory evidence of payment of the taxes and/or assessments and shall authorize the appropriate governmental office to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Property.

7.3 Right to Contest. Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any tax, assessment, or claim by appropriate legal proceedings, but such contest shall not be deemed or construed in any way as relieving, modifying or extending Trustor's covenant to pay any such imposition at the time and in the manner provided in this Article

unless Trustor has given prior written notice to Beneficiary of Trustor's intent to so contest or object, and unless, at Beneficiary's option, (a) Trustor shall demonstrate to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Trust Estate, or any part thereof, to satisfy such imposition prior to final determination of such proceedings; or (b) Trustor shall furnish a good and sufficient undertaking and sureties as may be required or permitted by law to accomplish a stay of such proceedings.

ARTICLE 8 ADDITIONAL COVENANTS

8.1 **Evidence of Title.** Trustor shall deliver to, pay for and maintain with Beneficiary until the Obligations secured hereby are paid in full, such evidence of title as Beneficiary may require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements or endorsements thereto.

8.2 **Defense of Title.** Subject to any exceptions specifically provided in this Trust Deed and the Permitted Encumbrances, Trustor warrants and will forever defend the title to the Trust Estate against the lawful claims of all persons. Trustor shall furnish to Beneficiary written notice of any litigation, default, lien, security interest or notice of default affecting the Trust Estate or title thereto, within ten (10) days of its initial receipt. In the event any action or proceeding is commenced that questions Trustor's title or interest of the Trustor or Beneficiary under this Trust Deed, Trustor shall defend the action at Trustor's expense. Trustor may be the nominal party in such proceeding, but Beneficiary shall be entitled to participate in the proceeding and to be represented by counsel of Beneficiary's own choice, and Trustor will deliver, or cause to be delivered, to Beneficiary such instruments as Beneficiary may request from time to time to permit such participation.

8.3 **Reserves for Taxes and Insurance.** If any Event of Default shall occur and be continuing, and at Beneficiary's written request, Trustor shall deposit with Beneficiary in a non-interest bearing account, on the first day of each month, until the Note is paid in full, an amount equal to one-twelfth of the estimated annual aggregate taxes and insurance premiums. Providing Trustor has deposited sufficient funds, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If at any time and for any reason the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may be due, Beneficiary shall notify Trustor and Trustor shall immediately deposit an amount equal to such deficiency with Beneficiary. Nothing contained herein shall cause Beneficiary to be deemed a trustee of such funds deposited. Should Trustor fail to deposit with Beneficiary sufficient amounts to fully pay such taxes and insurance premiums at least thirty (30) days before delinquency thereof, Beneficiary, at Beneficiary's election, but without any obligation to do so, may advance any amounts required to make up the deficiency, which advances, if any, shall be secured by this Trust Deed and shall bear interest and be repayable to Beneficiary in the manner specified in this Article.

8.4 **Performance in Trustor's Stead.** Should Trustor fail to make any payment or to do any act as provided in this Trust Deed, then Beneficiary or Trustee, but without any obligation to do so, and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: (a) 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 the Trust Estate for such purposes); (b) commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; or (c) pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be superior to the lien of this Trust Deed; and in exercising any such powers, incur any liability, or expend such reasonable amounts as Beneficiary may deem necessary therefor, including costs of evidence of title, employment of attorneys, and payment of reasonable attorney fees and costs. All such amounts expended by either or both Trustee or Beneficiary shall, at the election of Beneficiary, shall bear interest and be repayable to Beneficiary in the manner specified in this Article. Trustor hereby waives and releases all claims or causes of action which may hereafter arise in favor of Trustor against Beneficiary by reason of any action taken by Beneficiary pursuant to any power or authority granted in this Section, except for Beneficiary's gross negligence or willful misconduct.

8.5 **Repayment of Advances.** Trustor shall immediately repay to Beneficiary any sums advanced by Beneficiary to maintain this Trust Deed as a prior, valid, and subsisting lien upon the Trust Estate, to preserve and protect Beneficiary's interest in this Trust Deed or to preserve, repair, or maintain the Trust Estate. All such advances shall be wholly optional on the part of Beneficiary, and Trustor's obligation to repay the same to Beneficiary, with interest thereon at the Note rate, shall be secured by the lien of this Trust Deed.

8.6 **No Removal of Equipment or Fixtures.** During the existence of this Trust Deed, Trustor shall not demolish or remove any Improvement, equipment, fixture, appliance, or Personalty from the Property, whether affixed or constructively affixed, or necessary for the operation or maintenance of any portion of the Trust Estate or Improvements, without the prior written consent of Beneficiary.

8.7 **No Further Encumbrances.** Trustor shall not cause, give, or otherwise allow any further encumbrance, pledge, mortgage, lease, hypothecation, lien, charge or claim upon the Property or any portion thereof without the written consent of Beneficiary, even though such encumbrance may be junior to the encumbrance created by this Trust Deed. Encumbrance of the Trust Estate contrary to the provisions of this Section shall constitute an Event of Default and at Beneficiary's option, the entire balance of principal and interest may be declared immediately due and payable, whether the same be created by Trustor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect.

8.8 **Due on Sale.** At Beneficiary's option, all Obligations secured by this Trust Deed may be declared immediately due and payable upon the sale or transfer, without Beneficiary's prior written consent, of all or any part of the Trust Estate or any interest therein. A "sale or transfer" means the conveyance of the Trust Estate or any right, title, or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary. It is expressly acknowledged and agreed that any transfer of more than twenty-five percent (25%) of the capital stock, partnership or member interests of Trustor, as the case may be, shall constitute a transfer within the meaning of this Section.

8.9 **Additional Collateral.** If, at any time, the value of the Trust Estate, based on an appraisal acceptable to Beneficiary, is not sufficient to establish a ratio between the total amount of the Obligations then due and owing and the value of all of the Trust Estate equal to or less than one hundred percent (100%), Trustor shall provide Beneficiary with such additional collateral as is necessary so that the total value of all collateral securing Trustor's performance of the Obligations is sufficient to establish a ratio between the total amount of the Obligations then due and owing and the value of all such collateral of no more than one hundred percent (100%).

8.10 **Inspections.** Beneficiary, and its agents, representatives and employees, are authorized, but not obligated, to enter at any reasonable time upon the Property for the purpose of inspecting the same, and for the purpose of performing any of the acts it or Trustor is authorized to perform under the terms of this Trust Deed or any other Loan Document.

8.11 **Non-Occupancy.** Trustor agrees that neither it nor any other person or entity shall occupy or use the Trust Estate or any of the Improvements prior to payment in full of the Note, or written authorization of Beneficiary. Usage of the Property for storage of other than construction related materials for the Property shall also be a violation of this covenant. This covenant shall not affect Trustor's right to construct the Improvements upon the Property. Based upon the nature of new construction and the negative impact occupancy has on completion, marketing, foreclosure, and value, Trustor agrees that violation of this covenant will result in harm to Beneficiary, which would not be compensable by monetary damages alone, and that Beneficiary shall be entitled to immediate injunctive relief to enforce this provision without declaration of an event of default or prior notification to Trustor. Such relief shall include an order (a) prohibiting occupancy or use of the Trust Estate and/or (b) directing removal of persons and effects from the Trust Estate. Beneficiary shall be entitled to such injunctive relief notwithstanding any other provision in the Credit Agreement or Loan Document and such relief shall be in addition to other available legal, contractual, and equitable remedies.

8.12 **No Merger.** There shall be no merger of the interest or estate created by this Trust Deed with any other interest or estate in the Trust Estate at any time held by or for benefit of Beneficiary in any capacity, without written consent of Beneficiary.

ARTICLE 9 CONDEMNATION AWARDS

9.1 **Proceedings.** Trustor shall promptly give notice to Beneficiary of any condemnation proceeding or any taking of the Trust Estate for public improvement and Trustor shall promptly take such steps as may be necessary to defend the action and obtain the award. Beneficiary shall be entitled at Beneficiary's option to commence, appear in, and prosecute in Beneficiary's own name any action or proceeding, and to make any compromise or settlement, in connection with such taking. Trustor shall execute and deliver to Beneficiary such instruments as Beneficiary may from time to time require to allow such participation.

9.2 **Application of Net Proceeds.** All compensation, awards, and other payments or relief therefor, are hereby assigned to Beneficiary and Trustor shall execute and deliver to Beneficiary such instruments as Beneficiary may from time to time require to perfect such assignment. Beneficiary may at its election, require that all or any portion of the net proceeds of any award or payment be applied to the repair or restoration of the Trust Estate, or to be applied to any of the Obligations (whether or not then due) secured by this Trust Deed. Net proceeds of the award or payment shall mean the remaining balance after deducting all reasonable costs, expenses, and attorney's fees incurred by Trustor and/or Beneficiary in connection with such compensation (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment). Beneficiary shall have no obligation to apply proceeds of condemnation to restore or repair damage to the Trust Estate regardless of whether such taking has a significant adverse impact on the operation of the remaining portion of the Trust Estate.

ARTICLE 10 EVENTS OF DEFAULT AND REMEDIES

10.1 **Events of Default.** Fifteen (15) days after written notice from Beneficiary to Trustor for monetary defaults and thirty (30) days after written notice from Beneficiary to Trustor for non-monetary defaults, if such defaults are not cured within such periods, respectively, each of the following shall constitute an event of default under this Trust Deed (an "Event of Default"):

10.1.1 **Failure to Make Payment.** If Trustor shall fail to make any payment due and payable under the terms of the Note, this Trust Deed, the Credit Agreement, or any other Loan Document, including without limitation any promissory note or trust deed executed under the AGF.

10.1.2 **Non-Monetary Default.** Except as provided in Section 10.1.1 of this Trust Deed, failure to observe and perform any of the terms, covenants, or conditions to be observed or performed in the Note, this Trust Deed, the Credit Agreement, or any other Loan Document, including without limitation any promissory note or trust deed executed under the AGF.

10.1.3 **Credit Agreement.** Any Event of Default occurs under the Credit Agreement.

10.1.4 **False Representation.** Any material representation or warranty made or furnished by or on behalf of the Trustor under the Note, this Trust Deed or any other Loan Document 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 thereafter.

10.1.5 **Death or Insolvency.** Commencement of any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or composition of Trustor or Trustor's debts under any law relating to bankruptcy, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for Trustor or for all or any substantial part of Trustor's property or estate.

10.1.6 **Failure to Pay Debts.** Trustor fails to pay Trustor's debts as they become due, admits in writing Trustor's inability to pay Trustor's debts, or makes a general assignment for the benefit of creditors.

10.1.7 **Cross Default.** A default by Trustor under any other promissory note, deed of trust, security agreement, undertaking or arrangement between Trustor and Beneficiary now existing or entered into hereafter, including without limitation any other promissory note or trust deed executed under the AGF.

10.1.8 **Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor under the Credit Agreement or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of a Loan originated under the Credit Agreement. In the event of a death, Beneficiary at its option, may, but shall not be required to, permit Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to the Beneficiary, and, in doing so, cure any Event of Default.

10.2 **Acceleration Notice.** Time is of the essence hereof. Upon the occurrence of any Event of Default under this Trust Deed, at Beneficiary's option and in addition to any other remedy Beneficiary may have under the Note, Beneficiary may declare all sums secured hereby immediately due and payable and elect to have the Trust Estate sold in the manner provided herein. In the event Beneficiary elects to sell the Trust Estate, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause the Trust Estate to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in the office of the County Recorder of the County wherein the Trust Estate is located. Beneficiary shall also deposit with Trustee the Note and all documents evidencing expenditures secured by this Trust Deed.

10.3 **Exercise of Power of Sale.** In exercising its rights and remedies, and in conformance with applicable law, Trustee or Beneficiary shall be free to sell all or any part of the Trust Estate, together or separately, in one sale or by separate sales. Trustee or Trustee's representative, without demand on Trustor, shall sell the Trust Estate on the date and at the time and place designated in the notice of sale, at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. Trustee shall execute and deliver to the purchaser a Trustee's Deed conveying the Trust Estate so sold, but without any covenant of warranty, express or implied. The recitals in the Trustee's Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale.

10.3.1 **Proceeds of Sale.** Trustee shall apply the proceeds of the sale to payment of: (a) the costs and expenses of exercising the power of sale and of the sale, including the payment of Trustee's and attorney's fees and costs; (b) cost of any evidence of title procured for such sale; (c) all sums expended under the terms hereof in conjunction with any default provision hereunder, not then repaid, with accrued interest at the Note rate; (d) all sums secured by this Trust Deed, including interest and principal on the Note; and (e) the remainder, if any, to the person or persons legally entitled thereto, or Trustee, in Trustee's discretion, may deposit the balance of such proceeds with the County Clerk of the County wherein the Trust Estate is located.

10.4 **Surrender of Possession.** Trustor shall surrender possession of the Trust Estate to the purchaser immediately after the sale of the Trust Estate as provided in this Trust Deed, in the event such possession has not previously been surrendered.

10.5 **UCC Remedies.** Beneficiary, with regard to all Personalty, conveyed to Trustee under this Trust Deed, shall have the right to exercise, from time to time, any and all rights and remedies available to Beneficiary, as a secured party under the Utah Uniform Commercial Code, and any and all rights and remedies available to Beneficiary under any other applicable law. Upon written demand from Beneficiary, Trustor shall, at Trustor's expense, assemble the Personalty and make it available to Beneficiary at a reasonably convenient place designated by Beneficiary. Beneficiary shall have the right to enter upon any premises where the Personalty or records pertaining to the Personalty may be and take possession of same. Beneficiary may sell, lease or otherwise dispose of any or all of the Personalty and, after deducting the reasonable costs and out-of-pocket expenses incurred by Beneficiary including, without limitation: (a) attorneys fees and legal expenses; (b) transportation and storage costs; (c) advertising of sale of the Personalty; (d) sale commissions and applicable tax; (e) costs for improving or repairing the Personalty; and (f) costs for preservation and protection of the Personalty; apply the remainder to pay, or to hold as a reserve against, the Obligations.

10.6 **Foreclosure as a Mortgage.** If an Event of Default occurs hereunder, Beneficiary shall have the option to foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages on real property and Beneficiary shall be entitled to recover in such proceedings all costs and expenses incident thereto, including reasonable attorneys fees and costs in such amounts as shall be fixed by the court.

10.7 **Receiver.** If an Event of Default occurs, Beneficiary, as a matter of right and without regard to the interest of Trustor therein, shall have the right upon notice to Trustor to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate and Trustor hereby irrevocably consents to such appointment. Any such receiver or receivers shall have all the usual powers and duties of a receiver and shall continue as such and exercise all such powers until completion of the sale of the Trust Estate or the foreclosure proceeding, unless the receivership is sooner terminated.

10.8 **No Remedy Exclusive.** No remedy conferred upon or reserved to Beneficiary under this Trust Deed shall be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Trust Deed, the Credit Agreement, or any other Loan Document, or now or hereafter existing at law or in equity or by statute.

10.9 **Rights upon Default.** In making the Loan, Beneficiary has relied upon the rights available to Beneficiary under this Trust Deed upon the occurrence of an Event of Default, including, but not limited to, the rights to accelerate the payment of any and all amounts secured by this Trust Deed; to sell the Trust Estate encumbered by this Trust Deed pursuant to the power of sale granted hereunder; the right to foreclose this Trust Deed as a mortgage; and the right to have a receiver appointed.

ARTICLE 11 GENERAL PROVISIONS

11.1 Notices. All notices shall be in writing and shall be deemed to have been sufficiently given or served when personally delivered, deposited in the United States mail, by registered or certified mail, or deposited with a reputable overnight mail carrier which provides delivery of such mail to be traced, addressed as follows:

Beneficiary
and Trustee: Zions First National Bank
Real Estate Loan Department
40 East St. George Blvd.
St. George, Utah 84770
Attn: Brad Stucki

Trustor: Daybreak Park Homes, LLC
1225 South River Road, #B108
St. George, Utah 84790
Attn: Bruce Ghent

Such addresses may be changed by notice to the other party given in the same manner provided herein.

11.2 Severability. If any provision of this Trust Deed shall be held or deemed to be or shall, in fact, be illegal, inoperative, or unenforceable, the same shall not affect any other provision or provisions contained in this Trust Deed or render the same invalid, inoperative, or unenforceable to any extent whatever.

11.3 Amendments, Changes, and Modifications. This Trust Deed may not be amended, changed, modified, altered, or terminated without the written consent of Beneficiary.

11.4 Governing Law. This Trust Deed shall be governed exclusively by and construed in accordance with the applicable laws of the State of Utah.

11.5 Interpretation. Whenever the context shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The section headings contained in this Trust Deed are for purposes of reference only and shall not limit, expand, or otherwise affect the construction of any provisions hereof.

11.6 Binding Effect. This Trust Deed shall be binding upon Trustor and Trustor's successors and assigns. This Trust Deed shall inure to the benefit of Beneficiary, and Beneficiary's successors and assigns, and the holders of any of the Obligations secured hereby.

11.7 Waivers. No delay or failure to exercise any right or power accruing upon any Event of Default, including Beneficiary requiring strict performance by Trustor of any undertakings, agreements, or covenants contained in this Trust Deed, shall impair any such right or power or shall be construed to be a waiver thereof, including the right to demand strict compliance and performance, but any such right and power may be exercised from time to time and as often as may be deemed expedient. Any waiver by Beneficiary of any Event of Default under this Trust Deed shall not waive or affect any other Event of Default hereunder, whether such Event of Default is prior or subsequent thereto and whether of the same or a different type. None of the undertakings, agreements, or covenants of Trustor under this Trust Deed, shall be deemed to have been waived by Beneficiary, unless such waiver is evidenced by an instrument in writing signed by an officer of Beneficiary and directed to Trustor specifying such waiver.

11.8 Successor Trustee. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of the county wherein the Trust Estate is located, a substitution of trustee. From the time the substitution is filed for record, the new Trustee shall succeed to all the powers, duties, authority and title of Trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made in the manner provided by law.

11.9 Joint and Several Liability. All obligations of Trustor under this Trust Deed, if more than one party, are joint and several as between them. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the Note secured by this Trust Deed.

11.10 Acceptance of Trust. Trustee accepts this Trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of any pending sale under any other deed of trust or any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

11.11 Attorneys' Fees and Expenses. Regardless of any breach or default, Trustor agrees to reimburse Beneficiary for all reasonable costs, attorney's fees, and out-of-pocket expenses actually incurred by Beneficiary, including but not limited to: (a) any bankruptcy or insolvency proceeding, or other action involving Trustor, the Trust Estate, this Trust Deed, or any guarantor as a debtor; (b) transportation and storage costs; (c) advertising of sale of the Trust Estate; (d) sale commissions; (e) sales tax; (f) costs for improving or repairing the Trust Estate; and (g) costs for preservation and protection of the Trust Estate, incurred by Beneficiary in obtaining possession of Trust Estate, storage and preparation for sale, sale or other disposition, and otherwise incurred in foreclosing upon the Trust Estate. Any and all such costs, fees, and out-of-pocket expenses shall be payable by Trustor upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the rate provided in the Note.

11.12 Request for Notice. Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address for Trustor specified in this Trust Deed.

11.13 Release. In recognition of Beneficiary's right to have all its attorneys fees and expenses incurred in connection with this Trust Deed secured by the Trust Estate, notwithstanding payment in full of the Obligations secured by the Trust Estate, Beneficiary shall

not be required to release, reconvey, or terminate any security interest or lien in or on the Trust Estate unless and until Trustor and all Guarantors have executed and delivered to Beneficiary general releases in form and substance satisfactory to Beneficiary.

11.14 Limitation on Damages. Beneficiary and its officers, directors, employees, representatives, agents, and attorneys, shall not be liable to Trustor or any Guarantor for consequential damages arising from or relating to any breach of contract, tort, or other wrong in connection with or relating to this Trust Deed or the Trust Estate.

11.15 Preferential Transfers. If the incurring of any debt by Trustor or the payment of any money or transfer of property to Beneficiary by or on behalf of Trustor or any Guarantor should for any reason subsequently be determined to be "voidable" or "avoidable" in whole or in part within the meaning of any state or federal law (collectively "voidable transfers"), including, without limitation, fraudulent conveyances or preferential transfers under the United States Bankruptcy Code or any other federal or state law, and Beneficiary is required to repay or restore any voidable transfers or the amount or any portion thereof, or upon the advice of Beneficiary's counsel is advised to do so, then, as to any such amount or property repaid or restored, including all reasonable costs, expenses, and attorneys fees of Beneficiary related thereto, the liability of Trustor and Guarantor, and each of them, and this Trust Deed, shall automatically be revived, reinstated and restored and shall exist as though the voidable transfers had never been made.

11.16 Survival. All agreements, representations, warranties and covenants made by Trustor shall survive the execution and delivery of this Trust Deed, the filing and consummation of any bankruptcy proceedings, and shall continue in effect so long as any Obligation to Beneficiary contemplated by this Trust Deed is outstanding and unpaid, notwithstanding any termination of this Trust Deed. All agreements, representations, warranties and covenants in this Trust Deed shall run with the land, shall bind the party making the same and its heirs and successors, and shall be to the benefit of and be enforceable by each party for whom made and their respective heirs, successors and assigns.

11.17 Defined Terms. Unless otherwise defined in this Trust Deed, capitalized terms used herein have the meanings given them in the Credit Agreement.

DATED: October 16, 2007.

TRUSTOR:

DAYBREAK PARK HOMES, LLC, a Utah limited liability company

By:


Martin R. Slater, Chief Executive Manager

STATE OF UTAH)
 : ss.
COUNTY OF WASHINGTON)

The foregoing instrument was acknowledged before me this 16 day of October, 2007, by MARTIN R. SLATER, as Chief Executive Manager of DAYBREAK PARK HOMES, LLC, a Utah limited liability company.

My Commission Expires:

11/24/07

NOTARY PUBLIC
Residing At: St. George

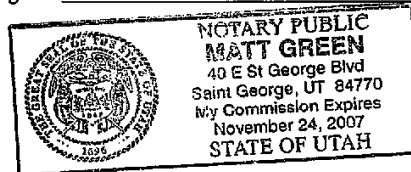


EXHIBIT A

REAL PROPERTY DESCRIPTION

That certain parcel of real property situated in Washington County, State of Utah, and which is more particularly described as follows:

W-DPS-8

Lot 8, Daybreak Park Subdivision, Washington City, Washington County, Utah, according to the official plat thereof.